

# PICTET ALTERNATIVE FUNDS

Prospectus

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DECEMBER 2018



## PICTET ALTERNATIVE FUNDS

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*Société d'investissement à capital variable* subject to Part II of the Luxembourg law of 17 December 2010. A Fund of Funds.

### NOTE TO THE READERS

The attention of the reader is drawn to the fact that this Prospectus is composed of two parts.

The main part of the Prospectus describes the nature of Pictet Alternative Funds (the "Fund"), presents its general terms and conditions and set out its management and investment parameters which apply to the Fund as well as to the different sub-funds that compose the Fund.

The second part groups the appendices relating to each sub-fund in operation. The investment objective and policy of each sub-fund, as well as its specific features, are thus described in the appendices attached to the end of the main body of the Prospectus.

The appendices are an integral part of this Prospectus; they will be updated with the creation of each new sub-fund.

The distribution of this Prospectus is authorised only if accompanied by a copy of the Fund's latest annual report and the last semi-annual report, if published after the annual report. These reports form an integral part of this document.

For further information, please refer to the table of Contents of this Prospectus.

Generally, information given in this Prospectus is for general guidance only, and it is the responsibility of any person or persons in possession of this Prospectus and wishing to make an application for the subscription and purchase of shares to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective investors should inform themselves as to legal requirements also applying and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

### IMPORTANT INFORMATION

An investment in the Fund involves significant risks. Investors should read this Prospectus in its entirety and should consider the risks described in this Prospectus under Chapter "Risk Factors" below and the specific risks of the relevant Sub-Fund before investing in the Fund. Investors must rely on their own examination of the Fund and the terms of offering contemplated hereby, including the risks and merits involved. Investors should also seek independent legal, financial, tax and other advice in considering this Prospectus, and an investment in the Fund. The shares have not been recommended by any securities commission or regulatory authority of any state or country. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence.

No person has been authorized to give any information or to make any representations, other than those contained in this Prospectus and in the documents referred to herein, in connection with the offer hereby made, and, if given or made, such information or representation must not be relied upon if not authorized by the Fund.

### RESTRICTIONS OF OWNERSHIP OF SHARES

The Fund reserves the right to:

- (i) refuse on a discretionary basis all or part of a subscription application for shares;
- (ii) repurchase, at any time, shares held by investors not authorized to buy or own the Fund's shares and return the proceeds to such investors as set forth in the Fund Documents (as defined herein).



## PROFESSIONAL CLIENTS

The issue, sale and ownership of shares is restricted to investors who qualify as professional clients as defined in Annex II, Section I of Directive 2014/65/EU on markets in financial instruments (MiFID II).

## RESTRICTIONS IN RESPECT OF THE SHARES

The distribution of this Prospectus and the offering or purchase of the shares may be restricted in certain jurisdictions. No person receiving a copy of this Prospectus in any such jurisdiction may treat this Prospectus as constituting an offer or invitation to them to purchase or subscribe for shares unless in the relevant jurisdiction such an offer or invitation could lawfully be made to them. Accordingly, this Prospectus does not constitute an offer or invitation to anyone in any jurisdiction in which such offer or invitation is not lawful or in which the person making such offer or invitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or invitation. It is the responsibility of any person in possession of this Prospectus to inform them of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

The board of directors of the Fund (the “Board of Directors” or the “Board”) accepts responsibility for the information contained in this Prospectus. To the best knowledge and belief of the Board (which has taken all reasonable care to ensure that such is the case), the information in this Prospectus does not omit anything likely to affect the importance of the information.

The Shares of the Fund offered hereby have not been registered under the United States Securities Act of 1933, as amended (the “1933 Act”), the United States Investment Company Act of 1940, as amended (the “1940 Act”) or any U.S. State securities laws and, unless so registered, may not be offered or sold to persons in the United States, or to or for the account or benefit of U.S. Persons, as defined in Rule 902 under the 1933 Act, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act, the 1940 Act and applicable U.S. State securities laws.

The Fund may, at its discretion, sell Shares to certain U.S. Persons subject to the conditions that such purchasers make certain representations to the Fund which are intended to satisfy exemptions or exclusions from U.S. registration requirements under the 1933 Act and the 1940 Act, and that in all events there will be no material adverse tax consequences to the Fund or to Shareholders as a result of such a sale. Restrictions may apply to resales of the securities under United States law.

The Fund will not knowingly offer or sell Shares to any investor to whom such offer or sale would be unlawful, or might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantages which the Fund might not otherwise incur or suffer or would result in the Fund being required to register under the 1933 Act or the 1940 Act.

The Board may refuse to issue shares to US Persons or to register any transfer of Shares to any US Person. Moreover, the Board may at any time compulsorily forcibly redeem the Shares held by a US Person. Statements made in this Prospectus, except where otherwise stated, are based on the laws and practices currently in force in Luxembourg and are subject to changes therein.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements, which provide current expectations or forecasts of future events. Words such as “may,” “believes,” “expects,” “plans,” “future” and “intends,” and similar expressions, may identify forward-looking statements, but the absence of these words does not mean that the statement is not forward-looking. Forward-looking statements include statements about the Fund’s plans, objectives, expectations and intentions and other statements that are not historical facts. Forward-looking statements are subject to known and unknown risks and uncertainties and inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Potential investors should not unduly rely on these forward-looking statements, which apply only as of the date of this Prospectus.

## DATA PROTECTION POLICY

Any information concerning investors who are natural persons and other related natural persons (together the “Data Subjects”) which allows the Data Subjects to be directly or indirectly identified (the “Data”), which is provided to, or collected by or on behalf of, the Fund and the Management Company (directly from Data Subjects or from publicly available sources) will be processed by the Fund and the Management Company as joint data controllers (the



“Controllers” – which can be contacted through the compliance officer of the Management Company, 15, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg) in compliance with applicable data protection laws, in particular Regulation (EU) 2016/679 of 27 April 2016.

A data protection officer has been appointed (the “DPO”) who can be contacted at: [europe-data-protection@pictet.com](mailto:europe-data-protection@pictet.com).

Failure to provide certain Data may result in the investor not being able to invest or maintain an investment in the Fund.

Data will be processed by the Controllers and disclosed to, and processed by, service providers of the Controller such as the Depositary Bank, the Transfer Agent, the Administrative Agent, the Paying Agent, the Auditor, the Manager, the Investment Adviser (if any), the Distributor and its appointed sub-distributors, legal and financial advisers (the “Processors”) for the purposes of (i) offering and managing investments and holdings of the shareholders and performing the services related to their shareholding in the Fund (ii) enabling the Processors to perform their services for the Fund, or (iii) complying with legal, regulatory and/or tax (including FATCA/CRS) obligations (the “Purposes”).

As part of the Purposes, Data may also be processed for the purpose of direct marketing activities (by means of electronic communication), notably for providing Data Subjects with general or personalised information about investment opportunities, products and services proposed by or on behalf of the Fund, its service providers, delegates and business partners. The legal basis for the processing of Data in the context of such marketing activities will be either the legitimate interests of the Fund (propose new investments opportunities to investors) or, in particular if required by law, the consent of the Data Subjects for the relevant marketing activities.

The Processors shall act as processors on behalf of the Controllers and may also process Data as controllers for their own purposes.

Any communication (including telephone conversations) (i) may be recorded by the Controllers and the Processors in compliance with all applicable legal or regulatory obligations and (ii) will be retained for a period of 10 years from the date of the recording.

Data may be transferred outside of the European Union (the “EU”), to countries whose legislation does not ensure an adequate level of protection as regards the processing of personal data.

Investors providing the Data of third-party data subjects to the Controllers need to ensure that they have obtained the authority to provide that Data and are therefore required to inform the relevant third-party data subjects of the processing of the Data and their related rights. If necessary, investors are required to obtain the explicit consent of the relevant third-party data subject for such processing.

Data of Data Subjects will not be retained for longer than necessary with regard to the Purposes, in accordance with applicable laws and regulations, subject always to applicable legal minimum retention periods.

The investors have certain rights in relation to the Data relating to them, including the right to request access to such Data, or have such Data rectified or deleted, the right to ask for the processing of such Data to be restricted or to object thereto, the right to portability, the right to lodge a complaint with the relevant data protection supervisory authority, or the right to withdraw any consent after it was given.

Detailed information about how Data is processed is contained in the privacy notice available at <https://www.group.pictet/privacynotice> or on demand by contacting the DPO ([europe-data-protection@pictet.com](mailto:europe-data-protection@pictet.com)). The privacy notice notably sets out in more detail the data subjects’ rights described above, the nature of the Data processed, the legal bases for processing, the recipients of the Data and the safeguards applicable for transfers of Data outside of the EU.

The investors’ attention is drawn to the fact that the data protection information is subject to change at the sole discretion of the Controllers, and that they will be duly informed prior to the implementation of any change.



## **ANTI-MONEY LAUNDERING REGULATIONS**

In accordance with applicable international rules and to applicable Luxembourg laws and regulations such as the law of 12 November 2004 (as amended) in relation to the fight against money laundering and against the financing of terrorism, and all applicable CSSF circulars, obligations have been imposed on all professionals of the financial sector to prevent the use of undertakings for collective investment for money laundering and terrorist financing purposes. Within this context a procedure for the identification of investors has been imposed. Namely, the application form of a prospective investor must be accompanied by any supporting documents recommended or prescribed by applicable rules and regulations allowing the appropriate level of identification of the prospective investor and, as the case may be, its beneficial owners.

In the event of a delay or failure to provide the required documents, the subscription or redemption request will not be accepted. Neither the undertaking for collective investment, nor the transfer agent can be held liable for the delay or non-execution of transactions when the investor has not provided the documents or has provided incomplete documents.

Shareholders may also be asked to provide additional or updated documents in accordance with the obligations for on-going control and supervision in accordance with applicable laws and regulations.

Any information provided in this context is collected for anti-money laundering compliance purposes only.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

The Management Company will make available at its registered office all information provided to investors under Regulation 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse (SFTR).



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## PART I: PROVISIONS APPLICABLE TO THE FUND GENERALLY

The following provisions of Part I contain general information on the Fund.

### 1. DEFINITIONS

Unless defined elsewhere in this Prospectus or unless the context indicates otherwise, capitalised words and expressions in this Prospectus have the meaning as described below.

<b>2010 Law or UCITS Law</b>	The Luxembourg law of 17 December 2010 relating to Undertakings for Collective Investment, as may be amended from time to time.
<b>1915 Law</b>	The Luxembourg law of 15 August 1915 related to Commercial Companies, as may be amended from time to time.
<b>AIF or the Fund</b>	The Alternative Investment Fund, i.e. Pictet Alternative Funds, a SICAV organized as a <i>société anonyme</i> and registered as investment fund and as an alternative investment fund in Luxembourg in accordance with the 2010 Law, as amended by the AIFM Law.
<b>AIFM</b>	The Alternative Investment Fund Manager, namely Pictet Asser Management (Europe) S.A.
<b>AIFM Directive</b>	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers.
<b>AIFM Law</b>	The law of 12 July 2013 relating to alternative investment fund managers, as may be amended from time to time. The AIFM Law has transposed the AIFM Directive into the Luxembourg regulation and has, amongst others, modified the 2010 Law
<b>AIFM Rules</b>	The corpus of rules formed by (a) the AIFM Directive, (b) the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing the AIFM Directive, (c) any binding guideline or other delegated act and regulation issued from time to time by the EU relevant authorities pursuant to any national laws and regulations (such as the Luxembourg Act).

<b>Annual Report</b>	Means the last available annual report of the Fund, including its audited accounts.
<b>Articles of Association</b>	The articles of association of the Fund, as may be amended from time to time, which comprise the terms and conditions on which the Fund and each Sub-Fund exists and operates to which each investor agrees to be bound when subscribing for shares.
<b>Business Day</b>	Any day on which banks in Luxembourg (Grand-Duchy of Luxembourg) are open for business.
<b>Class or Classes</b>	Each class of shares in issue or to be issued in each Sub-Fund by the Board of Directors, the list and characteristics of which are, as the case may be, detailed in Part II of this Prospectus.
<b>CSSF</b>	Commission de Surveillance du Secteur Financier, the Luxembourg supervisory authority.
<b>EUR</b>	All references to “EUR” in this Prospectus are to the euro.
<b>FATF</b>	Financial Action Task Force on Money Laundering.
<b>Fund Documents</b>	Collectively, this Prospectus and the Articles.
<b>Institutional Investor</b>	An investor meeting the requirements to qualify as an institutional investor for the purposes of article 174 of the 2010 Law.
<b>Listing</b>	The Board of Directors may resolve to list the shares of the Sub-Funds on the Luxembourg Stock Exchange, as disclosed in Part II of this Prospectus.
<b>Minimum Subscription</b>	The minimum subscription requirements for shares of a sub-fund or class are described in Part II for the relevant Sub-Fund.

<b>Net Asset Value or NAV</b>	The net asset value of a sub-fund of the Fund and of each share (pertaining to a class of shares). The Net Asset Value is divided by the number of Shares in a Sub-Fund or Class, as appropriate, in issue or deemed to be in issue. The Net Asset Value per Share is determined at least once per month: please see in Part II of this Prospectus for rules applicable for the relevant Sub-Fund.
<b>Reference Currency</b>	The currency in which is expressed the Fund or a sub-fund, or the NAV of a specific Class of shares, as required by the context; it being understood that the Reference Currency of the Fund is the Euro (EUR).
<b>Redemption Valuation Day</b>	The valuation day on which shares can be redeemed, please see in Part II of this Prospectus for rules applicable for the relevant Sub-Fund.
<b>Restricted Person</b>	Any person, determined in the sole discretion of the Board of Directors as being not entitled to subscribe or hold Shares in the Fund or any Sub-Fund or Class if, in the opinion of the Board of Directors, for example, (i) such person would not comply with the eligibility criteria of a given Class or Sub-Fund (ii) a holding by such person would cause or is likely to cause the Fund some pecuniary, tax or regulatory disadvantage (iii) a holding by such person would cause or is likely to cause the Fund to be in breach of the law or requirements of any country or governmental authority applicable to the Fund.
<b>Semi-Annual Report</b>	The last available semi-annual report of the Fund including the Fund's semi-annual unaudited accounts, all to be considered as an integral part of the Prospectus.
<b>Shareholder</b>	A registered holder of shares of the Fund, recorded in the Fund's register of Shareholders
<b>Shares</b>	Shares issued by the Fund, whatever Class of shares they belong.

<b>Sub-Fund</b>	Any existing Sub-Fund described in Part II to this Prospectus as well as any future Sub-Fund, to which specific shares and/or Class(es) of shares related.
<b>Submanager</b>	The manager of a UCI.
<b>Subscription Valuation Day</b>	The valuation day on which shares of a given Class can be subscribed, please see information in Part II of this Prospectus for the relevant Sub-Fund.
<b>UCI</b>	Undertakings for Collective Investments, i.e. the underlying funds.
<b>UCITS</b>	Undertakings for Collective Investments in Transferable Securities within the meaning of the EU Directive 2009/65/EC.
<b>USD</b>	All references to "USD" in this Prospectus are to the currency of the United States of America.
<b>US Person</b>	A citizen or resident of the United States of America or of any of its territories or possessions or areas subject to its jurisdiction or persons who are normally resident therein, including the estate of any such person, or a corporation, partnership, trust or any other association created or organised therein.
<b>Valuation Day</b>	See information in Part II of this Prospectus for the relevant Sub-Fund.

## 2. EXECUTIVE SUMMARY

### 2.1. Information on the Fund

PICTET ALTERNATIVE FUNDS is an open-ended investment company with variable share capital (*Société d'Investissement à Capital Variable*) organised as a multi-compartment investment fund in the form of a public limited liability company (*Société Anonyme*), incorporated for an undetermined period in Luxembourg and qualifying under Part II of the 2010 Law and the 1915 Law. The Fund also qualifies as an AIF within the meaning of the AIFM Law.

The Fund has been incorporated in Luxembourg on 3 December 2004, for an unlimited duration. The Articles have been filed with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés*) where they are available for inspection and where copies can be made and have been published in the Luxembourg gazette (*Mémorial C, Recueil des Sociétés et Associations*). The Articles of Association were last amended by a notarial deed dated 14 December 2018. Copies may also be obtained at the





registered office of the Fund.

The share capital of the Fund shall at all times be equal to the net asset value (NAV) of the Fund and is expressed in USD. It is represented by Shares issued with no par value either partly or fully paid-up. Variations in the capital shall be effected ipso jure and there are no provisions requesting publications and entry of such variations in the *Registre de Commerce et des Sociétés*.

The Fund is registered with the register of commerce and companies of Luxembourg under the number B 104 485.

The minimum share capital shall be the equivalent of EUR 1,250,000 (one million two hundred and fifty thousand Euro).

The Fund is an umbrella fund that may consist of different Sub-Funds. Each Sub-Fund shall be comprised of all that has been paid or contributed on the Shares in the relevant Sub-Fund, all that has been obtained by the relevant Sub-Fund with the said payments and contributions, all resulting benefits and all debts, liabilities and other commitments incurred by the Fund for the account of the Sub-Fund concerned. Each Sub-Fund has its own investment, subscription and profit allocation policies. The introduction of a Sub-Fund is effected pursuant to a decision to that end by the Board of Directors setting the terms and conditions of the relevant Sub-Fund. Each Sub-Fund may have similar or different investment strategies and other specific features (including, but not limited to, specific investment advisors/managers, if any, specific fee structures, permitted investments, investment restrictions and distribution policies) as the Board of Directors shall determine from time to time in respect of each Sub-Fund.

The assets and liabilities of each Sub-Fund shall be segregated from the assets and liabilities of the other Sub-Fund, with creditors having recourse only to the assets of the Sub-Fund concerned. As between the Shareholders, each Sub-Fund will be deemed to be a separate entity.

There is no cross liability between Sub-Fund and each Sub-Fund shall be exclusively responsible for all liabilities attributable to it.

The different Classes of Shares in issue or to be issued in each Sub-Fund of the Fund (if any) may differ inter alia in their fee structure, distribution policy, specific hedging policies, minimum subscription amount or dividend policy or any other criteria to be determined by the Board of Directors. The proceeds of the issue of Shares in respect of each Sub-Fund will be invested for the exclusive benefit of the relevant Sub-Fund in accordance with the investment policy determined by the Board of Directors from time to time in respect of the relevant Sub-Fund and as set forth under the Sub-Funds Specifications in Part II of this Prospectus. All Shares of the same Class in a particular Sub-Fund

shall have equal rights as to dividends declared (if any), income, realized and unrealized investment gains, redemption proceeds and liquidation proceeds.

## 2.2. Management and Administration

<b>Name of the Fund</b>	Pictet Alternative Funds
<b>Registered office</b>	15, avenue J.F. Kennedy L-1855 Luxembourg
<b>Board of Directors of the Fund</b>	<p><b>Chairman :</b></p> <p>Mr Nicolas Tschopp, Senior Vice-President, Pictet Asset Management S.A., Geneva</p> <p><b>Directors :</b></p> <p>Mr Francesco Ilardi, Senior Vice-President, Pictet Alternative Advisors SA, Geneva</p> <p>Mr Justin Egan, Director of Carne Global Financial Services Luxembourg S.A.</p> <p>Mr Thomas Nummer, Independent Director, Trinova S.A., Luxembourg</p> <p>Mrs Tracey Mc Dermott, Independent Director, Gemini Governance &amp; Advisory Solutions S.à.r.l , Gemini</p>
<b>The Fund's Management Company and Alternative Investment Fund Manager</b>	Pictet Asset Management (Europe) S.A. 15, avenue J.F. Kennedy L-1855 Luxembourg

<b>Board of directors of the Management Company</b>	<p><b>Chairman :</b></p> <p>Mr Cédric Vermesse, Executive Vice President, Pictet Asset Management S.A., Geneva</p> <p><b>Directors :</b></p> <p>Mr Rolf Banz, Independent Director, Geneva</p> <p>Mr David Martin, Head of Business Risk &amp; Public Policy, Pictet Asset Management S.A., Geneva</p> <p>Mr Luca Di Patrizi, Head of Intermediaries, Pictet Asset Management S.A., Geneva</p>
<b>Conducting officers of the Management Company</b>	<p>Mr Riadh Khodri</p> <p>Mr Laurent Moser</p> <p>Mr Benoît Beisbardt</p> <p>Mr Emmanuel Gutton</p>
<b>Investment Manager</b>	<p>Pictet Alternative Advisors SA</p> <p>60, route des Acacias</p> <p>CH-1211 Geneva 73</p> <p>Switzerland</p>
<b>Depository Bank</b>	<p>Pictet &amp; Cie (Europe) S.A.</p> <p>15A, avenue J.F. Kennedy</p> <p>L-1855 Luxembourg</p>
<b>Administrative Agent</b>	<p>FundPartner Solutions (Europe) S.A.</p> <p>15, avenue J.F. Kennedy</p> <p>L-1855 Luxembourg</p>
<b>Independent authorised Auditor</b>	<p>Deloitte Audit S.à.r.l</p> <p>560, rue de Neudorf</p> <p>L-2220 Luxembourg</p>
<b>Legal Adviser</b>	<p>Elvinger, Hoss &amp; Prussen</p> <p><i>Société anoyne</i></p> <p>2, Place Winston Churchill</p> <p>L-1340 Luxembourg</p>

#### THE BOARD OF DIRECTORS OF THE FUND

The Board is responsible for the management, the administration and the investment objectives of the Fund as well as the investment objectives and investment policy of each Sub-Fund.

The Board of Directors is responsible for administering and managing the Fund and running its operations, as well as deciding on and implementing its investment policy.

The Board has decided, under its full responsibility, to

be assisted, while managing the Fund's assets by the Management Company subject to Chapter 15 of the 2010 Law, as amended.

#### THE FUND'S MANAGEMENT COMPANY AND ALTERNATIVE INVESTMENT FUND MANAGER

Pictet Asset Management (Europe) S.A., formerly named Pictet Funds (Europe) S.A. (the "Management Company" or the "AIFM"), a *société anonyme* ("limited company") has been designated as the Management Company of the Fund, as defined in Chapter 15 of the 2010 Law and as the Fund's Alternative Investment Fund Manager, as defined in the AIFM Law.

Pictet Asset Management (Europe) S.A. (formerly Pictet Funds (Europe) S.A.) was created on 14 June 1995 for an indefinite period, under the name of Pictet Balanced Fund Management (Luxembourg) S.A. as a *société anonyme* ("limited company") governed by the laws of the Grand Duchy of Luxembourg. Its capital, on the date of this Prospectus, is CHF 8 750 000.

The Management Company is responsible for:

- a. The investment management function in respect of the Fund which includes portfolio management and risk management;
- b. The general administration of the Fund, including:
  - legal and fund management accounting services;
  - responses to customer inquiries;
  - valuation and pricing of the assets of the Fund, including tax returns;
  - regulatory compliance monitoring;
  - maintenance of the Shareholders register;
  - distribution of income;
  - issue and redemption of Shares;
  - settlement of contracts, including certificates dispatch; and
  - record keeping;
- c. Marketing functions.

The Management Company has primarily delegated, under its overall supervision and control, the day-to-day management of the Fund to the Investment Manager as defined hereafter. This delegation is made according to the terms of agreements concluded for indefinite periods that may be cancelled by either party at any time with 3 or 6 months' notice depending on the terms in the agreements.

The Management Company and/or the Investment Manager appointed by the Management Company have the possibility to appoint one or more investment advisers or consultants for each Sub-Fund of the Fund, if

any, to advise the Management Company and/or the Investment Manager on the investment opportunities for the Fund. It is acknowledged that these services does not constitute a delegation of functions, duties or obligations in the meaning of article 20 of the AIFM Directive, and that the Management Company and/or Investment Manager will not be bound by any advice received from such external advisers or consultants.

The Management Company has further delegated, under its overall supervision and control, the administration of the Fund to the Administrative Agent as defined hereafter. This delegation is made according to the terms of agreements concluded for indefinite periods that may be cancelled by either party at any time with 3 or 6 months' notice depending on the terms in the agreements.

The Management Company will monitor on a continuous basis the activities of the third parties to which it has delegated functions.

The Management Company covers its potential liability risks arising from professional liability by holding the appropriate additional "own funds" within the meaning of the AIFM Rules.

#### THE INVESTMENT MANAGER

As described above, the Management Company has delegated the portfolio management of the Fund's assets to Pictet Alternative Advisors SA in Geneva (the "Investment Manager").

The Investment Manager will exercise the powers and duties delegated by the Management Company, subject to any limitation imposed by the Management Company and the overall policies, directions, supervisions and control of the Board of Directors. This delegation is made according to the terms of the contract concluded for an indefinite period.

The Investment Manager shall, in particular, manage on a day to day basis the investments of the Fund and its relevant Sub-Funds, if any, in accordance with their respective investment objective, policies and restrictions.

#### THE INVESTMENT ADVISERS/CONSULTANTS

As described above, the Management Company and/or the Investment Manager have the possibility to appoint one or more investment advisers or consultants for each Sub-Fund to advise the Management Company and/or the Investment Manager on the investment opportunities for the Fund.

#### THE DEPOSITARY BANK

Pictet & Cie (Europe) S.A. has been appointed as the Fund's depositary bank (acting as such, the "Depositary"). The rights and duties of the Depositary are set forth in the depositary agreement (the "Depositary Agreement") and made under Luxembourg law for an indefinite period.

In its function as Depositary Bank, Pictet & Cie (Europe) S.A. shall perform the duties resulting from the provisions of the 2010 Law.

Under instructions from the Board of Directors, the Depositary will undertake all acts relating to the holding of the Fund's assets. It will execute orders and comply with the instructions of the Board of Directors provided that they are in line with the legal requirements and the Fund's Documents.

The principal duties of the Depositary Bank are as follows:

- a. safe-keeping of the assets of the Fund that can be held in custody (including book entry securities) and record-keeping of assets that cannot be held in custody in which case the Depositary Bank must verify their ownership;
- b. ensure that the Fund's cash flows are properly monitored, and in particular ensure that all payments made by or on behalf of investors upon the subscription of Shares in the Fund or in a Sub-Fund have been received and that all cash of the Fund has been booked in cash accounts that the Depositary Bank can monitor and reconcile;
- c. ensure that the issue, redemption and conversion of Shares are carried out in accordance with Luxembourg applicable laws;
- d. ensure that the value of the shares of the Fund is calculated in accordance with Luxembourg applicable laws and the valuation procedures;
- e. carry out the instructions of the Management Company, unless they conflict with Luxembourg applicable laws;
- f. ensure that in transactions involving a Fund's assets any consideration is remitted to the Fund within the usual time limits; and
- g. ensure that a Fund's income is applied in accordance with Luxembourg applicable laws.

In relation to the Depositary Bank's duties regarding the duties referred to under (a) above, in respect of financial instruments which can be held in custody the Depositary Bank is liable to the Fund or the Shareholders for any loss of such financial instruments held by the Depositary or any delegate.

In relation to all the other Depositary Bank's duties as referred to under items (b) to (g) above, the Depositary Bank is liable to the Fund or the Shareholders for all other losses suffered by it or them as a result of the Depositary Bank's negligent or intentional failure to properly fulfill such obligations.

The Depositary Bank is remunerated in accordance with customary practice in the Luxembourg financial market. Such remuneration is expressed as a percentage of the Fund's net assets. In addition to that, additional transactions fees may be charged to the Fund.

### THE ADMINISTRATIVE AGENT

The administration function of the Fund is delegated by the Management Company to FundPartner Solutions (Europe) S.A. (the "Administrative Agent").

FundPartner Solutions (Europe) S.A. has been designated as Transfer Agent, Administrative Agent and Paying Agent, under the terms of agreements concluded for indefinite periods. These agreements may be terminated by either party with not less than 3 months' prior notification.

FundPartner Solutions (Europe) S.A. is a société anonyme ("limited company") with registered headquarters located at 15, avenue J.F. Kennedy, L-1855 Luxembourg. It is a management company, as defined in Chapter 15 of the 2010 Law and an AIFM, as defined in the AIFM Law. FundPartner Solutions (Europe) S.A., wholly-owned by the Pictet Group, was incorporated on 17 July 2008 for an indefinite period, as a *société anonyme* ("limited company") governed by Luxembourg Law.

As keeper of the register and transfer agent, the Administrative Agent is primarily responsible for ensuring the issue, conversion and redemption of Shares and maintaining the register of Shareholders of the Fund.

As administrative agent and paying agent, the Administrative Agent is responsible for calculating and publishing the net asset value (NAV) of the Shares of each Sub-Fund pursuant to the 2010 Law and the Articles of the Fund and for performing administrative and accounting services for the Fund as necessary.

### DISTRIBUTION

Shares of the Fund will be distributed by the Pictet Group (the "Distributor"), or more specifically any legal entity of the Group held directly or indirectly by Banque Pictet & Cie S.A., Geneva, and authorised to perform such functions.

The Distributor may conclude distribution agreements with any professional agent, particularly banks, insurance companies, "internet supermarkets", independent managers, brokers, management companies or any other institution whose primary or secondary activity is the distribution of investment funds and customer service.

### THE AUDITOR

The accounting data included in the Annual Report of the Fund shall be examined by an auditor (*réviseur d'entreprises agréé*) appointed by the general meeting of Shareholders and remunerated by the Fund. The

auditor (the "Auditor") shall fulfill the duties prescribed by the 2010 Law.

The Fund has appointed Deloitte Audit S.à.r.l as its *réviseur d'entreprises agréé*.

## 3. INVESTMENT OBJECTIVES AND POLICY, INVESTMENT RESTRICTIONS

### 3.1. INVESTMENT OBJECTIVES AND POLICY

#### 3.1.1. Investment Objectives of the Fund

The primary objective of the Fund is to achieve long-term, risk adjusted capital appreciation mainly by investing its assets in a diversified portfolio of UCIs using conventional, non-conventional or alternative asset management strategies. There can be no assurance that the Fund will achieve its objectives. The Fund may also invest in traditional asset classes directly or through the use of UCIs.

#### 3.1.2. Investment Policy of the Fund

PICTET ALTERNATIVE FUNDS operates as a Fund of Funds, investing primarily its assets in a portfolio of UCIs, which are generically known as Hedge Funds, mainly managed by independent investment managers worldwide having the possibility of using alternative asset management strategies, or in more traditional UCIs, as further described in Annex I for the relevant Sub-Fund. The Fund may also invest directly in other type of securities such as equities, debt securities and private equity products worldwide.

#### A. Rationale for Alternative Asset Management

Traditional asset management is based on the theory of market efficiency. Participation in the markets has a direct correlation to the economy at large. The ability to outperform markets, however, is contingent upon assuming additional risk. This is reflected through individual share volatility and general market behaviour which is defined as systemic risk. In contrast, alternative asset management assumes that markets are inherently inefficient over certain periods of time and attempts to capitalise on opportunities produced. The strategies used to do so attempt not to increase the overall risk profile and indeed in most cases strive to reduce it. Their ability to do so is predicated on many of the characteristics which clearly differentiate them from their traditional counterparts.

Traditional asset management focuses on the comparative performance of the long investment portfolio in relation to an appropriate index or benchmark. Portfolio indexation has led to a largely passive investment approach which is measured in relative terms. Alternative asset management is a much more dynamic approach as it seeks to outperform in all market conditions through its combined long and short exposure. These strategies seek to achieve absolute rather than index-related performance.

Alternative asset management strategies are not constrained to investing in, and maintaining only long

positions in, equities and bonds. They have the distinct ability to use both long and short positions within their strategic constructs. Both traditional and alternative investment styles may use derivative instruments for hedging and position-building purposes. Outright and directional positions, however, may also be used to various degrees within alternative portfolios dependent on investment style. Leverage, while generally not being permitted in traditional strategies, may be used to a significant degree in certain alternative investment strategies. However, a hedge fund does not necessarily make use of leverage.

### B. Hedge Fund Strategies and Definitions

Hedge fund strategies in the traditional sense seek to reduce systemic or market risk in investment portfolios through offsetting long and short positions. Alternative asset management is simply the expansion of the traditional hedge fund definition through the use of more diverse strategies and methodologies. A wide range of investment disciplines are represented which vary both in nature, risk and performance attributes. In general terms, the alternative asset management strategies include the following:

**Convertible Arbitrage:** these Submanagers try to capture inefficiencies in the pricing of convertible securities and underlying stocks by isolating the yield earned on the debt portion of the convertible bonds or preferred stocks. The strategy entails purchasing a convertible bond while simultaneously hedging a portion of the equity risk by selling short the underlying common stock and/or buying puts or option combinations on underlying stock. This strategy is often leveraged in order to enhance returns.

**Fixed Income Arbitrage:** Submanagers employing this strategy seek profits by exploiting pricing inefficiencies between related fixed-income securities while often neutralising exposure to interest rate risk. This strategy is often leveraged in order to enhance returns.

**Statistical Arbitrage:** Submanagers in this category attempt to benefit from pricing inefficiencies that are identified using mathematical models. Statistical arbitrage strategy is based on the premise that prices will trend toward their historical norms. This strategy is often leveraged in order to enhance returns.

**Merger Arbitrage:** also known as risk arbitrage, this strategy involves investing in event-driven situations. The classic merger arbitrage strategy consists in acquiring the stock of the targeted company while simultaneously selling short the stock of the predator company.

**Distressed Securities:** this investment strategy consists in buying or selling short securities of companies affected by bankruptcy and/or in the process of restructuring the debt portion of their balance sheets. The complexity of such operations often creates mis-pricing opportunities hence high potential returns, and also a limited liquidity.

**Special Situations:** also known as corporate life cycle, this strategy focuses on opportunities created by significant transactional events, such as division spin-offs, M&As, bankruptcies, reorganisations, share buybacks and management changes. Arbitrage between common and preferred shares would fall under this special situation strategy.

**Equity Long-Short:** this directional strategy combines both long and short positions in equity and equity-related securities. Net market exposure is adjusted opportunistically. This style accounts for the majority of the strategies used today. The Submanager can trade on one or more dimensions such as Geography, Industry, Market Capitalisation, etc.

**Short Sellers:** the short selling approach seeks to profit from declines in the value of stocks. The strategy is to borrow a stock and sell it on the market with the intention of buying it back at a lower price. By selling the stock short, the seller receives interest on the cash proceeds resulting from the sale. In the event the stock trends higher, the short seller will take a loss when paying back the security to the lender.

**Market Neutral:** this strategy is designed to exploit equity market inefficiencies by trying to remove systematic risk and extract stock-specific returns. Portfolios are constructed in attempt to remove the market risk ( $\beta$ ) and usually involve being simultaneously long and short matched equity positions.

**Macro:** macro managers make in-depth analyses of macro-economic trends and formulate their investment strategy based on these, taking out positions on the fixed income, currency and equity markets through either direct investments or futures and other derivative products.

**CTA:** CTA is the acronym for Commodity Trading Advisor and is also known as Managed Futures. This strategy essentially invests in futures contracts on financial, commodity, and currency markets around the world. Trading decisions are often based on proprietary quantitative models and technical analysis. These portfolios have embedded leverage through the derivative contracts employed.

The Board of Directors of the Fund intends to invest the assets of the various Sub-Funds in a variety of UCIs pursuing alternative strategies including some or all of the above. The portfolio allocation of each Sub-Fund is described in Part II to this Prospectus.

#### 3.1.3. Pooling

For the purpose of efficient management and if the investment policies of the Sub-Funds allow, the Board of Directors of the Management Company may decide to co-manage some or all of the assets of certain Sub-Funds. In this case, the assets from different Sub-Funds will be jointly managed using the aforementioned technique. Assets that are co-managed will be



referred to using the term “pool”. These pools will only be used for internal management purposes. They will not constitute distinct legal entities and will not be directly accessible to investors. Each co-managed Sub-Fund will have its own assets allocated to it.

When the assets of a Sub-Fund are managed using this technique, the assets initially attributable to each co-managed Sub-Fund will be determined according to the Sub-Fund’s initial participation in the pool. Thereafter, the composition of the assets will vary according to contributions or withdrawals made by the Sub-Funds.

This apportionment system applies to each investment line of the pool. Additional investments made on behalf of the co-managed Sub-Funds will therefore be allocated to these Sub-Funds according to their respective entitlements, while assets sold will be similarly deducted from the assets attributable to each of the co-managed Sub-Funds.

The assets and liabilities attributable to each Sub-Fund will be identifiable at any given moment.

The pooling method will comply with the investment policy of each of the Sub-Funds concerned.

### 3.2. INVESTMENT RESTRICTIONS

#### *Investment restrictions applicable to underlying UCIs*

1. A Sub-Fund's investment in an underlying UCI may not represent more than 50% of the underlying UCI's total net assets. For the purpose of the application of this limit, when the underlying UCI is an umbrella fund, the "total net assets" must be considered as the total net assets of the UCI as a whole (sum of the total net assets of all the sub-funds of the underlying UCI).

If a Sub-Fund acquires a percentage of a UCI's total net assets in such newly created UCIs exceeding 50%, it will use its best endeavours (as the case may be through a sale of a portion of its holding) to reduce the holding so as to represent not more than 50% within twelve months from the acquisition.

2. A Sub-Fund may not invest more than 20% of its net assets in securities issued by a UCI, this limit being applied at the level of each single sub-fund of a UCI, if the principle of segregation of the commitments between sub-funds of such UCI is ensured.

These restrictions referred to in 1) and 2) above are not applicable to acquisitions of units or shares of open-ended underlying UCIs where

- the said underlying UCIs are subject to risk diversification requirements comparable to those applicable to underlying UCIs which are subject to part II of the 2010 Law, and

- where the said underlying UCIs are subject in their country of origin to permanent supervision by a supervisory authority established by law to ensure the protection of investors.

This derogation, however, must not result in an excessive concentration of investments by the Sub-Funds in a single underlying UCI, it being understood that, for the purpose of this limitation, each sub-fund of an underlying UCI with multiple sub-funds is to be treated as a distinct underlying UCI, on condition that the principle of segregation of commitments of the different sub-funds vis-à-vis third parties be ensured.

The restrictions set in point 1) and 2) shall not apply to Feeder funds. Feeder funds are UCIs that invest substantially all their assets (except cash), directly or indirectly, in one other collective investment undertaking (Master Fund). In relation to a Master-Feeder structure, the limits referred to in 1. and 2. above do not apply at the level of the Feeder fund but shall apply at the level of the Master fund if investments by a Sub-Fund in the Master fund can only be made through one or more Feeder funds. However, a Sub-Fund may not acquire shares or units carrying voting rights that would enable it to exercise a significant influence over the management of a Feeder fund.

3. A Sub-Fund will mainly invest in UCIs that calculate and publish a net asset value at least on a monthly basis.

#### *Cross Sub-Funds investments*

4. A given Sub-Fund (defined as an "Investing Sub-Fund") may subscribe, acquire, and/or hold securities issued by one or more Sub-Funds of the Fund (each designated as a "Target Sub-Fund"), without the Fund being subject to the requirements of the 1915 Law with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the condition however that:

- the Target Sub-Fund does not, in turn, invest in the Investing Sub-Fund; and
- no more than 10% of the net assets that the Target Sub-Funds whose acquisition is contemplated, may be invested, in compliance with their investment policies, in securities of other Target Sub-Funds of the Fund; and
- voting rights, if any, attaching to the relevant securities are suspended for as long as they are held by the Investing Sub-Fund and without prejudice to the appropriate processing in the accounts and the periodic reports; and that
- in any event, for as long as these securities are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purpose of verifying the

minimum threshold of the net assets of the Fund imposed by the 2010 Law.

*Investment restrictions applicable to securities other than those issued by underlying UCIs*

5. A Sub-Fund may not invest more than 20% of its net assets in transferable securities or money market instruments issued by the same issuer.
6. A Sub-Fund may not acquire more than 10% of the securities of the same nature issued by the same issuer.
7. A Sub-Fund may not invest more than 10% of its net assets in transferable securities which are not listed or not dealt in on another regulated market which operates regularly and is recognised and open to the public.

These restrictions referred to in 5) to 7) are not applicable to securities issued or guaranteed by an OECD member state, by an European Union member state, or by its regional or local institutions, regional or global supranational institutions and bodies, by any other state considered as appropriate by the Board of Directors for the application of this derogation.

*Other investment restrictions*

8. Without prejudice to the application of the provisions set out above, a Sub-Fund may not:
  - (i) borrow more than 25% of each Sub-Fund's net assets for investment purposes and to bridge liabilities, including to satisfy redemption requests;
  - (ii) grant loans to third parties (including other UCIs);
  - (iii) act as guarantor on behalf of third parties (including other UCIs);
  - (iv) carry out uncovered sales of securities or carry out any other transactions in relation to securities which it does not own, except, as the case may be, as disclosed in a specific annex relating to a specific Sub-Fund in Part II of this Prospectus that clearly includes this possibility, and the corresponding limits, provided however that the UCI, in which the Sub-Fund shall invest, may carry out such short sales;
  - (v) invest directly in real estate;
  - (vi) invest directly in commodities unless it is clearly indicated in Part II of the Prospectus in a specific annex relating to a specific Sub-Fund.

Nonetheless, it is understood that UCIs in which a Sub-Fund invests may, where applicable, invest in real estate or commodities. In addition, this restriction shall not prevent a Sub-Fund from investing in futures contracts on commodities as

specified in its relevant annex.

- (vii) invest directly more than 20% of its net assets in precious metals.

*Liquidity*

The Board of Directors will make sure that the portfolio of target UCIs presents appropriate liquidity features to enable the Fund to meet its obligation to redeem its shares. However, due to the limited liquidity of some underlying UCIs, the Fund may not be in a position to meet the redemption requests of Shareholders, as defined below in the chapter "Risk factors".

*Financial Derivative Instruments*

For hedging and for any other purposes, the Fund may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, a Sub-Fund may take exposure through any financial derivative instruments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying in line with the respective investment policy of the Sub-Funds, including, but not limited to, commodities and precious metals, currencies (including non delivery forwards), interest rates, transferable securities, basket of transferable securities, indices (including but not limited to commodities, precious metals or volatility indices), undertakings for collective investment.

*Structured products*

The Fund may also invest in structured products, such as but not limited to notes, certificates or any other transferable securities whose returns are correlated with changes in, among others, an index (including indices on volatility, commodities, precious metals, etc), currencies, exchange rates, transferable securities or a basket of transferable securities, commodities (only with cash settlement), precious metals or an undertaking for collective investment. Those investments may not be used to elude the investment policy of a given Sub-Fund.

*Securities lending, sales with right of repurchase, repurchase and reverse repurchase agreement transactions*

For the purpose of efficient portfolio management, each Sub-Fund is authorized to use the following techniques and instruments relating to transferable securities and money market instruments, in compliance with the requirements of the CSSF circular 08/356:

- securities lending transactions,
- sales with right of repurchase transactions,
- repurchase and reverse repurchase agreement transactions.

Each type of this transaction may not exceed 100% of

the global valuation of the securities portfolio concerned. The collateral received may be reinvested as specified in the CSSF circular 08/356.

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Each Sub-Fund must ensure that the volume of these transactions is kept at an appropriate level in a manner that enables it, at all times, to meet its redemption obligations and that these transactions do not jeopardize the management of the Sub-Fund's assets in accordance with its investment policy.

The Fund may not place directly the assets of a Sub-Fund in "managed accounts".

The Board of Directors may from time to time impose further investment restrictions as shall be compatible with or in the interest of the Shareholders, in order to comply with the laws and regulations of the countries where the shares of the Fund are distributed. The annex relating to a specific Sub-Fund in Part II of this Prospectus may contain further investment restrictions or derogate to the restrictions contained in Part I of the present Prospectus.

The restrictions set forth above shall only be applicable at the time where the relevant investment is made. If the restrictions are exceeded as a result of any events other than the making of investments, the situation shall be remedied taking due account of the interest of the Shareholders.

#### 4. RISK MANAGEMENT AND LIQUIDITY MANAGEMENT

The Management Company employs a risk management process which enables it to identify, measure, manage and monitor at any time the relevant risks of the positions to which the Fund and any of its Sub-Funds is or may be exposed and their contribution to the overall risk profile of the Fund and which includes the use of appropriate stress testing procedures.

The Management Company maintains a liquidity management process to monitor the liquidity risk of the Fund and its various Sub-Funds, which includes, among other tools and methods of measurement, the use of stress tests under both normal and exceptional liquidity conditions.

The liquidity management systems and procedures allow the Management Company to apply various tools and arrangements necessary to ensure that the portfolio of the Fund or of each Sub-Fund is sufficiently liquid to normally respond appropriately to redemption requests. In normal circumstances, redemption requests will be processed as set out in Chapter "Issue, Redemptions and Transfer of Shares". Other arrangements may also be used in response to redemption requests, including the temporary suspension or deferral of such redemption requests in certain

circumstances or use of similar arrangements which, if activated, will restrict the redemption rights investors benefit from in normal circumstances as set out below under Chapter "Net Asset Valuation".

Further details regarding the risk management process and liquidity management is available upon request at the registered office of the Management Company.

#### 5. LEVERAGE

For the purpose of calculating the leverage of each Sub-Fund:

- Any reference to the "Commitment Method" is to be understood as referring to the commitment method to be used under the AIFM Law to calculate the leverage used by the Fund is the method which allows to take into account netting arrangements, sums the value of all physical positions, the notionals of all derivative instruments, takes into account any leverage generated through securities lending or borrowing and reverse repurchase agreements, but excludes derivatives that are used within hedging arrangements and derivatives that do not generate any incremental leverage.
- Any reference to the "Gross Method" is to be understood as referring to the gross method to be used under the AIFM Law to calculate the leverage used by the Fund is the method which does not take into account netting and hedging arrangements, sums the value of all physical positions, the notionals of all derivative instruments, takes into account any leverage generated through securities lending or borrowing and reverse repurchase agreements, but excludes cash & cash equivalents held in the base currency of the Fund or of each Sub-Fund of the Fund.

#### 6. RISK FACTORS

##### A. Considerations on risk related to investments in other UCIs

##### 1. General risks

**Prospective investors should be aware that an investment in the Fund involves a high degree of risk, including the risk of loss of the entire amount invested.** Submanagers may invest in and actively trade instruments with significant risk characteristics, including risks arising from the volatility of securities, financial futures, derivatives, currency and interest rate markets, the leverage factors associated with trading in such markets and instruments, and the potential exposure to loss resulting from counterparty defaults. There can be no assurance that a Sub-Fund's investment program will be successful or that the investment objective of a Sub-Fund will be achieved. Shares in the Fund may fluctuate in price and value, and the value of the shares may decline below the amount originally invested. Despite a strict Due Diligence procedure used to select



and monitor the individual funds in which the assets of the Fund are invested, there can be no assurance that the past performance information will be indicative of how such investments will perform (either in terms of profitability or correlation) in the future. Upon redemption of shares or the liquidation of the Fund, investors may receive less than the amount invested.

The Fund intends to invest in UCIs which pursue a speculative investment policy. These UCIs will generally fall in the category commonly known as “hedge funds” or “alternative investments”. Some investments may also be made in UCIs which trade in commodities futures and options, currencies and currency contracts or financial instruments. Thus, such UCI use specific investment and trading techniques such as investments in options, use of futures or short sales of securities. The Fund will seek to achieve risk diversification by selecting UCIs managed by different Submanagers with different investment styles or investing in different areas.

## *2. Lack of Regulatory Supervision*

The Fund is permitted to invest in UCIs established in jurisdictions where no or less supervision is exercised on such UCIs by regulators. Although the Fund will ensure that in any such event other safeguards are provided for the protection of the interest of the shareholders of such UCIs, such protection may be less efficient than if a supervision by a regulator was exercised. Further the efficiency of any supervision or of other safeguards may be affected by a lack of precision of investment and risk diversification guidelines applicable to, and the flexibility of the investment policies pursued by, such UCIs.

However, in order to minimise these risks, a Due Diligence procedure has been put in place setting out various criteria for the selection of UCIs (see below “Due Diligence Process”).

## *3. Lack of Publicly Available Information Regarding UCIs*

The securities in which the UCIs invest may be offered on a private placement basis, and unlike more regulated mutual funds registered for distribution to the public, are subject to limited monitoring, disclosure and reporting requirements. Accordingly, only a relatively small amount of publicly available information about UCIs, their holdings and performance, may be available.

## *4. Illiquidity of the UCIs*

Although the Investment Manager will seek to select UCIs which offer the opportunity to have their shares or units redeemed within a reasonable time frame, there is no assurance that the liquidity of the investments of such UCIs will always be sufficient to meet redemption requests as and when made. Any lack of liquidity may affect the liquidity of the shares of the Fund and the value of its investments.

For such reasons the treatment of redemption requests may be postponed in exceptional circumstances including if a lack of liquidity may result in difficulties to determine the Net Asset Value of the shares of the

Fund and consequently a suspension of issues and redemptions.

## *5. Incentive Fee*

Due to the specialist nature of the UCIs in which the Fund invests, many, if not most of such UCIs, may pay performance fees. Under these arrangements the Submanagers will benefit from the appreciation, including any unrealised appreciation, if the value of the assets under their management increases, but they may not similarly be penalised for realised losses or decreases in the value of such assets. Further, because several, if not all Submanagers may be paid in performance fees; it is possible that in a given year such fees will be paid whereas the total net asset value per share of the Fund decreases.

## *6. Fee Structure*

The Fund incurs the costs of its management and the fees paid to the Investment Manager and the Depositary and other service providers as well as a pro-rata portion of the fees paid by the UCIs in which the Fund invests to their Submanager or other service providers. As a result the operating expenses of the Fund may constitute a higher percentage of the net asset value than could be found in other investment schemes.

Further, some of the strategies employed at the level of the UCIs require frequent changes in trading positions and a consequent portfolio turnover. This may involve brokerage commission expenses to exceed significantly those of other investment schemes of comparable size. Potential investors should be aware that the fees payable to the Investment Advisers and the Investment Manager are in addition to the fees paid by the investee UCIs to the Submanager and that there may be a duplication of fees. There may also be a duplication of subscription and/or redemption fees.

Moreover, if the UCIs in which the Fund has invested in turn invest in UCIs, a further doubling of costs and expenses may have to be borne by the shareholders of the said Sub-Funds.

The fees applicable to each Sub-Fund and/or its classes are set out in Part II of the present Prospectus.

## *7. Leverage*

Certain UCIs in which the Fund invests, operate with substantial degree of leverage and are not limited in the extent to which they either may borrow or engage in margin transactions. The positions maintained by such UCIs may in aggregate value be in excess of the net asset value of the Fund. This leverage presents the potential for a higher rate of total return but also increases the volatility of the Fund, including the risk of a total loss of the amount invested.

## *8. Short Sales*

The UCIs in which the Fund invests may engage in short selling of securities which may expose the portion of the UCI's assets committed to such activities to unlimited risk due the lack of an upper limit on the price to which a security may rise. However, to the extent that the Fund participates in short selling activi-

ties through a UCI, the Fund's losses will be limited to the amount invested in the particular UCI.

### 9. Absence of Depositary Banks and Auditors

Some of the UCIs to which the assets of the Fund are allocated have a broker as a depositary instead of a bank. In certain cases these brokers may not have the same capacities, size and credit rating as a bank. In addition, contrary to depositary banks in regulated environments, these brokers will perform only safe-keeping functions with no statutory supervisory obligations. In addition, the jurisdiction of some of the UCIs may not require the auditing of UCIs' accounts.

### 10. Conflicts of Interests

Conflicts of interests may arise between the Fund and the persons or entities involved as advisers in the management of the Fund and/or the Submanagers of the UCIs in which the Fund invests. The Submanagers normally manage assets of other clients that make investments similar to those made on behalf of the undertakings in which the Fund invests. Such clients could thus compete for the same trades or investments and whilst available investments or opportunities for each client are generally allocated in a manner believed to be equitable to each, some of those allocation procedures may adversely affect the price paid or received for investments or the size of positions obtained or disposed.

Conflicts may also arise as a result of the other services provided by Pictet Alternative Advisors SA or any other entity of the Pictet Group which may provide investment management, advisory, custody or other services to some of the UCIs in which the Fund invests. Similarly the Directors of the Fund may also be Directors of UCIs in which the Fund may invest and the interests of such UCI and of the Fund could result into conflicts.

Generally, there may be conflicts of interests between the best interests of the Fund and an interest of the Investment Manager and its affiliates to generate fees, commissions and other revenues. In the event that such a conflict of interests arises, the Directors of the Fund will endeavour to ensure that it is resolved in the best interests of the Fund.

In addition, the Directors of the Fund will endeavour that all agreements and transactions entered into by the Fund will be negotiated at arm's length.

Furthermore, some Submanagers have an equity stake in their own fund. Conflicts of interest can therefore not be ruled out at the level of the UCIs.

### 11. Nature of the investments of the Fund

Although the Investment Manager seeks to monitor investments and trading activities of the UCIs to which the Fund has allocated assets, investment decisions are normally made independently at the level of such UCI and it is possible that some Submanagers will take positions in the same security or in issues of the same industry or country or in the same currency or commodity at the same time. Consequently, the possibility also exists that one UCI purchases an instrument at

about the same time as another UCI decides to sell it. There is no guarantee that the selection of the Submanagers will actually result in a diversification of investment styles and that the positions taken by the underlying UCIs will always be consistent.

The assets of the Fund may also be allocated to UCIs whose primary investment strategies include speculative trading of commodities futures and/or financial futures contracts and currencies. Commodity and currency futures prices can be highly volatile because of the low margin requirements in futures trading. An extremely high degree of leverage is typical for futures trading accounts. As a result, a relatively small price movement in a futures contract may result in substantial losses or gains to the investor. Similarly some of the UCIs may have the majority of their assets invested in options and other geared instruments, where a relatively small price movement in the underlying security or commodity may result in substantial losses or profits.

There are only very limited constraints on the investment strategies and techniques that can be employed by the Submanagers. Furthermore, each UCI in which the Fund invests has its own investment policy as set forth in its own prospectus.

As a result of its diversified investments, the Fund may incur other risks, including currency exchange risks in respect of assets held in other currencies, tax risks in respect of assets invested in other jurisdictions, political risks relating to political, social and economic factors which may affect the assets of the UCIs in which the Fund invests, which are held in countries which may be subject to economic difficulties, political or social unrest. The foregoing list of risk factors does not purport to be a complete explanation of the risks involved. Prospective investors should read the entire Prospectus and fully evaluate all other information that they deem to be necessary for determining to invest in the Fund. Prospective investors should ensure that they fully understand the content of this Prospectus.

**Accordingly, investment in the shares of the Fund is only appropriate for investors who are willing to accept the risks and rewards stemming from such an approach.**

## B. General Market related Risk

### 1. General Economic Conditions

The success of any investment activity is affected by general economic conditions, which may affect the level and volatility of interest rates and the liquidity of the markets for both equities and interest-rate-sensitive securities. Certain market conditions, including unexpected volatility or illiquidity in the market in which the Fund directly or indirectly holds positions, could impair the Fund's ability to achieve its objectives and/or cause it to incur losses.

### 2. Market Risks

The success of a significant portion of the each Sub-Funds' investment program will depend, to a great extent, upon correctly assessing the future course of

the price movements of stocks, bonds, financial instruments and foreign currencies. There can be no assurance that an Investment Manager will be able to predict accurately these price movements.

### *3. Investing in Fixed Income Securities*

Even though interest-bearing securities are investments which promise a defined stream of income, the prices of such securities generally are inversely correlated to changes in interest rates and, therefore, are subject to the risk of market price fluctuations. The values of fixed-income securities also may be affected by changes in the credit rating, liquidity or financial condition of the issuer. Certain securities that may be purchased by the Fund may be subject to such risk with respect to the issuing entity and to greater market fluctuations than certain lower yielding, higher rated fixed-income securities.

The volume of transactions effected in certain international bond markets may be appreciably below that of the world's largest markets, such as the United States. Accordingly, a Sub-Fund's investments in such markets may be less liquid and their prices may be more volatile than comparable investments in securities traded in markets with larger trading volumes. Moreover, the settlement periods in certain markets may be longer than in others which may affect portfolio liquidity.

### *4. Investments in Foreign and Emerging Markets*

Investments in certain foreign securities may be subject to greater risks than investments in securities of issuers from member-States of the OECD due to a variety of factors including currency controls and currency exchange rates fluctuations, changes in governmental administration or economic or monetary policy or changed circumstances in dealings between nations. Dividends paid by foreign issuers may be subject to withholding and other foreign taxes that may decrease the net return on these investments. There may be less publicly available information about foreign issuers in certain countries and such issuers may not be subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those of the Fund or most OECD issuers. In certain countries, securities of local issuers are less liquid and more volatile than securities of comparable issuers of more mature economies, and foreign brokerage commissions are generally higher than in more developed markets. Foreign securities markets may also be less liquid, more volatile and subject to lower levels of government supervision than those in the OECD. Investment in foreign countries could be affected by other factors not present in more developed countries, including expropriation, confiscatory taxation and potential difficulties in enforcing contractual obligations. These markets may be volatile and illiquid and the investments of the Sub-Funds in such markets may be considered speculative and subject to significant custody and clearance risks and delays in settlement. Investors should consult a professional adviser as to the suitability for them of an investment in any Sub-Fund investing in foreign and emerging markets. Subscriptions to shares of any

Sub-Funds investing in such markets should be considered only by investors who are aware of, and able to bear, the risks related thereto and such investments should be made on a medium- to long-term basis.

### *5. Investing in private equity products*

The private equity market is not a defined or organised market. Such market is unregulated and does, in principle, not have any public listing of transaction prices. There are no recognised intermediaries and buyers and sellers meet and conclude transactions usually by private negotiation or auction. There can therefore be no assurance that the Investment Manager will be able to secure investments, nor that these markets will continue to exist or operate in their present form.

### *6. Foreign Currency Exchange Transactions*

Sub-Funds may buy and sell securities and receive interest and dividends in currencies other than the currency in which the relevant Sub-Fund's shares are denominated and such Sub-Funds may enter from time to time into currency exchange transactions on a spot (i.e. cash) basis, or enter into currency exchange forward contracts or currency swap agreements. Neither spot transactions nor swap or forward currency exchange contracts eliminate fluctuations in the prices of a Sub-Fund's portfolio securities or in foreign exchange rates, or prevent loss if the prices of these securities should decline. A Sub-Fund may enter into currency exchange transactions in an attempt to protect against changes in a country's currency exchange rates between the trade and settlement dates of specific securities transactions or anticipated securities transactions. A Sub-Fund may also enter into forward contracts to hedge against a change in currency exchange rates that would cause a decline in the value of existing investments denominated or principally traded in a currency other than the reference currency of that Sub-Fund. To that effect, the Sub-Fund would enter into a forward contract to sell the currency in which the investment is denominated or principally traded in exchange for the reference currency of the Sub-Fund. Although these transactions are intended to minimise the risk of loss due to a decline in the value of the hedged currency, at the same time they limit any potential gain that might be realised should the value of the hedged currency increase. The precise matching of the forward contract amounts and the value of the portfolio securities involved will not generally be possible because the future value of such securities will change as a consequence of market movements in the value of such securities between the date on which the forward contract is entered into and the date on which it matures. Therefore, no assurance may be given that any such currency hedging techniques will be successful. The Sub-Funds may also enter into such foreign currency exchange transactions for investment purposes.

### *7. Risks in Transactions in Currencies and Options and Futures on Currencies*

#### *a. Leverage*

The currency market affords investors a substantial degree of leverage. This leverage presents the potential for significant profits, but also entails a high degree of risk, including the risk that losses in excess of the amount invested will be sustained. Certain Sub-Funds may maintain currency positions with an aggregate value in excess of such Sub-Funds' Net Asset Value. In times of significant volatility in the foreign exchange markets, margin requirements (if any) for exchange-traded futures or option contracts (to the extent that such contracts would be authorised investments) may be increased substantially. Any such increase would reduce the degree of leverage and, therefore, the potential profitability to the relevant Sub-Fund of the underlying positions. A Sub-Fund's leverage may also be reduced if any counterparty requires that Sub-Fund to collateralize its contingent liabilities arising from OTC derivative contracts.

#### b. Volatility

In general, foreign exchange rates can be extremely volatile and difficult to predict. Foreign exchange rates may be influenced by, among other factors: changing supply and demand for a particular currency; trade, fiscal and monetary policies of governments (including exchange control programs, restrictions on local exchanges or markets and limitations on foreign investment in a country or on investment by residents of a country in other countries); political events; changes in balances of payments and trade; domestic and foreign rates of inflation; domestic and foreign rates of interest; international trade restrictions; and currency devaluations and revaluations. In addition, governments from time to time intervene, directly and by regulation, in the currency markets to influence prices directly (see "Risks of Government Intervention"). Variance in the degree of volatility of the market from the Investment Manager's expectations may produce significant losses to a Sub-Fund, particularly in the case of transactions entered into pursuant to non-directional strategies.

### 8. *Particular Risks of OTC Forward, Spot and Option Contracts*

#### a. Absence of regulation; counterparty default

In general, there is less governmental regulation and supervision of transactions in the OTC markets (in which currencies, forward, spot and option contracts, credit default swaps, total return swaps and certain options on currencies are generally traded) than of transactions entered into on organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearinghouse, may not be available in connection with OTC transactions. Therefore, any Sub-Fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that the Sub-Fund will sustain losses. A Sub-Fund will only enter into transactions with counterparties which it believes to be creditworthy, and may

reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of the measures the Fund may seek to implement to reduce counterparty credit risk, however, there can be no assurance that counterparty will not default or that the Fund will not sustain losses as a result.

#### b. Liquidity; requirement to perform

From time to time, the counterparties with which the Fund effects transactions might cease making markets or quoting prices in certain of the instruments. In such instances, the Fund might be unable to enter into a desired transaction in currencies, credit default swaps or total return swaps or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, forward, spot and option contracts on currencies do not provide the Investment Manager with the possibility to offset the Fund's obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts, the Fund may be required, and must be able, to perform its obligations under the contracts.

#### c. Necessity for counterparty trading relationships

As noted above, participants in the OTC currency market typically enter into transactions only with those counterparties which they believe to be sufficiently creditworthy, unless the counterparty provides margin, collateral, letters of credit or other credit enhancements. The Fund may, but does not currently intend to, enter into transactions on the basis of credit facilities established on behalf of any company within Pictet & Cie. While the Fund and the Investment Manager believe that the Fund will be able to establish multiple counterparty business relationships to permit the Fund to effect transactions in the OTC currency market and other counterparty markets (including credit default swaps, total return swaps and other swaps market as applicable), there can be no assurance that it will be able to do so. An inability to establish or maintain such relationships would potentially increase the Fund's counterparty credit risk, limit its operations and could require the Fund to cease investment operations or conduct a substantial portion of such operations in the futures markets. Moreover, the counterparties with which the Fund expects to establish such relationships will not be obligated to maintain the credit lines extended to the Fund, and such counterparties could decide to reduce or terminate such credit lines at their discretion.

### 9. *Lack of Liquidity in Markets*

Despite the heavy volume of trading in securities and other financial instruments, the markets for some securities and instruments have limited liquidity and depth. This limited liquidity and lack of depth could be a disadvantage to the Sub-Funds, both in the realisation of the prices which are quoted and in the execution of orders at desired prices, notably for the Sub-



Funds pursuing Distressed Securities strategies.

### 10. Suspensions of Trading

Each securities exchange or commodities contract market typically has the right to suspend or limit trading in all securities or commodities which it lists. Such a suspension would render it impossible for the Sub-Funds, to liquidate positions and, accordingly, expose the Fund to losses and delays in its ability to redeem shares.

### 11. Risk of Trading in Futures

Futures prices can be highly volatile. Because of the low margin deposits normally required in futures and options trading, an extremely high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Like other leveraged investments, a future transaction may result in losses in excess of the amount invested.

### 12. Future Returns

No assurance can be given that the strategies employed by the Investment Manager in the past to achieve attractive returns will continue to be successful or that the return on the Fund's investments will be similar to that achieved by the Investment Manager in the past.

The foregoing risk factors do not purport to be a complete explanation of the risks involved in investing in the shares. Prospective investors should read this entire information Prospectus and consult with their legal, tax and financial advisors before making any decision to invest in the Fund.

### 13. Initial Public Offerings

Certain Sub-Funds may invest in initial public offerings. Such securities have no trading history, and information about such companies may only be available for limited periods. The prices of securities involved in initial public offerings may be subject to greater price volatility than more established securities.

## 7. DUE DILIGENCE PROCESS

The due diligence process can be divided into two separate and distinct categories: qualitative and quantitative analysis.

### A. Qualitative Analysis

This process allows for the development of what may be considered a Submanager profile. It is a result of thorough assessment of the academic and professional history of the Submanager, principals and other key members of the UCI. In particular, past investment success is scrutinised to determine the likelihood of future achievement. The primary elements considered are the overall strategy, consistency in application, flexibility or constraints based on market sector, liquidity and diversification of the portfolio.

Organisational issues such as management style, independent process, operational integrity and methodolog-

ical robustness are all vital factors in the determination of structural or non-investment risk. The organisation of the UCI itself is also a reflection of the structural strengths and efficiencies. Roles and relationships of each intervening institution i.e., administrator, auditor, depositary, legal advisors are therefore critical and must be evaluated individually.

Qualitative analysis by definition entails a great deal of personal contacts and relationship-building. Any potential conflict of interest is mitigated through intimate knowledge of management styles, techniques and personalities. Experience and relationships also allow for the establishment of a check and balance system among peers by way of a professional network.

### B. Quantitative Analysis

This process involves, when data are available, the comparative measurement of Submanagers to their own track records, those of their peers, and the overall results of the markets they deal in. Many statistical factors are taken into consideration to determine the risk-reward profiles of investment strategies, the correlation between Submanagers and markets, as well as style analysis across sectors. Technical factors including use of leverage or derivatives also contribute to the general appreciation of a particular investment style.

Quantitative analysis is a process which attempts to take historical data and project probabilities of future results. This process while having inherent limitations provides valuable insight in the composition of a multi-product portfolio. The ability to identify trends or other characteristics in relation to market movements is an important factor in building a portfolio which reduces risk and increases returns over time.

The combination of both quantitative and qualitative analysis is critical to the successful implementation of any multi-manager product.

## 8. ISSUE, REDEMPTION, CONVERSION AND TRANSFER OF SHARES

Specific matters relating to the offering of Shares of each Sub-Fund are referred to in the Sub-Funds specifications in Part II of this Prospectus.

Subscription, redemption and conversion orders in each Sub-Fund in operation shall be sent directly to the Administrative Agent in Luxembourg in its function of registrar and transfer agent by facsimile transmission or other means approved by the Administrative Agent.

Subscriptions, redemptions and conversions orders will be executed in accordance with the provisions of the Articles and the provisions laid down hereinafter and in Part II of this Prospectus related to the Sub-Funds.

**The Fund does not permit practices related to Market Timing or Late Trading. The Fund reserves the right to reject subscription, redemption and conversion orders from an investor who the Fund suspects of using such**

practices and may take the necessary measures to protect the other investors of the Fund.

### 8.1. THE SHARES

**Shares of the different Sub-Funds of the Fund are issued at the discretion of the Board of Directors on each Subscription Valuation Day, according to the procedure described hereafter and as specified for each Sub-Fund in Part II of the Prospectus.**

Shares in the Fund are issued in registered form only. Registered Shareholders will receive a confirmation of their shareholding and no certificate will be issued.

Fractions of shares may be issued up to five decimal places. Fractions of Shares do not have voting rights.

The Shares of each Sub-Fund will be entitled to participate equally as to profits, dividends, if any, and any liquidation proceeds (taking into account, as the case may be, the respective net asset value of the Shares in the case of issue of several Classes of Shares within a given Sub-Fund). The Shares have no mention of value and bear no preference right or right of pre-emption.

The Management Company may decide, in the interest of Shareholders, that some or all of the assets belonging to one or more Sub-Fund of the Fund will be invested indirectly, through a company wholly controlled by the Management Company which conducts the management activities exclusively for the benefit of the Sub-Fund(s) concerned. For the purposes of this Prospectus, references to “investments” and “assets” respectively mean either investment made and assets held directly or investments made and assets held indirectly by the agent of the aforementioned companies.

In the event that a subsidiary company is used, this will be specified in the annex relating to the Sub-Fund(s) concerned.

### SHARE CLASSES

Within each Sub-Fund, the Board of Directors may decide to create two or more Classes of Shares whose assets will generally be invested in accordance with the specific investment policy of the Sub-Fund in question. However, the Classes may differ in terms of their specific subscription and/or redemption fee structures, specific exchange rate hedging policies, specific distribution policies, currencies into which Shares are denominated and/or specific management or advisory fees, or other specific features applicable to each class. When necessary, this information is specified in Part II to the present Prospectus.

Shares can be divided into capitalisation Shares and distribution Shares. Distribution shares will be entitled to a dividend; subject to the decision of the Shareholder's meeting, whereas the corresponding amount for capitalisation Shares will be invested in the Class of Share in question rather than distributed.

The Fund may impose a minimum initial subscription

requirement for each registered Shareholder in the different Sub-Funds and/or the different Classes of Shares within each Sub-Fund as set out in Part II of this Prospectus. This amount shall be determined by reference to the Subscription Price paid in respect of the Shares held.

The Board of Directors will have the possibility, within the limit of the 2010 Law, to waive the minimum initial subscription requirement at its discretion.

Shares of the Fund may be divided within the various Sub-Funds into “A”, “D”, “I”, “J”, “P”, “R” and “Z” Shares.

“D” Shares shall be issued at the discretion of the Board of Directors to Institutional Investors who wish to invest a minimum initial amount and who have concluded a specific discretionary portfolio management agreement with any entity of the Pictet Group.

“I” Shares shall be issued to (i) certain distributors or platforms that are approved by the Management Company or the Distributor and have separate fee arrangements with their clients; (ii) institutional investors investing for their own account; (iii) other investors at the Management Company's discretion, who wish to invest a minimum initial amount. This amount is specified in the annex for each Sub-Fund in Part II of the present Prospectus, and is calculated for the Class concerned and its corresponding classes (hedged, issued in another currency or distributive...). Subscriptions in a Class other than these I Classes will not, in principle, be taken into account in calculating the initial minimum subscription amount. The Board of Directors or the Management Company nevertheless reserves the right to accept subscriptions for an amount below the initial amount required, at their discretion.

“A” and “J” Shares shall be issued at the discretion of the Board of Directors to Institutional Investors who wish to invest a minimum initial amount. This amount is specified in the annex for each Sub-Fund in Part II of the present Prospectus and is calculated for the Class concerned and its corresponding classes (hedged, issued in another currency or distributive...). Subscriptions in a Class other than these A or J Classes will not, in principle, be taken into account in calculating the initial minimum subscription amount. The Board of Directors/the Management Company nevertheless reserves the right to accept subscriptions for an amount that is less than the initial amount required, at their discretion.

“P” and “R” Shares shall be issued, at the discretion of the Board of Directors, to investors who wish to invest a minimum initial amount. This amount is specified in the annex for each Sub-Fund in Part II of the present Prospectus, and is calculated for the Class concerned and its corresponding Classes (hedged, issued in another currency or distributive...). Subscriptions in a Class other than these P and R Classes will not, in principle, be taken into account in calculating

the initial minimum subscription amount. The Board of Directors/the Management Company nevertheless reserves the right to accept subscriptions for an amount below the initial amount required, at their discretion. Because of their widespread features, either or both respond to different commercial practices in force on the date of this Prospectus in the countries in which the Fund is marketed, their flexibility enabling them to be adapted where necessary to changes in the targeted markets. It should be noted that, in some countries, part of the management fee may be passed on to the intermediaries involved in marketing the Shares of the Fund.

“Z” Shares shall be issued at the discretion of the Board of Directors to Institutional Investors who wish to invest a minimum initial amount and who have concluded a specific remuneration agreement with any entity of the Pictet Group. This minimum amount is specified in the annex for each Sub-Fund in Part II of the present Prospectus, and is calculated for the Class concerned and its corresponding classes (hedged, issued in another currency or distributive...). Subscriptions in a Class other than these Z Classes will not, in principle, be taken into account in calculating the initial minimum subscription amount. The Board of Directors/the Management Company nevertheless reserves the right to accept subscriptions for an amount below the initial amount required, at their discretion.

In each Sub-Fund, Shares issued in currencies other than the Sub-Fund’s reference currency may be created. These Shares may be hedged (as defined below) or not hedged.

#### Hedged shares:

Hedged Shares “H” seek to hedge most of the exchange-rate risk of these Shares against a given currency. These H Shares are subject to the same front- and back-end loads as the corresponding shares described above.

The minimum initial investment for H Shares issued in a currency other than the Sub-Fund’s reference currency is the minimum initial investment amount applicable to the concerned Shares converted on the Net Asset Value calculation date into the applicable currency for the Class.

The attention of investors is drawn to the fact that, depending on whether foreign exchange hedging instruments are used in respect of each Class of Shares, a Shareholder may be exposed to the risk that the Net Asset Value of one Class of Shares denominated in a given valuation currency may fluctuate in a way that compares unfavourably to that of another Class of Shares denominated in another valuation currency. It should nevertheless be noted that all expenses associated with the financial instruments, if any, used for the purpose of hedging foreign exchange risks related to the Class of Shares concerned will be allocated to that Class of Shares.

Part II of the Prospectus indicates, for each Sub-Fund, which Classes of Shares are available and what are the characteristics of the Classes concerned.

## 8.2. ISSUE OF SHARES

### INITIAL OFFER

The initial offer period for each newly created or activated Sub-Fund will be specified in the relevant Sub-Fund particulars in Part II of the present Prospectus (the “Initial Offer Period”).

During any Initial Offer Period, the issue price per Share of each Class is the price specified in the relevant Sub-Fund particulars plus any applicable subscription charge.

### GENERAL

The Fund may, at the discretion of the Board of Directors, issue at any time Shares of no par value within any Sub-Fund.

Investors’ wishing to subscribe for Shares in any Sub-Fund of the Fund must receive the former approval of the Board of Directors, or of any person or entity designated by it.

Investors choose the Class of Shares to which they wish to subscribe, bearing in mind that, unless otherwise restricted in Part II of this Prospectus, any investor meeting the access conditions of a particular Class of Shares may request conversion of his or her Shares to shares of the Class.

If it appears that a shareholder in a Class reserved for Institutional Investors within the meaning of article 174 of the Law of 2010 is not such an Institutional Investor, or if a shareholder does not comply (any longer) with any other limitations applicable to a given Class, the Company may either redeem the shares in question using the above-described procedure, or convert these shares into shares in a Class that is not reserved for Institutional Investors or for which the shareholder complies with the limitations applicable to the relevant Class (on condition that there is a Class with similar characteristics but for the avoidance of doubt not necessarily in terms of fees and expenses payable by such Class), notifying the relevant shareholder of this conversion.

Conditions for the conversion of shares are described more fully in the section “Conversion”.

Unless otherwise disclosed in Part II of this Prospectus for a given Sub-Fund, subscription orders must be expressed in monetary value and not in number of Shares.

The Fund may impose a minimum initial subscription requirement for each registered Shareholder in the

different Sub-Funds and/or the different classes of shares within each Sub-Fund as set out in Part II to the present Prospectus. This amount shall be determined by reference to the Subscription Price paid in respect of the shares held.

The Board of Directors or the Management Company, as the case may be, may, at its discretion, waive any prior notice or any minimum subscription amounts specified in Part II for subscription requests.

The Fund reserves the right to reject in whole or in part any subscription application. In addition, the Board of Directors reserves the right to suspend the issue and sale of shares at any time and without notice.

No Shares of any Sub-Fund and/or Class will be issued by the Fund during any period when the calculation of the Net Asset Value per Share of such Sub-Fund and/or Class is suspended (see below).

Institutional investors which subscribe in their own name but on behalf of a third party must certify to the Fund's Administrative Agent that the subscription was undertaken on behalf of an investor qualifying as an Institutional Investor under 2010 Law. The Fund and/or the Administrative Agent may, at their discretion and at any time, request any supporting documentation necessary to prove that the final beneficiary of the shares concerned can be considered as an institutional investor as defined by the 2010 Law.

For applications for Shares of any Sub-Fund, see the specific terms and conditions in the Part II of the present Prospectus applicable to each of them.

#### ISSUE PRICE

The issue price of new Shares shall correspond to the prevailing Net Asset Value of the Shares of the relevant Class (the "Subscription Price"). All subscriptions will be handled on the basis of an unknown Net Asset Value.

A Subscription Charge not exceeding a certain percentage of the relevant Subscription Price may be added to compensate financial intermediaries and other persons who assist in the placement of Shares, as it may be further detailed in Part II of this Prospectus for each Sub-Fund.

This issue price will be increased to cover any duties, taxes and stamp duties due.

In the event that a Class of a given Sub-Fund, closed for subscriptions because all the Shares issued in that Class have been redeemed, is reopened for subscriptions or in the event that no Shares of a Class are subscribed to during the Initial Offer Period of a Sub-Fund, as set out in the Sub-Funds specifications of Part II of the Prospectus for the Sub-Fund concerned, the initial price per Share of the Class concerned will, at the time of the launch of the Class, be fixed by a decision of the Board of Directors, or following the

rules disclosed in Part II of the Prospectus.

#### SUBSCRIPTIONS IN KIND

The Board of Directors may from time to time accept subscriptions for Shares, according to the provisions of the 1915 Law, against contribution in kind of securities or other assets which could be acquired by the relevant Sub-Fund pursuant to its investment policy and restrictions. Any such contribution in kind will be made at the Net Asset Value of the assets contributed calculated in accordance with the rules set out in section "Valuation of Shares" below. Any costs incurred in connection with a contribution in kind shall be borne by the relevant Shareholder, unless the Board considers that the subscription in kind is in the interest of the Fund in which case such costs may be borne in all or in part by the Fund.

#### RESTRICTIONS APPLICABLE TO THE ACQUISITION AND HOLDING OF SHARES, AND REGULATIONS FOR THE PREVENTION OF MONEY LAUNDERING AND THE FINANCING OF TERRORISM

In accordance with international rules and applicable Luxembourg laws and regulations pursuant to the Law of 12 November 2004 on the fight against money laundering and the financing of terrorism, as amended, and CSSF circulars, financial sector professionals are subject to obligations whose purpose is to prevent the use of undertakings for collective investment for money laundering and the financing of terrorism. These provisions require the Administrative Agent, in its capacity as transfer agent ("Transfer Agent") to identify subscribers in accordance with applicable Luxembourg laws and regulations. The Transfer Agent can require the subscriber to provide any document that it deems necessary to ensure such identification.

Unless otherwise permitted by the applicable anti-money laundering regulations, subscription forms will only be accepted once the signed subscription form and other applicable identification documents have been received and approved by the Administrative Agent.

In case of refusal by an investor to provide suitable anti money-laundering materials satisfactory to the Administrative Agent, the Fund will not be able to accept the application for subscription of Shares.

Subscription forms from non-FATF residents could only be accepted once the signed subscription form and other applicable identification documents have been received and approved by the Administrative Agent.

The Fund will require from each registered Shareholder acting on behalf of other investors that any assignment of rights to the shares of the Fund be made in compliance with applicable securities laws in the jurisdictions where such assignment is made.

The Board of Directors of the Fund may adopt a policy of controlling the growth of each Sub-Fund and may therefore from time to time restrict or suspend the offering of new Shares of any Class of any Sub-Fund,



including, as the case may be, those arising from the conversion of Shares of another Class or another Sub-Fund. This policy would be without effect on the redemptions of the shares.

### LATE TRADING AND MARKET TIMING

The Fund, the Management Company and the Registrar and Transfer Agent ensure that the practices of late trading and market timing will be eliminated in relation to the distribution of Shares. The cut-off times mentioned in Part II of this Prospectus will be observed rigidly and any decision to accept trades will be done on the basis that it will not prejudice the interests of the other shareholders. Investors do not know the net asset value per Share at the time of their request for subscription, redemption, or conversion. Subscriptions, redemptions and conversions of Shares should be made for investment purposes only. The Fund and the Management Company do not permit market-timing or other excessive trading practices. The repeated purchase and sale of shares designed to take advantage of pricing inefficiencies in the Fund – also known as “Market Timing” – may disrupt portfolio investment strategies and increase the Fund’s expenses and adversely affect the interests of the Fund’s long term Shareholders. To deter such practice, the Board of Directors reserve the right, in case of reasonable doubt and whenever an investment is suspected to be related to Market Timing, which the Board of Directors shall be free to appreciate, to suspend, revoke or cancel any subscription or conversion order placed by investors who have been identified as doing frequent in and out trades within the Fund.

The Board of Directors, as safeguard of the fair treatment of all investors, takes necessary measures to ensure that (i) the exposure of the Fund to Market Timing activities is adequately assessed on an ongoing basis, and (ii) sufficient procedures and controls are implemented to minimise the risks of Market Timing in the Fund.

### 8.3. REDEMPTION OF SHARES REDEMPTION PROCEDURE

The Shareholders shall have the right, on such dates as determined in Part II of this Prospectus for the relevant Sub-Fund to present their Shares for redemption to the Fund, on the basis of an unknown Net Asset Value.

The redemption price may be higher or lower than the subscription price, depending on changes in the Net Asset Value.

Unless otherwise disclosed in Part II of this Prospectus for a given Sub-Fund, redemption orders may be expressed in monetary value or in number of Shares.

A Redemption Charge not exceeding a certain percentage of the relevant Redemption Price may be levied on the Redemption Price to compensate financial intermediaries and other persons who assist in the placement of shares, as it may be further detailed in Part II

of this Prospectus for each Sub-Fund.

Under certain circumstances, e.g. days with high trading volumes, investment and/or disinvestment costs may have an adverse effect on Shareholders’ interests in the Fund. To safeguard against this effect – known as “dilution” – the Fund’s Board of Directors is authorised to apply a “Dilution Levy” on the redemption of shares, as described in the “Dilution Levy” section.

The redemption price will also be reduced to cover any duties, taxes and stamp duties to be paid.

All the Shareholders having asked for redemption on a given Valuation Day will be treated equally.

The Board of Directors may waive, at its discretion, any prior notice specified in Part II of this Prospectus for redemption requests provided that the equal treatment of Shareholders be ensured.

### PAYMENT OF REDEMPTION PROCEEDS

Redemption proceeds, net of any applicable redemption charge, are paid in the reference currency of the relevant Sub-Fund or Class specified in the relevant Sub-Fund particulars in Part II of this Prospectus.

### LACK OF LIQUIDITY

The preceding is subject to the Fund’s ability to liquidate its investments. Sometimes, under exceptional circumstances, due for example to bad markets conditions, the Fund may be unable to liquidate assets sufficient to satisfy a request for redemption, and the Fund may redeem the Shareholder’s interest to the extent possible, which may include not redeeming the Shareholder’s interest completely or not at all until the Fund is able to liquidate assets sufficient to satisfy a request for redemption.

The right to receive proceeds with respect to redemption of all or part of Shares tendered for redemption is contingent upon the Fund having sufficient liquidity to discharge any liabilities on the date of redemption. The Fund may also defer payment of the proceeds of a redemption if, in the judgment of the Board, liquidating investments to raise funds to pay said proceeds will be, as determined in good faith, unduly burdensome to the Shareholders remaining in the Fund. Until such Shareholder receives his net redemption proceeds, the Shareholder will be deemed a creditor of the Fund and thereafter not a Shareholder. Under such circumstances, the Fund will endeavor to redeem the Shareholder’s interest at the earliest possible time.

In the same circumstances, the Board of Directors may consider the creation of side pockets via any means authorised pursuant to the Luxembourg laws and regulations, as the case may be subject to prior clearance from the CSSF.

### LARGE REDEMPTIONS

If, following redemption requests, it is necessary on a given Valuation Day to redeem more than 10% of the

Shares issued for a Sub-Fund, the Board of Directors may decide that part or all redemptions will be deferred for such period as the Board considers being in the best interest of the Sub-Fund (until the Sub-Fund is able to liquidate assets sufficient to satisfy said redemption request(s)). With respect to the next Redemption Day following such deferral period, these redemption requests will be met in priority to later requests.

### SUSPENSION OF REDEMPTIONS

The Fund may suspend the Shareholders' right to require the Fund to redeem their Shares during any period when the determination of the Net Asset Value of the Shares of the Sub-Fund and/or class is suspended as provided under the chapter "Net Asset Value" below.

Any such suspension is communicated by all appropriate means to Shareholders who have presented requests of redemption, the execution of which is now suspended.

### REVOCABILITY OF REDEMPTION REQUESTS

In normal circumstances, applications for redemptions of Shares are irrevocable and may not be withdrawn by any Shareholder, unless if it is approved by the Board. In the event of suspension of the determination of the Net Asset Value of the relevant Sub-Fund, the Shareholders of the relevant Sub-Fund who have made an application for redemption of their Shares may give written notice to the Fund that they wish to withdraw their application. Furthermore, the Board may, at its sole discretion and taking due account of the principle of equal treatment between Shareholders and the interest of the relevant Sub-Fund, decide to accept any withdrawal of an application for redemption.

### REDEMPTIONS IN KIND

In exceptional circumstances, the Board of Directors may request that a Shareholder accepts "redemption in kind" i.e. receives a portfolio of stock from the relevant Class of equivalent value to the appropriate cash redemption payment. In such circumstances the Shareholder must specifically accept the redemption in kind. He may always request a cash redemption payment in the reference currency of the Class. Where the Shareholder agrees to accept redemption in kind he will, as far as possible, receive a representative selection of the Class's holdings pro rata to the number of Shares redeemed and the Board of Directors will make sure that the remaining Shareholders do not suffer any loss therefrom. Otherwise, the Board of Directors may decide that the value of the redemption in kind will be certified by a certificate drawn up by the Auditors of the Fund. The specific costs for such redemptions in kind, in particular the costs of the special audit report, will have to be borne by the Shareholder, but will not be borne by the Fund unless the Board considers that the redemption in kind is in the interest of the Fund or made to protect the interests of the Fund.

### COMPULSORY REDEMPTION OF SHARES

The Board shall have power to impose such restrictions as it may think necessary for the purpose of ensuring that no shares in the Company are acquired or held by (a) any person in breach of the laws, regulations or requirements of any country or governmental authority, or (b) any person whose situation in the opinion of the Board may result in the Company, its shareholders or any of its delegates, incurring any liability to taxation, or suffering any sanction, penalty, burden or other disadvantage (whether pecuniary, administrative or operational) or incurring a risk of legal, fiscal or financial consequences that they would not have incurred or suffered otherwise (including but not limited to consequences relating to the Foreign Account Tax Compliance Act or the Common Reporting Standard) or otherwise be detrimental to the interests of the Company (including its shareholders) ; or (c) a United States person as defined in the Articles of Association.

For the reasons outlined in Chapter "Taxation" below, the Shares of the Fund may not be offered, sold, assigned or delivered to investors who are not (i) participating foreign financial institutions, (ii) deemed-compliant foreign financial institutions, (iii) non-reporting IGA foreign financial institutions, (iv) exempt beneficial owners (v), Active Non-Financial Foreign Entities ("Active NFFE") or (vi) non-specified US persons, all as defined under FATCA, the US FATCA final regulations and/or any applicable intergovernmental agreement on the implementation of FATCA. FATCA non-compliant investors may not hold Shares of the Fund and Shares may be subject to compulsory redemption if this is deemed appropriate for the purpose of ensuring compliance of the Fund with FATCA. Investors will be required to provide evidence of their status under FATCA by means of any relevant tax documents, in particular a "W-8BEN-E" form of the US Internal Revenue Service that must be renewed on a regular basis according to applicable regulations.

### 8.4. CONVERSION OF SHARES TYPES OF SHARE CONVERSIONS

To the extent described in and permitted by Part II of this Prospectus for each Sub-Fund, and subject to any suspension of the determination of the Net Asset Values concerned (see the chapter "Net Asset Value"), Shareholders may ask to convert all or part of the Shares which they hold in a Class of a given Sub-Fund (hereinafter referred to as a "Divested Class")

- Into Shares of another Class in the same Sub-Fund; or
- Into Shares of the same Class of another Sub-Fund; or
- Into Shares of another Class of another Sub-Fund,

(all referred to hereinafter as an "Invested Class") by applying for conversion in the same manner as for issue and redemption of Shares.

## LIMITATIONS APPLICABLE TO CONVERSIONS

For each Sub-Fund, as stated in Part II of this Prospectus, the Board of Directors may decide, at its discretion, to prohibit the conversion of Shares between Sub-Funds and/or between Classes of Shares, in particular if, for example, as a result, the value of a Shareholder's holding in the Invested Class would be less than the minimum, or if, the value of a shareholder's holding in the Divested Class would become less than the relevant minimum holding.

No conversion is possible if the calculation of the Net Asset Value of the Sub-Fund(s) concerned is suspended as provided under Chapter "Net Asset Value" below. Moreover, in case of substantial requests, conversions may also be delayed under the same conditions as those applied to redemptions.

## EXECUTION OF CONVERSIONS

- Subject to the hereabove considerations, conversions of Shares within the same Sub-Fund or between the different Sub-Funds shall be made on the basis of the Net Asset Values of the Sub-Funds concerned, calculated on the same Valuation Day for both the Divested and Invested Classes, as determined for redemptions regarding the Divested Class.
- Subject to the hereabove considerations, concerning conversions within the same Sub-Fund, the conversion of one Class denominated in a given currency into another Class denominated in a different currency shall be made on the basis of the Net Asset Values calculated on the same Valuation Day for both the Divested and Invested Classes, as determined for redemptions regarding the Divested Class.
- Except for the two points above, conversions of Shares between all Sub-Funds are technically executed as redemption followed by a subscription. Consequently, all deadlines set in the Sub-Funds specifications in Part II of this Prospectus for the Divested Class shall apply to conversion requests, and all deadlines of the Invested Class shall also apply.

Consequently, the attention of the Shareholders is drawn to the particular problems involved in a conversion operation when the terms and methods of redeeming Shares in the Divested Class do not coincide with the terms and methods of subscribing to Shares in the Invested Class.

If the Valuation Days of the Divested Class and the Invested Class taken into account for the conversion do not coincide, the Shareholders' attention is drawn to the fact that the amount converted will not generate interest during the time interval between the two Valuation Days.

Assuming that there are no subscriptions to Shares in the Invested Class on the Valuation Day applicable to the conversion, the initial subscription price per Share of the Shares in the Invested Class will be determined by the Board of Directors.

The Fund, or its Administrative Agent, shall inform the shareholder of the number of new Shares resulting from the conversion as well as their price.

## CONVERSION FORMULA

The conversion of Shares will normally be carried out using the following formula, unless otherwise decided by the Board of Directors:

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

- A. equals the number of Shares in the Invested Class that the shareholder will receive;
- B. equals the number of Shares in the Divested Class to convert;
- C. equals the Net Asset Value of the Shares in the Divested Class;
- D. equals the Net Asset Value of Shares in the Invested Class;
- E. equals the selling exchange rate of the currency of the Invested Class Shares expressed in relation to the currency of the Divested Class Shares.
- F. the conversion fee, when applicable

Under certain circumstances, the Board of Directors is entitled to charge a "Dilution Levy" on the conversion price, representing up to 2% of the net asset value, as described in the "Dilution Levy" section. In all cases, the actual Dilution Levy charged on each Valuation Day will apply identically to all shares converted on that Valuation Day.

## CONVERSION FEE

The Board of Directors may apply a conversion charge not exceeding a certain percentage of the Net Asset Value of the Divested Shares, as it may be further detailed in Part II of this Prospectus for each Sub-Fund, to be applied for the benefit of the Invested Classes or Sub-Funds between which conversion is effected as appropriate to cover the costs of transactions arising from the conversion. The same conversion charge will be applied in respect of all conversions of a class or Sub-Fund effected on the same common Valuation Day.

## 8.5. TRANSFER OF SHARES

In accordance with the condition provided for in Part II of this Prospectus, any Shareholder may transfer Shares to one or more other persons, provided that all Shares have been paid in full with cleared funds and each transferee meets the conditions applicable to the relevant Share Class; it being understood that any transferee under any transfer of Shares must have provided suitable anti money-laundering materials satisfactory to the Administrative Agent.

The Fund will not give effect to any transfer of Shares to any investor who not meets the conditions applicable to the relevant Share Class and who has not provided suitable anti-money laundering materials satisfactory to the Administrative Agent.

In order to transfer Shares, the Shareholder must notify the Administrative Agent of the proposed date and the number of Shares to be transferred. The Administrative Agent will only recognize a transfer with a future date. In addition, each transferee must complete an application form.

The Administrative Agent may request a transferee to provide additional information to substantiate any representation made by the transferee in its application. The Administrative Agent will not effectuate any transfer until it is satisfied with the form of notice and has accepted each transferee's subscription application, and until the Board of Directors, or any person or entity designated by it, has approved such transfer.

## 9. NET ASSET VALUE

### 9.1. CALCULATION OF NET ASSET VALUE

The Net Asset Value per Share of each Class of each Sub-Fund is determined by the Administrative Agent, under the responsibility of the Board of Directors, as at the Valuation Day specified for each Sub-Fund in Part II of this Prospectus.

The Net Asset Value of each Class of Shares of each Sub-Fund will be determined and made available in its reference currency.

The Net Asset Value per Share of each Class for each Sub-Fund is determined by dividing the value of the total assets of the Sub-Fund properly allocate to such Class less the liabilities of the Sub-Fund properly allocate to such Class by the total number of Shares of such Class outstanding as at any Valuation Day.

In calculating the Net Asset Value, income and expenditure are treated as accruing from day-to-day. Assets will be valued in accordance with the following principles:

- a. The value of any cash on hand or on deposit, bills and demand notes and accounts receivable (including any rebates on fees and expenses payable by any Investment Fund), prepaid expenses, cash dividends declared and interest accrued, and not yet received shall be deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Board may consider appropriate to reflect the true value thereof.

- b. The value of securities (including shares or units of closed-ended Investment Funds) which are quoted, traded or dealt in on any stock exchange shall be based on the closing prices or, if appropriate, on the average price on the stock exchange which is normally the principal market of such securities, and each security traded on any other regulated market shall be valued in a manner as similar as possible to that provided for quoted securities.
- c. For non-quoted securities or securities not traded or dealt in on any stock exchange or other regulated market as well as quoted or non-quoted securities on such other market for which no valuation price is available, or securities for which the quoted prices are, in the opinion of the Board of Directors, not representative of the fair market value, the value thereof shall be determined based on the valuation method proposed in good faith by the Board of Directors taking into consideration:

- The latest available price
- The basis of recent events that may have an impact on the value of the securities, or
- Any other available assessment.

- d. Liquid assets and money market instruments may be valued at nominal value plus any accrued interest or on an amortised cost basis.
- e. Futures and options are valued by reference to the previous day's closing price on the relevant market; the market prices used are the futures exchanges settlement prices.
- f. Swaps are valued at fair value based on the last available closing price of the underlying security.
- g. In determining the value of the assets of the Fund, shares in open-ended Underlying Funds, including shares of other Sub-Funds of the Fund in case of investment by a Sub-Fund in one or more Sub-Funds of the Fund, will be valued at the current net asset value for such shares or units as of the relevant Valuation Day, or if no such actual net asset value is available as of such Valuation Day, they shall be valued at the estimated net asset value as of such Valuation Day, or if no such estimated net asset value is available they shall



be valued at the last available actual or estimated net asset value which is calculated prior to such Valuation Day whichever is the closer to such Valuation Day. If events have occurred which may have resulted in a material change in the net asset value of such shares or units since the date on which such actual or estimated net asset value was calculated, the value of such shares or units may be adjusted in order to reflect, in the reasonable opinion of the Board of Directors, such change but the Board Directors will not be required to revise or recalculate the Net Asset Value on the basis of which subscriptions, redemptions or conversions may have been previously accepted.

In respect of shares or units held by the Fund, for which issues and redemptions are restricted and a secondary market trading is effected between dealers who, as main market makers, offer prices in response to market conditions, the Board of Directors may decide to value such shares or units in line with the realisation prices so established.

The Administrative Agent, the Board of Directors and the Management Company may rely solely on the valuations provided by UCIs with respect to the investment such UCIs have made. Valuations provided by UCIs may be subject to adjustments made by such UCIs subsequent to the determination of the net asset value of a Sub-Fund. Such adjustments, whether increasing or decreasing the Net Asset Value of a Sub-Fund, will not affect the amount of the redemption proceeds received by redeeming shareholders. As a result, to the extent that such subsequently adjusted valuations from UCIs adversely affect the net asset value of a Sub-Fund, the remaining outstanding shares of such Sub-Fund will be adversely affected by redemptions. Conversely, any increases in the net asset value of a Sub-Fund resulting from such subsequently adjusted valuations will be entirely for the benefit of the remaining outstanding shares of such Sub-Fund.

The Administrative Agent and the Board of Directors may consult with the Investment Manager(s) and the Investment Adviser(s) in valuing each Sub-Fund's net assets. Year-end net asset value calculations are audited by the Fund's independent auditors and may be revised as a result of such audit. As discussed above, such revisions may result from adjustments in valuations provided by UCIs.

In no event shall the Board of Directors, the Management Company the Depositary Bank, the Administrative Agent, the Investment Manager(s) or the Investment Adviser(s) if any incur any individual liability or responsibility for any determination made or other action taken or omitted by them in the absence of negligence, willful misfeasance or bad faith.

If events have occurred which may have resulted in a material change of the net asset value of such shares or units in other Investment Funds since the day on which the latest official net asset value of these UCIs was calculated, the value of such shares or units may be adjusted in order to reflect, in the reasonable opinion of the Board of Directors, such change of value.

- h. All other securities and assets will be valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.

The Board of Directors, or any appointed agent, may, at its discretion, permit some other method of valuation to be used if it considers that such method of valuation better reflects the fair value and is in accordance with good accounting practice.

For the purpose of determining the value of the Fund's Net Assets, the Administrative Agent, having due regards to the standard of care and due diligence in this respect, may, when calculating the Net Asset Value, completely and exclusively rely, unless there is manifest error or negligence on its part, upon the valuations provided (i) by various pricing sources available on the market such as pricing agencies or fund administrators, (ii) by brokers, or (iii) by a specialist duly authorized to that effect by the Board of Directors. Finally, in the cases no prices are found or when the valuation may not correctly be assessed, the Administrative Agent may rely upon the valuation of the Board of Directors.

In circumstances where (i) one or more pricing sources fail(s) to provide valuations to the Administrative Agent, which could have a significant impact on the Net Asset Value, or where (ii) the value of any asset(s) may not be determined as rapidly and accurately as required, the Administrative Agent is authorized to postpone the Net Asset Value calculation and as a result may be unable to determine subscription, redemption and conversion prices. The Board of Directors shall be informed immediately by the Administrative Agent should the situation arise. The Board of Directors may then decide to suspend the calculation of the Net Asset Value in accordance with point "Suspension of the Net Asset Value Calculation" hereof.

The value of assets denominated in a currency other

than the reference currency of a Sub-Fund shall be determined by taking into account the rate of exchange prevailing at the time of determination of the Net Asset Value.

The assets and liabilities of the Fund shall be allocated in such manner as to ensure that the proceeds received upon the issue of Shares of a specific Sub-Fund shall be attributed to that Sub-Fund. All of the assets and liabilities of a specific Sub-Fund as well as the income and expenses which are related thereto shall be attributed to that Sub-Fund. Assets or liabilities which cannot be attributed to any particular Sub-Fund shall be allocated to all the Sub-Funds pro rata to their respective Net Asset Values or allocated in such a way as the Board of Directors determines prudently and in good faith. The proportion of the total net assets attributable to each Sub-Fund shall be reduced as applicable by the amount of any distribution to Shareholders and by any expenses paid.

For some Sub-Funds, in the interests of Shareholders and to the extent deemed appropriate by the Board of Directors, taking into account market conditions and / or the level of subscriptions and redemptions in a given Sub-Fund in relation to the size of that Sub-Fund, the net asset value of the Sub-Fund may be (i) calculated on the basis of the offer or redemption prices of shares in its portfolio and / or adjusted for appropriate sales commission and dealing costs or (ii) adjusted to take into account the impact resulting from the difference between the dealing price and the valuation of the investments or disinvestments, and / or sales commissions and / or dealing fees incurred.

The attention of the investor is drawn to the fact that the valuation of the assets of a Sub-Fund is based on information (including, without limitation, position reports, confirmations statements, information from the Investment Manager etc...) which is available at the time of such valuation. Except in case of manifest error, the valuation is conclusive and no adjustments will be made.

## 9.2. DILUTION LEVY

In certain exceptional circumstances such as, for example:

- significant trading volumes,
- and/or market disturbances,
- and in any other cases when the Board of Directors deems, at its sole discretion, that the interest of the existing Shareholders (concerning issues/conversions) or of the remaining Shareholders (concerning redemptions/ conversions) might be negatively affected,

the Board of Directors of the Fund will be authorised to charge a "Dilution levy" for a maximum of 2% of the value of the Net Asset Value on the issue, redemption and/or conversion price

In cases when it is charged, this Dilution levy will equi-

tably apply, on a given Valuation Day, to all shareholders of the relevant Sub-Fund. It will be paid to the Sub-Fund and will become an integral part of that Sub-Fund.

The Dilution Levy thus applied will be calculated with reference to market effects as well as to the dealing costs incurred for transactions on the underlying investments for the Sub-Fund, including any applicable commissions, spreads and transfer taxes.

## 9.3. SUSPENSION OF THE CALCULATION OF THE NET ASSET VALUE

The Fund may temporarily suspend the calculation of the Net Asset Value of one or more Sub-Funds and in consequence the issue, redemption and conversion of Shares in any of the following events. It being understood that where the context so requires "Sub-Fund" may also be read as "Class":

- a. during any period when any one of the stock exchanges or other principal markets on which a substantial portion of the assets of the Fund attributable to such Sub-Fund(s), from time to time, is quoted or dealt in is closed (otherwise than for ordinary holidays) or during which dealings therein are restricted or suspended provided that such restriction or suspension affects the valuation of the investments of the Fund attributable to such Sub-Fund(s) quoted thereon; or
- b. during any period when, as a result of political, economic, military, social, or monetary events or any circumstances outside the control, responsibility and power of the Board of Directors, or the existence of any state of affairs which constitutes an emergency in the opinion of the Board of Directors, disposal or valuation of the assets held by the Fund attributable to such Sub-Fund(s) is not reasonably practicable without this being detrimental to the interests of Shareholders, or if in the opinion of the Board of Directors, the issue and, if applicable, redemption prices cannot fairly be calculated; or
- c. during any breakdown in the means of communication or computation normally employed in determining the price or value of any of the investments of the Fund attributable to such Sub-Fund(s) or the current prices or values on any stock exchanges or other markets in respect of the assets attributable to such Sub-Fund(s); or

- d. during any period when dealing the units/shares of an investment vehicle in which the concerned Sub-Fund(s) may be invested are restricted or suspended; or, more generally, during any period when remittance of monies which will or may be involved in the realisation of, or in the payment for any of the concerned Sub-Fund(s)' investments is not possible; or
- e. during any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of Shares of such Sub-Fund(s) or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares of the Fund cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange; or
- f. from the time of publication of (i) a notice convening an extraordinary general meeting of Shareholders for the purpose of dissolving and liquidating the Fund any Sub-Fund or Class or informing the shareholders of the decision of the Board to liquidate any Sub-Fund or Class(es), or (ii) to the extent any such suspension is justified for the protection of the Shareholders, of a notice convening an extraordinary general meeting of Shareholders for the purpose of or merging the Fund or any Sub-Fund(s), or the split / consolidation of one or more Class(es) or informing the Shareholders of the decision of the Board of Directors to liquidate or merge any Sub-Fund(s) or to split / consolidate one or more Class(es); or
- g. when for any other reason, the prices of any investments owned by the Fund attributable to such Sub-Fund cannot be promptly or accurately determined; or
- h. during any other circumstance where a failure to do so might result in the Fund, any of its Sub-Funds or its Shareholders incurring any liability, pecuniary disadvantage or any other detriment which the Fund the Sub-Fund or its Shareholders might so otherwise not have suffered.

Shareholders having made an application for subscription, redemption and conversion of Shares in the Sub-Fund(s) for which the calculation of the Net Asset Value has been suspended will be informed of any such suspension at the time of the filing of their written request for such subscription, redemption or conversion or as soon as possible thereafter.

Such suspension as to any Sub-Fund will have no effect on the calculation of the Net Asset Value per Share of any other Sub-Fund, unless these Sub-Funds are also affected.

Any request for subscription, redemption or conversion will be irrevocable except in the event of a suspension of the calculation of the Net Asset Value, in which case Shareholders may give notice that they wish to withdraw their application. If no such notice is received by the Fund, such application will be dealt with on the first applicable Valuation Day, as determined for each relevant Sub-Fund, following the end of the period of suspension.

Under exceptional circumstances that may adversely affect the interests of Shareholders, or in instances of massive redemption applications of one Sub-Fund, the Board of Directors reserves the right only to determine the share price after having executed, as soon as possible, the necessary sales of securities or other assets on behalf of the Sub-Fund. In this case, subscription, redemption and conversion applications in process shall be dealt with on the basis of the Net Asset Value thus calculated.

The Fund may, at any time and at its discretion, temporarily discontinue, permanently cease or limit the issue of Shares in one or more Sub-Funds to natural or legal entities resident or domiciled in certain countries or territories. It may also prohibit them from acquiring Shares if such a measure is deemed necessary to protect all Shareholders and the Fund.

Moreover, the Fund has the right to:

1. Reject any application to subscribe for Shares at its discretion;
2. Redeem Shares acquired in breach of an exclusion measure at any time.

## 10. DISTRIBUTION POLICY

Unless otherwise stated in for each Sub-Fund in Part II of this Prospectus, the Board of Directors has the option, in any given accounting year, to propose to the shareholders of any Sub-Fund or Class the payment of a dividend out of all or part of that Sub-Fund's or Class's net income, capital gains or capital, if the Board of Directors thinks it appropriate to make such a proposal.

No distribution may be made if, as a result, the Net Asset Value of the Fund would fall below the equivalent of Euro 1,250,000.

The Fund may distribute free bonus shares within the same limits.

Interim dividends may be distributed as the Board may determine in compliance with applicable law.

Dividends and allotments not claimed within five years of their payment date will lapse and revert to the Sub-

Fund or to the relevant Class of Shares in the Fund Sub-Fund.

## 11. FEES AND EXPENSES

### 11.1. MANAGEMENT FEE/ ADVISORY FEE/ PERFORMANCE FEE

An annual management fee and service fee calculated on the average net asset values of each Sub-Fund will be paid to the Management Company in payment for the services provided by it to the Fund. These fees will also enable the Management Company to remunerate the Investment Manager(s), investment advisers and distributors, if applicable, and the Administrative Agent for the functions of transfer agent, administrative agent and paying agent.

These fees will be charged to the Classes of Shares of a given Sub-Fund in proportion to its net assets.

For details of the service fees and the management fees, please refer to Part II of this Prospectus.

### 11.2. DEPOSITARY FEE

The Depositary Bank, is entitled to receive, out of the assets of each Sub-Fund, fees calculated in accordance with normal banking practice in Luxembourg.

In addition, the Depositary Bank is entitled to be reimbursed by the Fund for its respective reasonable out-of-pocket expenses properly incurred in carrying out its duties as such and for the charges of any correspondents.

All the above charges are subject to review from time to time.

### 11.3. OTHER FEES AND EXPENSES

The Fund bears all costs and expenses directly incurred in the operations including, but not limited to, the following:

- directors of the Fund shall be entitled to fees accrued in principle equally across Sub-Funds;
- all taxes and duties that may be due on the Fund's assets or income earned by the Fund;
- all operational costs, including fees payable to accountants, any paying agent and permanent representatives in places of registration and other registration fees (when the Fund is distributed abroad, the regulations in force in some jurisdictions may require the presence of a local Paying Agent. In this case, investors domiciled in these jurisdictions may be required to bear the fees and commissions levied by the local Paying Agents);
- all costs and expenses associated with other agents employed by the Fund, including fees for

legal and auditing services, promotional, printing, reporting and publishing expenses, including the cost of advertising or preparing and printing of prospectuses, explanatory memoranda, reports or registration statements, taxes or governmental charges;

- all costs for the listing of the Shares of the Fund on any stock exchange or regulated market and all other operating expenses, including the cost of buying and selling assets, fees and expenses relating to investment research fees paid to rating agencies; interest, bank charges and brokerage, postage, telephone and telex;
- the cost of preparing, printing and filing administrative documents, prospectuses and explanatory reports with the authorities, fees payable for the registration and maintenance of the Fund with authorities and official stock exchanges, the cost of preparing, translating, printing and distributing periodic reports and other documents required by law or regulations, the cost of accounting and calculating the net asset value, the cost of preparing, distributing and publishing reports for Shareholders, fees for legal consultants, experts and independent auditors, and any similar operating costs.
- advertising costs and expenses, other than those specified above, relating directly to the offer or distribution of shares will be charged to the Fund to the extent decided by the Board of Directors;
- all costs relating to the preparing and dispatching of mailing to Shareholders and the Directors' fees; and
- all extraordinary expenses not incurred in the ordinary course of business (such as fees in connection to legal proceedings in order to defend the interests of the Fund and/or its Shareholders).

All expenses are accrued in the price of the Shares.

It should be noted that the investment policy of the Fund is to invest principally in UCIs and will result in a duplication of certain costs that will be charged both to the underlying UCI by its service providers, as well as to the Fund by the service providers of the Fund. Such costs will include, but are not limited to, formation expenses, depositary, domiciliary, management fees, audit expenses and other associated costs.

Costs and expenses which cannot be allotted to one specific Sub-Fund will be charged pro rata to their respective Net Asset Values or allocated in such a way as the Board of Directors determines prudently and in good faith.



#### 11.4. FORMATION AND LAUNCHING EXPENSES OF THE FUND AND OF NEW SUB-FUNDS

The expenses incurred by the Fund in relation to the launch of new Sub-Funds will be borne by, and payable out of the assets of, those Sub-Funds, unless otherwise decided by the Board, and may be amortized over a period not exceeding five years, it being understood that the new Sub-Fund will also be charged a prorata portion of the initial establishment expenses unamortized as of its launch date.

### 12. TAXATION

The following information is based on the laws and practice currently in force and is subject to changes therein. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of Shares and to the provisions of the laws of the jurisdiction in which they are subject to tax.

#### 12.1. TAXATION OF SHAREHOLDERS

Shareholders who are not domiciled, resident or who do not have a permanent establishment in Luxembourg for taxation purposes are not liable to any corporation, income, transfer, capital or other taxes on holding, sale, purchase or repurchase of Shares in the Fund or on any dividends, distributions or other payments made to such Shareholders. Capital gains tax will be payable by Shareholders who hold more than 10% of the outstanding Shares in the Fund in the event that they have been Luxembourg residents for more than 15 years and became non-resident less than 5 years prior to realisation of the gain.

#### 12.2. TAXATION OF THE FUND

The Fund is subject to Luxembourg tax legislation. Purchasers of shares in the Fund are responsible for ensuring that they are informed of the applicable legislation and regulations governing the acquisition, holding and sale of Shares, with regard to their residence and nationality.

In accordance with the legislation in force in Luxembourg, the Fund is not subject to any Luxembourg income tax, capital gains tax or wealth tax, withheld at source or otherwise. Nevertheless, the net assets of the Fund are subject to tax at an annual rate of 0.05%, payable at the end of each quarter and calculated on the basis of the Fund's net assets at the end of each quarter. This tax will be reduced to 0.01% for assets relating to shares reserved for Institutional Investors.

No stamp duty or other tax is payable in Luxembourg on the issue of Shares in the Fund.

Dividends and interest on securities issued in other countries (including those issued by target funds) may be subject to withholding taxes imposed by such countries.

#### 12.3. FATCA

The US Foreign Account Tax Compliance Act ("FATCA") aims at preventing US tax evasion by requiring foreign (non-US) financial institutions to report to the US Internal Revenue Service information on financial accounts held outside the United States by US investors. US securities held by a non-US financial institution that does not comply with the FATCA reporting regime will be subject to a US tax withholding of 30% on gross sales proceeds and income, commencing on 1 July 2014.

Luxembourg has entered into a Model I Intergovernmental Agreement (the "IGA") with the US on 28 March 2014. Under the terms of the IGA, the Fund will be obliged to comply with the provisions of FATCA under the terms of the IGA and under the terms of Luxembourg legislation implementing the IGA (the "Luxembourg IGA Legislation"). Under the IGA, Luxembourg-resident financial institutions that comply with the requirements of the Luxembourg IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA ("FATCA Withholding"). In order to elect for and keep such FATCA status, the Fund only allows (i) participating foreign financial institutions, (ii) deemed-compliant foreign financial institutions, (iii) non-reporting IGA foreign financial institutions, (iv) exempt beneficial owners (v), Active Non-Financial Foreign Entities, Active NFFE, or (vi) non-specified US persons, all as defined under FATCA as Shareholders; accordingly, investors may only subscribe for and hold Shares through a financial institution that complies or is deemed to comply with FATCA. The Fund may impose measures and/or restrictions to that effect, which may include the rejection of subscription orders or the compulsory redemption of Shares, as further detailed in this Prospectus under paragraph "Compulsory redemption of shares" and in compliance with the Fund's Articles and/or the withholding of the 30% tax from payments to the account of any Shareholder found to qualify as a "recalcitrant account" or "non-participating foreign financial institution" under FATCA.

Prospective investors should (i) consult their own tax advisors regarding the impact of FATCA further to an investment in the Fund and (ii) be advised that although the Fund will attempt to comply with all FATCA obligations, no assurance can be given that it will be able to satisfy the such obligations and therefore to avoid FATCA Withholding.

The attention of US taxpayers is drawn to the fact that the Fund qualifies as a passive foreign investment company (“PFIC”) under US tax laws and does not intend to provide information that would allow such investors to elect to treat the fund as a qualified electing fund (so-called “QEF election”).

#### 12.4. COMMON REPORTING STANDARD

On 10 November 2015, the European Council adopted Council Directive (EU) 2015/2060 repealing Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments of 3 June 2003 (the “**Directive**”) from 1 January 2017 for Austria and from 1 January 2016 for all other EU Member States. In accordance with the Directive, Member States of the European Union will be required to provide to the tax authorities of another Member State of the European Union information relating to interest payments or other similar income (within the meaning of the Directive) made by entities (within the meaning of the Directive) to individual beneficial owner who is a resident, or to certain residual entities (within the meaning of the Directive) established, in that other Member State of the European Union. Other countries including the Swiss Confederation, the dependent or associated territories in the Caribbean, the Channel Islands, the Isle of Man, the Principality of Monaco and the Principality of Liechtenstein will also introduce measures equivalent to the exchange of information or the withholding tax.

Under the Luxembourg laws dated 21 June 2005 (the “**Law**”), implementing the Directive, as amended by the law of 25 November 2014, and several agreements concluded between Luxembourg and certain dependent or associated territories of the EU (“**Territories**”), a Luxembourg-based paying agent is required since 1 January 2015 to report to the Luxembourg tax authorities the payment of interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual or certain residual entities resident or established in another EU Member State or in the Territories, and certain personal details on the beneficial owner. Such details are provided by the Luxembourg tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner (within the meaning of the Directive). The dividends distributed by a com-

partment of the Fund will be subject to the Directive and the Law if more than 15% of the assets of the compartment are invested in debt securities (as defined by the Law), and proceeds realised by shareholders on the redemption or sale of shares of the compartment will be subject to the Directive and the Law if more than 25% of the assets of this compartment are invested in debt securities (such compartments are referred to below as “affected compartment[s]”).

Consequently, if, as part of transactions conducted by an affected compartment, a Luxembourg paying agent makes a payment of dividends or redemption proceeds directly to a shareholder who is a physical person, residing or considered to reside for tax purposes in another Member State of the European Union or in certain dependencies or associated territories, the Luxembourg paying agent will exchange information with the tax authorities as stipulated by the Law.

Under the directive 2015/2060/EU, the Directive has been repealed and will no longer apply once all the reporting obligations concerning year 2015 will have been complied with.

### 13. CERTAIN SHAREHOLDER MATTERS

#### 13.1. FISCAL YEAR, FINANCIAL REPORTS

The financial year of the Fund ends on 31 December in each year.

Audited financial statements of the Fund made up to 31 December in each year will be prepared in USD, the Fund’s Reference Currency.

The Fund publishes audited Annual Reports within six months of the end of the financial year and unaudited Semi-Annual Reports within two months of the end of the reference period.

The Annual Report includes the financial statements for the Fund and each Sub-Fund.

Audited annual reports will be made available to the Shareholders at no cost to them at the registered office of the Fund, the Management Company, the Depositary Bank and any paying agent. The reports will contain individual information on each Class expressed in the reference currency of such Class and consolidated information on the Fund expressed in USD.

Any other financial information to be published concerning the Fund or the Management Company, including the Net Asset Value per Share of each Class of the Fund and any suspension of such valuation, will be

made available to the public at the registered office of the Fund, the Management Company and the Depositary Bank.

The following information will be disclosed at the time of the publication of the annual report as separate document to be appended:

- › the percentage of the Fund's assets which are subject to special arrangements arising from their illiquid nature;
- › any new arrangements for managing the liquidity of the Fund;
- › the current risk profile of the Fund and the risk management systems employed by the Fund to manage those risks; and
- › the total amount of leverage employed by the Fund.

### 13.2. SHAREHOLDERS' MEETINGS

The annual general meeting of Shareholders of the Fund will be held at the registered office of the Fund in Luxembourg on the third Tuesday of April in each year at 3:00 p.m., or if any such day is not a bank business day in Luxembourg on the next following bank business day.

Extraordinary Shareholders' meetings or general meetings of Shareholders of any Sub-Fund may be held at such time and place as indicated in the notice to convene. Notices of such meetings shall be provided to the Shareholders in accordance with Luxembourg laws.

### 13.3. SHAREHOLDERS INFORMATION

The NAV per Share of each Sub-Fund shall be made available as soon as practicable after the relevant Valuation Day, but not later than the next following Valuation Day, at the registered office of the Fund, the Management Company and the Depositary Bank.

The Board of Directors may at any time change this Prospectus (including the investment strategy and/or policy of the Fund or of any relevant Sub-Fund, if any) subject to the prior approval of the CSSF and to compliance with the requirements below. For the avoidance of doubt, in case of changes only affecting one Sub-Fund (if any) or one or more specific Class(es), the requirements detailed below will only apply to the relevant Sub-Fund and/or Class(es). The Board of Directors is entitled to make non-material changes to this Prospectus at its entire discretion without requesting the consent of the Shareholders concerned. The Board of Directors may furthermore make material changes to this Prospectus provided that it offers Shareholders who do not agree with the change(s) the right to exit the Fund with no redemption charge during a one-month period as from the notification of the change. Unless waived by all Shareholders, material changes will at the earliest enter into force after the expiry of

that one-month redemption period.

Shareholders will be informed in due time of all specific amendments or decisions impacting the Fund. Notices to the Shareholders will be sent by registered mail to all the Shareholders at their address indicated in the register of Shareholders. If deemed necessary or required by applicable laws, notices will be published in a newspaper and in the *Mémorial*.

Shareholders may receive copies of the Articles, this Prospectus, the latest financial reports by mail upon their request and free of charge as well as during normal business hours at the registered office of the Management Company.

Copies for material contracts the Fund has entered into are available for inspection during normal business hours at the registered office of the Management Company.

The Management Company will also make available at its registered office all information to be provided to investors under the AIFM Law, including: (i) all relevant information regarding conflicts of interest (such as the description of any conflict of interest that may arise from any delegation of the functions listed in Appendix I of the AIFM Law or of any conflicts that must be communicated to investors under article 13.1 and 13.2 of the AIFM Law), (ii) the latest Net Asset Value of the Sub-Funds, (iii) the list of the sub-custodian used by the Depositary Bank, (iv) the maximum amount of the fees that may be paid annually by the Fund, (v) any right to reuse collateral and guarantees granted under the leveraging agreement, (vi) information on any preferential treatment granted to certain Shareholders.

### 13.4. SHAREHOLDERS RIGHTS

The Fund draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Fund, notably the right to participate in general Shareholders' meetings if the investor is registered himself and in his own name in the Shareholders' register of the Fund. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain Shareholder rights directly against the Fund. Investors are advised to take advice on their rights.

To the extent permitted by law, the Board of Directors may suspend the right to vote of any shareholder which does not fulfil its obligations under the Articles of Association or any document (including any applications forms) stating its obligations towards the Fund and/or the other shareholders. In case the voting rights of one or more shareholders are suspended in accordance with the previous sentence, such shareholders shall be convened and may attend the general meeting but their shares shall not be taken into account for

determining whether the quorum and majority requirements are satisfied. Any shareholder may undertake (personally) to not exercise his voting rights on all or part of his shares, temporarily or indefinitely.

The attention of Shareholders is drawn to the fact that unless otherwise provided for under Luxembourg law, they will have no direct right against the service providers of the Fund. The liability of the Depositary Bank towards Shareholders could in principle only be invoked through the Management Company. Should the Management Company fail to act despite a written notice to that effect from a Shareholder within a period of three months following receipt of such a notice, the relevant Shareholder may directly invoke the liability of the Depositary Bank in accordance with Luxembourg law.

### 13.5. FAIR TREATMENT OF SHAREHOLDERS

The Fund has established procedures, arrangements and policies to ensure compliance with the principles of fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- a. acting in the best interests of the Fund and of the investors;
- b. executing the investment decisions taken for the account of the Fund and its various Sub-Funds (if any) in accordance with the objectives, the investment policy and the risk profile of the Fund/ the Sub-Funds;
- c. taking all reasonable measures to ensure that orders are executed to obtain the best possible result;
- d. ensuring that the interests of any group of investors are not placed above the interests of any other group of investors;
- e. ensuring that fair, correct and transparent pricing models and valuation systems are used for the Sub-Funds/the Fund managed;
- f. preventing undue costs being charged to the Fund and investors;
- g. taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of investors; and
- h. recognising and dealing with complaints fairly.

The Fund maintains and operates organisational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest.

The Management Company and/or the Fund may enter into side letters relating to retrocessions/rebates and shorter cut-off times with some investors. More details on such side letters may be obtained at the registered office of the Management Company.

### 13.6. CONFLICTS OF INTEREST

Situations may occur where the Fund, the Management Company, the Investment Manager, the investment advisers, the Depositary Bank and/or the Administrative Agent (including their respective directors/managers, officers, and employees) have conflicts of interest. In particular the Investment Manager, the investment advisers, the Depositary Bank and the Administrative Agent do not perform their services exclusively for the Fund, but possibly also for other third parties whose interests might conflict with those of the Shareholders of the Fund. The Investment Manager and investment advisers shall, in such cases, allocate investment opportunities among the various parties advised or managed by them in a manner it believes to be reasonable and fair considering, inter alia, investment objective, strategies, restrictions and capital available for investment of the respective parties.

Conflicts of interests may also arise from the fact that the Fund may make investments in/with entities, which are managed, advised, or controlled by a company associated with the Management Company, the Investment Manager, the investment advisers or any of their affiliates. In such an event, each will at all times have regard to its obligations under any agreements to which it is party or by which it is bound in relation to the Fund. In particular, but without limitation to its obligations to act in the reasonable best interests of the investors when undertaking any dealings or investments where conflicts of interest may arise, each will respectively endeavour to ensure that such conflicts are resolved fairly and on an arm's length basis.

### 13.7. APPLICABLE LAW AND JURISDICTION

Any dispute arising between the Shareholders, the Fund, the Management Company and the Depositary Bank will be subject to the jurisdiction of the District Court of Luxembourg.

Notwithstanding the foregoing, the Fund, the Management Company and the Depositary Bank may subject themselves to the jurisdiction of the courts of the countries in which the Shares of the Fund are offered and sold with respect to claims by investors resident in such countries and with respect to matters relating to subscriptions and redemptions by Shareholders resident in such countries, to the laws of such countries.

The claims of the Shareholders against the Fund, the



Management Company or the Depositary Bank will lapse five (5) years after the date of the event which gave rise to such claims.

Any person who would like to receive further information regarding the Fund or who wishes to make a complaint about the operations of the Fund should contact the Compliance Officer of the Management Company, i.e. Pictet Asset Management (Europe) S.A., 15, avenue J.F. L-2016 Luxembourg, Grand Duchy of Luxembourg.

## 14. LIQUIDATION OF THE FUND/SUB-FUNDS, AMALGAMATION, SPLIT

### 14.1. LIQUIDATION OF THE FUND

The Fund has been established for an unlimited period. However, it may be dissolved by decision of an extraordinary general meeting of Shareholders of the Fund.

Such meetings must be convened if the value of the net assets of the Fund falls below the respective levels of two thirds or one quarter of the minimum capital prescribed by the 2010 law. At such meetings convened at such circumstances decisions to dissolve the Fund will be taken in accordance with the requirements of article 30 of the 2010 Law.

Moreover, the Fund may, at any time, be liquidated by a resolution of the general meeting of Shareholders taken in the same conditions that are required by law applicable to amend the Articles. The Board of Directors may propose at any time to the Shareholders to liquidate the Fund.

If the Fund should be liquidated, its liquidation will be carried out in accordance with the provisions of the 2010 Law which specifies the steps to be taken to enable Shareholders to participate in the liquidation distribution(s) and in this connection provides for deposit in escrow at the "*Caisse de Consignation*" of any amounts which have not been claimed by Shareholders at the close of liquidation. Amounts not claimed from escrow within the prescription period are liable to be forfeited in accordance with the provisions of Luxembourg laws.

As soon as the decision to liquidate the Fund is taken, the issue, redemption or conversion of Shares in all Sub-Funds is prohibited and shall be deemed void.

The liquidation of the Fund should be conducted by one or more liquidators, who may be individuals or legal entities and who will be appointed by a meeting of Shareholders. This meeting will determine their powers and compensation.

### 14.2. LIQUIDATION OR AMALGAMATION OF SUB-FUNDS

The Sub-Funds may be established for a limited or unlimited period, as specified for each Sub-Fund in Part II of this Prospectus.

If the net assets of any Sub-Fund or Class fall below or do not reach an amount determined by the Board to be the minimum level for such Sub-Fund or Class to be operated in an economically efficient manner or if a change in the economic, monetary or political situation relating to the Sub-Fund or Class concerned justifies it or in order to proceed to an economic rationalization or if the interest of the relevant Shareholders so justifies it, the Board has the discretionary power to liquidate such Sub-Fund or Class concerned and cancel the shares of that Sub-Fund or Class. The decision of the liquidation will be published by the Fund and the publication will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board decides otherwise in the interests of, or in order to ensure equal treatment of, the shareholders, the shareholders of the Sub-Fund or Class concerned may continue to request redemption or conversion of their shares free of redemption or conversion charges (but taking into account actual realisation prices of investments and realisation expenses).

Notwithstanding the powers conferred to the Board by the preceding paragraph, a general meeting of shareholders of any Sub-Fund or Class may, upon proposal from the Board, decide to dissolve the Sub-Fund or the Class and cancel the shares of that Sub-Fund or Class. There shall be no quorum requirements for such a general meeting of Shareholders at which resolutions shall be adopted by simple majority of the votes cast at the meeting.

Assets which could not be distributed to the relevant shareholders upon the close of the liquidation of a Sub-Fund or Class will be deposited with the Caisse de Consignation to be held for the benefit of the relevant shareholders. Amounts not claimed will be forfeited in accordance with Luxembourg law.

The Board may also decide to allocate the assets of any Sub-Fund to those of another Sub-Fund within the Fund or to another UCI, or to another Sub-Fund within such other UCI (the "new Sub-Fund") and to re-designate the Shares of the Sub-Fund concerned as Shares of the new Sub-Fund (following a split or consolidation, if necessary and the payment of the amount corresponding to any fractional entitlement to Shareholders), it being understood that where the context so requires, "Sub-Fund" may also be read as "Class". Such decision will be notified to the Shareholders concerned (together with information in relation to the new Sub-Fund), before the date on which the amalgamation becomes effective in order to enable shareholders to request redemption or conversion of their shares, free of charge, during such period. After



such period, the decision commits the entirety of shareholders who have not used this possibility, provided however that, if the amalgamation is to be implemented with a Luxembourg UCI of the contractual type ("*fonds commun de placement*") or a foreign based undertaking for collective investment, such decision shall be binding only on the shareholders who are in favour of such amalgamation.

Notwithstanding the powers conferred to the Board by the preceding paragraph, a contribution of the assets and liabilities attributable to any Sub-Fund or Class to another Sub-Fund / Class or to another UCI or to another sub-fund within such other UCI may be decided upon by a general meeting of the shareholders, upon proposal from the Board and with its approval, of the contributing Sub-Fund / Class for which there shall be no quorum requirements and which shall decide upon such an amalgamation by resolution adopted by simple majority of the votes cast, except when such amalgamation is to be implemented with a Luxembourg UCI of the contractual type ("*fonds commun de placement*") or a foreign based UCI, in which case resolutions shall be binding only on the shareholders of

the contributing Sub-Fund who have voted in favour of such amalgamation.

A contribution of the assets and liabilities attributable to any Sub-Fund / Class to another UCI or to a sub-fund within such other UCI shall be decided by a general meeting of Shareholders and shall require a resolution of the Shareholders of the contributing Sub-Fund where no quorum is required and adopted by a simple majority of the votes cast, except when such amalgamation is to be implemented with a Luxembourg UCI of the contractual type ("*fonds commun de placement*") or a foreign based UCI, in which case resolutions shall be binding only on the Shareholders of the contributing Sub-Fund who have voted in favour of such amalgamation.

### 14.3. CONSOLIDATION & SPLITTING OF SHARES

The Board of Directors may decide to consolidate or split the Classes of Shares of a Sub-Fund within a given Class of Shares.



## PART II: SUB-FUNDS SPECIFICATIONS

Information contained in Part II of the present Prospectus should be read in conjunction with the full text of Part I of the Prospectus. In case of discrepancy between Part I and Part II, Part II will prevail.

### ANNEX 1: PICTET ALTERNATIVE FUNDS – WORLD EQUITY HEDGE

#### I. INVESTMENT OBJECTIVES AND POLICY OF THE SUB-FUND

The Sub-Fund seeks to achieve long-term, risk-adjusted capital appreciation by investing substantially all of its assets in UCIs which are generically known as Hedge Funds, primarily managed by independent investment managers worldwide having the possibility of using alternative asset management strategies. The UCIs in which the Company will invest may include investment companies, investment trusts and limited partnerships.

The Investment Manager will construct a multi-strategy portfolio of UCIs which the Investment Manager believes will achieve optimum risk adjusted return on capital invested. The Sub-Fund's assets will be allocated to professionally managed selected UCIs. The main objective of the Sub-Fund is to invest in UCIs pursuing a Long/Short Equity strategy. However, the Investment Manager has the right to invest in UCIs pursuing and to a lesser extent, other types of strategies.

The Sub-Fund will pursue its investment objectives through a policy of investment in a diversified portfolio of UCIs anticipated to have relatively low volatility, as well as relatively low correlation to traditional asset classes.

Portfolio construction guidelines have been established by the Investment Manager which are consistent with the overall investment objectives of the Sub-Fund. The guidelines provide for diversification across investment strategies, with a particular focus on selecting strategies that have low correlation of returns with each other.

After the initial selection and allocation process, the Investment Manager will continue to advise upon and manage the portfolio of the Sub-Fund with adjustments made when deemed necessary and appropriate by the Investment Manager. UCIs will be continuously monitored and reviewed in order to ensure that stated strategies and objectives are adhered to. The Investment Manager will also maintain an ongoing process of review of prospective new candidates for investment.

If the Investment Manager considers this to be in the best interest of the Shareholders, the Sub-Fund may also, hold liquid assets, up to 100% of its net assets,

such as cash deposits, money market UCIs and money market instruments.

The Sub-Fund may also invest directly or through UCIs in any other type of securities such as equities, debt securities and private equity products worldwide. For hedging and for any other purposes, the Investment Manager may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the Sub-fund may take exposure through any derivative investments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying including, but not limited to, commodities (cash settled only) and precious metals, currencies (including non delivery forwards), interest rates, transferable securities, indexes (including but not limited to commodities, precious metals or volatility indexes), undertakings for collective investment, and invest in structured products, within the limits set out in Chapter "Investment Restrictions" in Part I of this Prospectus.

The Sub-Fund will make sure that its portfolio of UCIs will at all times present appropriate level of liquidity so as to enable it to meet any redemption requests made by the shareholders.

Investors should carefully read the information contained in Part I of the Prospectus, under Chapter "Risk Factors".

#### II. LEVERAGE

As of the date of this Prospectus, the maximum level of leverage permitted in respect of the Fund is 200% of its Net Asset Value under the Commitment Method and 200% of its Net Asset Value under the Gross Method.

#### III. REFERENCE CURRENCY OF THE SUB-FUND

The USD is the reference currency of the Sub-Fund.

#### IV. CLASSES OF SHARES WITHIN THE SUB-FUND

Within the Sub-Fund shares are divided into:

J USD shares	I USD shares	P USD shares	R USD shares	Z USD shares
HJ CHF shares	HI CHF shares	HP CHF shares	HR CHF shares	HZ CHF shares
HJ EUR shares	HI EUR shares	HP EUR shares	HR EUR shares	HZ EUR shares
HJ GBP shares	HI GBP shares	HP GBP shares	HR GBP shares	HZ GBP shares

The reference currency is the

- › US dollar for J USD, I USD, P USD, R USD and Z USD Shares;
- › Swiss franc for HJ CHF, HI CHF, HP CHF, HR CHF and HZ CHF Shares;
- › Euro for the HJ EUR, HI EUR, HP EUR, HR EUR and HZ EUR Shares and
- › British Pound for the HJ GBP, HI GBP, HP GBP, HR GBP and HZ GBP Shares.

J, I, P, R and Z shares are subject to a minimum initial subscription amount and may be distinguished by their pricing as stated hereafter.

HJ, HI, HP, HR and HZ shares ("Hedged Shares") seek to hedge for their corresponding shares most of the exchange-rate risk of the USD against the Swiss franc, the GBP and the Euro respectively.

## V. VALUATION DAY

Shares in each class are issued at the relevant Net Asset Value per share (the "Subscription Price"), as determined as of each "Valuation Day", being the last calendar day of each month (the "Subscription Valuation Day").

## VI. ISSUE OF SHARES

Non activated Classes of Shares of the Sub-Fund may be activated at any time by decision of the Board of Directors.

Shares of the Sub-Fund are issued, at the discretion of the Board of Directors, on a monthly basis at the relevant Subscription Price as determined as of each Subscription Valuation Day as defined in point "Valuation Day" here above.

A Subscription Charge of up to 3.5% of the relevant Subscription Price may be added to the Subscription Price to compensate financial intermediaries and other persons who assist in the placement of shares.

Investments in shares of the Sub-Fund shall be subject to the following minimum initial subscription requirements:

Minimum initial subscription amounts:

J Shares	USD 10,000,000
I Shares	USD 1,000,000
P Shares	USD 10,000
R Shares	USD 10,000
Z Shares	USD 10,000

The Hedged Shares are subject to the same minimum initial subscription amount as their corresponding shares as described above. The minimum initial subscription amount will be converted to Swiss francs, the GBP or EUR at the exchange rate in force on the relevant Valuation Day.

Applications must be received by the Administrative Agent by 5:00 p.m. (Luxembourg time), at the latest on the Business Day falling 8 Business Days prior to the relevant Subscription Valuation Day. Any application received after such time is considered for the immediately following Subscription Valuation Day.

Payment of the subscription monies must normally be received in cleared funds 5 Business Days before the Subscription Valuation Day.

## VII. REDEMPTION OF SHARES

Shares in each Class of the Sub-Fund are redeemable on a monthly basis, based on the Net Asset Value, minus a Redemption Adjustment (the "Redemption Price") calculated as of the monthly Valuation Day (the "Redemption Valuation Day") as defined under point "Valuation Day" hereabove. The Board of Directors may determine additional Redemption Valuation Days for which all shareholders in identical situations will be treated equally.

A Redemption Charge of up to 3% of the relevant Redemption Price may be levied on the Redemption Price to compensate financial intermediaries and other persons who assist in the placement of shares.

A written redemption request must be received by the Administrative Agent by 5:00 p.m. (Luxembourg time), on the Business Day falling at least 65 calendar days before the relevant Redemption Valuation Day. Orders received thereafter are considered for the immediately following Redemption Valuation Day.

The proceeds of redemption will normally be paid in the currency of denomination of the Class concerned within 30 calendar days after the relevant Redemption Valuation Day and in any case before the next Valuation Day.

## VIII. CONVERSION OF SHARES

Conversions are only allowed between any classes within the Sub-Fund. The Board of Directors may, in exceptional circumstances, and at its entire discretion,



accept conversion requests into shares of another existing Sub-Fund, according to the provisions of chapter "Conversion of Shares" in Part I of this Prospectus. Conversion applications must be received by the Administrative Agent in the manner described above for subscriptions of Shares.

A conversion charge not exceeding 1% of the Net Asset Value of the Divested Shares, can be applied for the benefit of the Invested Class, as appropriate to cover the costs of transactions arising from the conversion.

#### IX. TAXATION

The Sub-Fund is subject in Luxembourg to an annual tax ("taxe d'abonnement") of

- › 0.05% of the net asset value of classes I, P and R, and their respective Hedged Shares;
- › 0.01% of the net asset value of classes J and Z, and their respective Hedged Shares.

Such tax is payable at the end of each quarter and calculated on the Net Asset Value of the relevant class at the end of the relevant quarter. For the portion of the assets of the Sub-Fund invested in other UCIs which are established in Luxembourg, no such tax is payable.

#### X. LISTING

Shares of Classes I and J and their respective Hedged Shares of the Sub-Fund, except those denominated in GBP, may be listed on the Luxembourg Stock Exchange.

#### XI. FEES

See next page



## XII. FEES FOR WORLD EQUITY HEDGE

The Sub-Fund shall pay, out of its assets and on a periodic basis, the fees specified below:

Type of share	ISIN Code	Fees (max %) *		
		Management	Service	Depositary Bank
J USD	LU0207647321	1,25%	0,15%	0,10%
I USD	LU0207651604	1,50%	0,15%	0,10%
P USD	LU1055033184	1,50%	0,15%	0,10%
R USD	LU0207648642	2,50%	0,15%	0,10%
Z USD	LU0306903203	0%	0,15%	0,10%
HJ CHF	LU0207650465	1,25%	0,20%	0,10%
HI CHF	LU0207652917	1,50%	0,20%	0,10%
HP CHF	LU1055033267	1,50%	0,20%	0,10%
HR CHF	LU0207651513	2,50%	0,20%	0,10%
HZ CHF	LU0306903385	0%	0,20%	0,10%
HJ EUR	LU0207649293	1,25%	0,20%	0,10%
HI EUR	LU0207652834	1,50%	0,20%	0,10%
HP EUR	LU1055033341	1,50%	0,20%	0,10%
HR EUR	LU0207649962	2,50%	0,20%	0,10%
HZ EUR	LU0306903468	0%	0,20%	0,10%
HJ GBP	LU0368669262	1,25%	0,20%	0,10%
HI GBP	LU0368669346	1,50%	0,20%	0,10%
HP GBP	LU1055033424	1,50%	0,20%	0,10%
HR GBP	LU0368669429	2,50%	0,20%	0,10%
HZ GBP	LU0368669692	0%	0,20%	0,10%

\* Maximum percentage per year of the average net assets attributable to this type of shares during the relevant quarter. The actual amounts charged are shown in the Fund's Annual Reports.

There is no performance fee for this Sub-Fund.

## ANNEX 2: PICTET ALTERNATIVE FUNDS – PLEIAD CREDIT OPPORTUNITIES

### I. INVESTMENT OBJECTIVES AND POLICY OF THE SUB-FUND

The Sub-Fund seeks to achieve long-term, risk-adjusted capital appreciation by investing substantially all of its assets in UCIs which are generically known as Hedge Funds, primarily managed by independent investment managers worldwide having the possibility of using alternative asset management strategies. The UCIs in which the Sub-Fund will invest may include investment companies, investment trusts and limited partnerships. Furthermore, by way of derogation from the investment restrictions set out in the main body of the Prospectus, the Sub-Fund may invest up to 50% of its net assets into UCIs managed by Banque Pictet & Cie S.A. Genève or any of its affiliates, and the investment policy of which is the investment in other collective investment undertakings pursuing alternative strategies (each a "Fund of Hedge Funds"), including the other Sub-Funds of the Fund, within the limits set out in Chapter "Investment Restrictions" in Part I of this Prospectus.

The Investment Manager will construct a multi-strategy portfolio of UCIs which the Investment Manager believes will achieve optimum risk adjusted return on capital invested. The Sub-Fund's assets will be allocated to professionally managed selected UCIs. These selected UCIs may include all hedge fund strategies such as Long/Short Equity, Market Neutral, Short Seller, Fixed Income Arbitrage, Convertible Arbitrage, Merger Arbitrage, Statistical Arbitrage, Distressed Securities, Special Situations, Macro Traders, CTA.

Despite the multi strategy possibility, the Sub-Fund will invest mainly in credit funds. However, and depending on financial market conditions, a particular focus can be placed in one or a limited number of other strategies.

The Sub-Fund will pursue its investment objectives through a policy of investment in a diversified portfolio of UCIs anticipated to have relatively low volatility, as well as relatively low correlation to traditional asset classes.

Portfolio construction guidelines have been established by the Investment Manager which are consistent with the overall investment objectives of the Sub-Fund. The guidelines provide for diversification across investment strategies, with a particular focus on selecting strategies that have low correlation of returns with each other.

After the initial selection and allocation process, the Investment Manager will continue to advise upon and manage the portfolio of the Sub-Fund with adjustments made when deemed necessary and appropriate by the Investment Manager. UCIs will be continuously monitored and reviewed in order to ensure that stated strategies and objectives are adhered to. The Invest-

ment Manager will also maintain an ongoing process of review of prospective new candidates for investment.

If the Investment Manager considers this to be in the best interest of the Shareholders, the Sub-Fund may also, hold liquid assets, up to 100% of its net assets, such as cash deposits, money market UCIs and money market instruments.

The Sub-Fund may also invest directly or through UCIs in any other type of securities such as equities, debt securities and private equity products worldwide.

For hedging and for any other purposes, the Investment Manager may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the Sub-fund may take exposure through any derivative investments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying including, but not limited to, commodities (cash settled only) and precious metals, currencies (including non delivery forwards), interest rates, transferable securities, indexes (including but not limited to commodities, precious metals or volatility indexes), undertakings for collective investment, and invest in structured products, within the limits set out in Chapter "Investment Restrictions" in Part I of this Prospectus.

The Sub-Fund will make sure that its portfolio of UCIs will at all times present appropriate level of liquidity so as to enable it to meet any redemption requests made by the shareholders.

Investors should carefully read the information contained in Part I of the Prospectus, under Chapter "Risk Factors".

### II. LEVERAGE

As of the date of this Prospectus, the maximum level of leverage permitted in respect of the Fund is 200% of its Net Asset Value under the Commitment Method and 200% of its Net Asset Value under the Gross Method.

### III. REFERENCE CURRENCY OF THE SUB-FUND

The USD is the reference currency of the Sub-Fund.

### IV. CLASSES OF SHARES WITHIN THE SUB-FUND

Within the Sub-Fund shares are divided into:



D USD shares	J USD shares	I USD shares	P USD shares	R USD shares	Z USD shares
HD CHF shares	HJ CHF shares	HI CHF shares	HP CHF shares	HR CHF shares	HZ CHF shares
HD EUR shares	HJ EUR shares	HI EUR shares	HP EUR shares	HR EUR shares	HZ EUR shares

D Shares	USD 100,000,000
J Shares	USD 10,000,000
I Shares	USD 1,000,000
P Shares	USD 10,000
R Shares	USD 10,000
Z Shares	USD 10,000

The reference currency is the

- › US dollar for the D USD, J USD, I USD, P USD, R USD and Z USD Shares;
- › Swiss franc for the HD CHF, HJ CHF, HI CHF, HP CHF, HR CHF, and HZ CHF shares; and
- › Euro for the HD EUR, HJ EUR, HI EUR, HP EUR, HR EUR and HZ EUR shares.

D, J, I, P, R and Z shares may be distinguished by their respective minima initial subscription amounts, their pricing and detention timing as stated hereafter.

HD, HJ, HI, HP, HR and HZ shares ("Hedged Shares") seek to hedge for their corresponding shares most of the exchange-rate risk of the USD against the Swiss franc and the euro respectively.

Each Class of Shares of the Sub-Fund will be issued as further described in point "Issue of Shares" here under.

## V. VALUATION DAY

Shares in each class are issued at the relevant Net Asset Value per share (the "Subscription Price"), as determined as of each "Valuation Day", being the last calendar day of each month (the "Subscription Valuation Day").

## VI. ISSUE OF SHARES

Non activated Classes of Shares of the Sub-Fund may be activated at any time by decision of the Board of Directors.

Shares of the Sub-Fund are issued, at the discretion of the Board of Directors, on a monthly basis, at the relevant Subscription Price as determined as of each Subscription Valuation Day as defined in point "Valuation Day" here above, and as described above.

A Subscription Charge of up to 3.5% of the relevant Subscription Price may be added to the Subscription Price to compensate financial intermediaries and other persons who assist in the placement of shares.

Investments in shares of the Sub-Fund shall be subject to the following minimum initial subscription requirements:

Minimum initial subscription amounts:

The Hedged Shares are subject to the same minimum initial subscription amount as their corresponding shares as described above. The minimum initial subscription amount will be converted to Swiss francs or EUR at the exchange rate in force on the relevant Valuation Day.

Applications must be received by the Administrative Agent by 5:00 p.m. (Luxembourg time), at the latest on the Business Day falling 8 Business Days prior to the relevant Subscription Valuation Day. Any application received after such time is considered for the immediately following Subscription Valuation Day.

Payment of the subscription monies must normally be received in cleared funds 5 Business Days before the Subscription Valuation Day.

**Except for D shares**, a *soft lock up period* (the soft "Lock Up Period") will apply as further described in point "Redemption of Shares" here under, unless if during the soft Lock Up Period, shareholders asking for redemptions accept to pay an early redemption fee of 5% of the Redemption Price for the benefit of the Sub-Fund.

## VII. REDEMPTION OF SHARES

### VII.I. REDEMPTION OF D SHARES

Shares of Class D and their corresponding Hedged shares of the Sub-Fund are redeemable on a quarterly basis, based on the relevant Net Asset Value (the "Redemption Price") calculated as of the Valuation Days of the months of February, May, August and November (the "Redemption Valuation Day") as defined under point "Valuation Day" hereabove. The Board of Directors may determine additional Redemption Valuation Days for which all shareholders in identical situations will be treated equally.

A Redemption Charge of up to 3% of the relevant Redemption Price may be levied on the Redemption Price to compensate financial intermediaries and other persons who assist in the placement of shares.

A written redemption request must be received by the Administrative Agent by 5:00 p.m. (Luxembourg time), on the Business Day falling at least 45 calendar days before the relevant Redemption Valuation Day. Orders received thereafter are considered for the immediately following Redemption Valuation Day.

The proceeds of redemption will normally be paid in the currency of denomination of the Class concerned within 30 calendar days after the relevant Redemption Valuation Day and in any case before the next Valuation Day.

## VII.II. REDEMPTION OF J, I, P, R AND Z SHARES

### VII.II.I SOFT LOCK UP PERIOD

Shareholders of Classes J, I, P, R and Z shares and their corresponding Hedged shares are only allowed to redeem their Shares in the Sub-Fund during the soft Lock Up Period, defined as follows if they agree to pay an early redemption fee of 5% of the Redemption Price for the benefit of the Sub-Fund.

- › For Shares issued at the Subscription Valuation Days of the months of January, February of a given year, and of December of the preceding year, redemptions will only be free of early redemption fee as from the Redemption Valuation Day of the month of February of the next following year;
- › For Shares issued at the Subscription Valuation Days of the months of March, April and May of a given year, redemptions will only be free of early redemption fee as from the Redemption Valuation Day of the month of May of the following year;
- › For Shares issued at the Subscription Valuation Days of the months of June, July and August of a given year, redemptions will only be free of early redemption fee as from the Redemption Valuation Day of the month of August of the following year; and
- › For Shares issued at the Subscription Valuation Days of the months of September, October and November of a given year, redemptions will only be free of early redemption fee as from the Redemption Valuation Day of the month of November of the following year.

A written redemption request must be received by the Administrative Agent by 5:00 p.m. (Luxembourg time), on the Business Day falling at least 45 calendar days before the relevant Redemption Valuation Day. Orders received thereafter are considered for the immediately following Redemption Valuation Day.

The proceeds of redemption will normally be paid in the currency of denomination of the Class concerned within 30 calendar days after the relevant Redemption Valuation Day and in any case before the next Valuation Day.

### VII.II.II AFTER THE SOFT LOCK UP PERIOD

After the soft Lock Up Period, Classes J, I, P, R and Z shares and their corresponding Hedged shares are

redeemable on a quarterly basis, based on the relevant Net Asset Value (the "Redemption Price") calculated as of the Valuation Day of the months of February, May, August and November (the "Redemption Valuation Day"), as defined under point "Valuation Day" hereabove. The Board of Directors may determine additional Redemption Valuation Days for which all shareholders in identical situations will be treated equally, in the best interest of all the Shareholders.

A Redemption Charge of up to 3% of the relevant Redemption Price may be levied on the Redemption Price to compensate financial intermediaries and other persons who assist in the placement of shares.

A written redemption request must be received by the Administrative Agent by 5:00 p.m. (Luxembourg time), on the Business Day falling at least 45 calendar days before the relevant Redemption Valuation Day. Orders received thereafter are considered for the immediately following Redemption Valuation Day.

The proceeds of redemption will normally be paid in the currency of denomination of the Class concerned within 30 calendar days after the relevant Redemption Valuation Day and in any case before the next Valuation Day.

## VIII. CONVERSION OF SHARES

During the soft Lock-Up Period, conversions requests are submitted to the approval of the Board of Directors: all shareholders in identical situations will be treated equally.

Conversions are only allowed between any classes within the Sub-Fund. The Board of Directors may, in exceptional circumstances, and at its entire discretion, accept conversion requests into shares of another existing Sub-Fund, according to the provisions of chapter "Conversion of Shares" in Part I of this Prospectus. Conversion applications must be received by the Administrative Agent in the manner described above for subscriptions of Shares.

A conversion charge not exceeding 1% of the Net Asset Value of the Divested Shares, can be applied for the benefit of the Invested Class, as appropriate to cover the costs of transactions arising from the conversion.

## IX. TAXATION

The Sub-Fund is subject in Luxembourg to an annual tax ("taxe d'abonnement") of

- › 0.05% of the net asset value of classes I, P and R, and their respective Hedged Shares;
- › 0.01% of the net asset value of classes D, J and Z, and their respective Hedged Shares.

Such tax is payable at the end of each quarter and calculated on the Net Asset Value of the relevant class at the end of the relevant quarter. For the portion of the assets of the Sub-Fund invested in other UCIs





which are established in Luxembourg, no such tax is payable.

#### X. LISTING

Shares of Classes I and J and their respective Hedged Shares of the Sub-Fund, may be listed on the Luxembourg Stock Exchange.

#### XI. FEES

See next page



## XII. FEES FOR PLEIAD CREDIT OPPORTUNITIES

The Sub-Fund shall pay, out of its assets and on periodic basis, the fees specified below:

Type of share	ISIN Code	Fees (max %) *		
		Management	Service	Depositary Bank
D USD	LU0933678392	1,25%	0,15%	0,10%
J USD	LU0232829845	1,25%	0,15%	0,10%
I USD	LU0232830348	1,50%	0,15%	0,10%
P USD	LU1055033697	1,50%	0,15%	0,10%
R USD	LU0232830694	2,50%	0,15%	0,10%
Z USD	LU0306903542	0%	0,15%	0,10%
HD CHF	LU0933678715	1,25%	0,15%	0,10%
HJ CHF	LU0232830850	1,25%	0,20%	0,10%
HI CHF	LU0232830934	1,50%	0,20%	0,10%
HP CHF	LU1055033770	1,50%	0,20%	0,10%
HR CHF	LU0232831312	2,50%	0,20%	0,10%
HZ CHF	LU0306903625	0%	0,20%	0,10%
HD EUR	LU0933678558	1,25%	0,20%	0,10%
HJ EUR	LU0232831585	1,25%	0,20%	0,10%
HI EUR	LU0232832476	1,50%	0,20%	0,10%
HP EUR	LU1055033853	1,50%	0,20%	0,10%
HR EUR	LU0232832559	2,50%	0,20%	0,10%
HZ EUR	LU0306903898	0%	0,20%	0,10%

\* Maximum percentage per year of the average net assets attributable to this type of shares during the relevant quarter. The actual amounts charged are shown in the Fund's Annual Reports.

There is no performance fee for this Sub-Fund.



## ANNEX 3: PICTET ALTERNATIVE FUNDS – MOSAIC EURO

### I. INVESTMENT OBJECTIVES AND POLICY OF THE SUB-FUND

The Sub-Fund seeks to achieve long-term, risk-adjusted capital appreciation by investing substantially all of its assets in UCIs which are generically known as Hedge Funds, primarily managed by independent investment managers worldwide having the possibility of using alternative asset management strategies. The UCIs in which the Fund will invest may include investment companies, investment trusts and limited partnerships.

The Investment Manager will construct a multi-strategy portfolio of UCIs which the Investment Manager believes will achieve optimum risk adjusted return on capital invested. The Sub-Fund's assets will be allocated to professionally managed selected UCIs. These selected UCIs may include all hedge fund strategies such as Long/Short Equity, Market Neutral, Short Seller, Fixed Income Arbitrage, Convertible Arbitrage, Merger Arbitrage, Statistical Arbitrage, Distressed Securities, Special Situations, Macro Traders, CTA.

The Sub-Fund will pursue its investment objectives through a policy of investment in a diversified portfolio of UCIs anticipated to have relatively low volatility, as well as relatively low correlation to traditional asset classes.

Portfolio construction guidelines have been established by the Investment Manager which are consistent with the overall investment objectives of the Sub-Fund. The guidelines provide for diversification across investment strategies, with a particular focus on selecting strategies that have low correlation of returns with each other.

After the initial selection and allocation process, the Investment Manager will continue to advise upon and manage the portfolio of the Sub-Fund with adjustments made when deemed necessary and appropriate by the Investment Manager. UCIs will be continuously monitored and reviewed in order to ensure that stated strategies and objectives are adhered to. The Investment Manager will also maintain an ongoing process of review of prospective new candidates for investment.

If the Investment Manager considers this to be in the best interest of the Shareholders, the Sub-Fund may also, hold liquid assets, up to 100% of its net assets, such as cash deposits, money market UCIs and money market instruments.

The Sub-Fund may also invest directly or through UCIs in any other type of securities such as equities, debt securities and private equity products worldwide.

For hedging and for any other purposes, the Invest-

ment Manager may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the Sub-fund may take exposure through any derivative investments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying including, but not limited to, commodities (cash settled only) and precious metals, currencies (including non delivery forwards), interest rates, transferable securities, indexes (including but not limited to commodities, precious metals or volatility indexes), undertakings for collective investment, and invest in structured products, within the limits set out in Chapter Investment Restrictions" in Part I of this Prospectus.

The Sub-Fund will make sure that its portfolio of UCIs will at all times present appropriate level of liquidity so as to enable it to meet any redemption requests made by the shareholders.

Investors should carefully read the information contained in Part I of the Prospectus, under Chapter "Risk Factors".

### II. LEVERAGE

As of the date of this Prospectus, the maximum level of leverage permitted in respect of the Fund is 200% of its Net Asset Value under the Commitment Method and 200% of its Net Asset Value under the Gross Method.

### III. REFERENCE CURRENCY OF THE SUB-FUND

The EUR is the reference currency of the Sub-Fund.

### IV. CLASSES OF SHARES WITHIN THE SUB-FUND

Within the Sub-Fund shares are divided into:

J EUR shares	I EUR shares	P EUR shares	R EUR shares	Z EUR shares
HJ CHF shares	HI CHF shares	HP CHF shares	HR CHF shares	HZ CHF shares
HJ USD shares	HI USD shares	HP USD shares	HR USD shares	HZ USD shares
HJ GBP shares	HI GBP shares	HP GBP shares	HR GBP shares	HZ GBP shares



The reference currency is the

- › Euro for J EUR, I EUR, P EUR, R EUR and Z EUR Shares;
- › Swiss franc for HJ CHF, HI CHF, HP CHF, HR CHF and HZ CHF shares;
- › US Dollar for the HJ USD, HI USD, HP USD, HR USD and HZ USD shares; and
- › British Pound for the HJ GBP, HI GBP, HP GBP, HR GBP and HZ GBP shares.

J, I, P, R and Z shares are subject to a minimum initial subscription amount and may be distinguished by their pricing as stated hereafter.

HJ, HI, HP, HR and HZ shares ("Hedged Shares") seek to hedge for their corresponding shares most of the exchange-rate risk of the EUR against the Swiss franc, the GBP and the USD respectively.

## V. VALUATION DAY

Shares in each class are issued at the relevant Net Asset Value per Share (the "Subscription Price"), as determined as of each "Valuation Day", being the last calendar day of each month (the "Subscription Valuation Day").

## VI. ISSUE OF SHARES

**Non activated Classes of Shares of the Sub-Fund may be activated at any time by decision of the Board of Directors.**

Shares of the Sub-Fund are issued, at the discretion of the Board of Directors, on a monthly basis, at the relevant Net Asset Value (the "Subscription Price"), as determined as of each Subscription Valuation Day, as defined in point "Valuation Day" hereabove.

A Subscription Charge of up to 3.5% of the relevant Subscription Price may be added to the Subscription Price to compensate financial intermediaries and other persons who assist in the placement of shares.

Investments in shares of the Sub-Fund shall be subject to the following minimum initial subscription requirements:

Minimum initial subscription amounts

J Shares	EUR 10,000,000
I Shares	EUR 1,000,000
P Shares	EUR 10,000
R Shares	EUR 10,000
Z Shares	EUR 10,000

The Hedged Shares are subject to the same minimum initial subscription amount as their corresponding shares as described above. The minimum initial subscription amount will be converted to Swiss

francs, GBP or USD at the exchange rate in force on the relevant Valuation Day.

Applications must be received by the Administrative Agent by 5:00 p.m. (Luxembourg time), at the latest on the Business Day falling 8 Business Days prior to the relevant Subscription Valuation Day. Any application received after such time is considered for the immediately following Subscription Valuation Day.

Payment of the subscription monies must normally be received in cleared funds 5 Business Days before the Subscription Valuation Day.

## VII. REDEMPTION OF SHARES

Shares in each Class of the Sub-Fund are redeemable on a quarterly basis, based on the relevant Net Asset Value (the "Redemption Price") calculated as of the Valuation Day of the months of March, June, September and December (the "Redemption Valuation Day"), as defined under point "Valuation Day" hereabove. The Board of Directors may determine additional Redemption Valuation Days for which all shareholders in identical situations will be treated equally.

A Redemption Charge of up to 3% of the relevant Redemption Price may be levied on the Redemption Price to compensate financial intermediaries and other persons who assist in the placement of shares.

A written redemption request must be received by the Administrative Agent by 5:00 p.m. (Luxembourg time), on the Business Day falling at least 45 calendar days before the relevant Redemption Valuation Day. Orders received thereafter are considered for the immediately following Redemption Valuation Day (unless the Board of Directors decides to waive or reduce this prior notice period for all redemption requests as of such Redemption Valuation Day).

The proceeds of redemption will normally be paid in the currency of denomination of the class concerned within 30 calendar days after the relevant Redemption Valuation Day and in any case before the next Valuation Day.

## VIII. CONVERSION

Conversions are only allowed between any classes within the Sub-Fund. The Board of Directors may, in exceptional circumstances, and at its entire discretion, accept conversion requests into shares of another existing Sub-Fund, according to the provisions of chapter "Conversion of Shares" in Part I of this Prospectus. Conversion applications must be received by the Administrative Agent in the manner described above for subscriptions of Shares.

A conversion charge not exceeding 1% of the Net Asset Value of the Divested Shares, can be applied for the benefit of the Invested Class, as appropriate to cover the costs of transactions arising from the conversion.

## IX. TAXATION

The Sub-Fund is subject in Luxembourg to an annual tax ("taxe d'abonnement") of

- › 0.05% of the net asset value of classes I, P and R, and their respective Hedged Shares;
- › 0.01% of the net asset value of classes J and Z, and their respective Hedged Shares.

Such tax is payable at the end of each quarter and calculated on the Net Asset Value of the relevant class at the end of the relevant quarter. For the portion of the assets of the Sub-Fund invested in other UCIs which are established in Luxembourg, no such tax is payable.

## X. LISTING

Shares of Classes I and J and their respective Hedged Shares of the Sub-Fund, except those denominated in GBP, maybe listed on the Luxembourg Stock Exchange.

## XI. FEES

See next page.





## XII. FEES FOR MOSAIC EURO

The Sub-Fund shall pay, out of its assets and on a periodic basis, the fees specified below:

Type of share	ISIN Code	Fees (max %) *		
		Management	Service	Depository Bank
J EUR	LU0306904276	1,25%	0,15%	0,10%
I EUR	LU0306904607	1,50%	0,15%	0,10%
P EUR	LU1055033937	1,50%	0,15%	0,10%
R EUR	LU0306905083	2,50%	0,15%	0,10%
Z EUR	LU0306905596	0%	0,15%	0,10%
HJ CHF	LU0306904193	1,25%	0,20%	0,10%
HI CHF	LU0306904516	1,50%	0,20%	0,10%
HP CHF	LU1055034075	1,50%	0,20%	0,10%
HR CHF	LU0306904862	2,50%	0,20%	0,10%
HZ CHF	LU0306905323	0%	0,20%	0,10%
HJ USD	LU0306903971	1,25%	0,20%	0,10%
HI USD	LU0306904359	1,50%	0,20%	0,10%
HP USD	LU1055034158	1,50%	0,20%	0,10%
HR USD	LU0306904789	2,50%	0,20%	0,10%
HZ USD	LU0306905166	0%	0,20%	0,10%
HJ GBP	LU0368670351	1,25%	0,20%	0,10%
HI GBP	LU0368670435	1,50%	0,20%	0,10%
HP GBP	LU1055034232	1,50%	0,20%	0,10%
HR GBP	LU0368670518	2,50%	0,20%	0,10%
HZ GBP	LU0368670609	0%	0,20%	0,10%

\* Maximum percentage per year of the average net assets attributable to this type of shares during the relevant quarter.

The actual amounts charged are shown in the Fund's Annual Reports.

There is no performance fee for this Sub-Fund.

## ANNEX 4: PICTET ALTERNATIVE FUNDS – GLOBAL

### I. INVESTMENT OBJECTIVES AND POLICY OF THE SUB-FUND

The Sub-Fund's investment objective is to outperform global equity markets in the long run. The Sub-Fund seeks to achieve its investment objective by seeking exposure to a diversified range of asset classes which may include but is not limited to equities, fixed income securities, money market instruments, primarily through investment in UCIs. Such UCIs may be traditional long-only UCIs but also UCIs which invest in financial derivative instruments and/or make use of leverage, short sales, borrowings for investment purposes or otherwise pursue so-called hedge fund strategies. The Sub-Fund may also seek to gain exposure to the various asset classes referred to above directly or through the use of financial derivative instruments.

Portfolio construction guidelines have been established by the Investment Manager which are consistent with the overall investment objectives of the Sub-Fund. The guidelines provide for diversification across investment strategies, with a particular focus on selecting strategies that have low correlation of returns with each other.

After the initial selection and allocation process, the Investment Manager will continue to advise upon and manage the portfolio of the Sub-Fund with adjustments made when deemed necessary and appropriate by the Investment Manager. UCIs will be continuously monitored and reviewed in order to ensure that stated strategies and objectives are adhered to. The Investment Manager will also maintain an ongoing process of review of prospective new candidates for investment.

If the Investment Manager considers this to be in the best interest of the Shareholders, the Sub-Fund may also, hold liquid assets, up to 100% of its net assets, such as cash deposits, money market UCIs and money market instruments.

The Sub-Fund may also invest directly or through UCIs in any other type of securities such as equities, debt securities and private equity products worldwide.

For hedging and for any other purposes, the Investment Manager may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the Sub-fund may take exposure through any derivative investments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying including, but not limited to, commodities (cash settled only) and precious metals, currencies (including

non delivery forwards), interest rates, transferable securities, indexes (including but not limited to commodities, precious metals or volatility indexes), undertakings for collective investment, and invest in structured products, within the limits set out in Chapter Investment Restrictions" in Part I of this Prospectus.

The Sub-Fund will make sure that its portfolio of UCIs will at all times present appropriate level of liquidity so as to enable it to meet any redemption requests made by the shareholders.

Investors should carefully read the information contained in Part I of the Prospectus, under Chapter "Risk Factors".

### II. LEVERAGE

As of the date of this Prospectus, the maximum level of leverage permitted in respect of the Fund is 200% of its Net Asset Value under the Commitment Method and 200% of its Net Asset Value under the Gross Method.

### III. REFERENCE CURRENCY OF THE SUB-FUND

The USD is the reference currency of the Sub-Fund.

### IV. CLASSES OF SHARES WITHIN THE SUB-FUND

Within the Sub-Fund shares are divided into:

J USD shares	I USD shares	P USD shares	R USD shares	Z USD shares
HJ CHF shares	HI CHF shares	HP CHF shares	HR CHF shares	HZ CHF shares
HJ EUR shares	HI EUR shares	HP EUR shares	HR EUR shares	HZ EUR shares

The reference currency is the

- US Dollar for J USD, I USD, P USD, R USD and Z USD shares;
- Swiss franc for HJ CHF, HI CHF, HP CHF, HR CHF and HZ CHF shares; and
- Euro for the HJ EUR, HI EUR, HP EUR, HR EUR and HZ EUR shares.

J, I, P, R and Z shares are subject to a minimum initial subscription amount and may be distinguished by their pricing as stated hereafter.

HJ, HI, HP, HR, and HZ shares ("Hedged Shares") seek to hedge for their corresponding shares most of the exchange-rate risk of the USD against the CHF and the EUR respectively.

## V. VALUATION DAY

Shares in each Class are issued at the relevant Net Asset Value per share (the "Subscription Price"), as determined as of each "Valuation Day", being the last calendar day of each month (the "Subscription Valuation Day").

## VI. ISSUE OF SHARES

**Non activated Classes of Shares of the Sub-Fund may be activated at any time by decision of the Board of Directors.**

Shares of the Sub-Fund are issued, at the discretion of the Board of Directors, on a monthly basis, at the relevant Subscription Price as defined in point "Valuation Day" here above.

A subscription charge of up to 3.5% of the relevant Subscription Price to compensate financial intermediaries and other persons who assist in the placement of shares may be levied.

Minimum initial subscription amount:

J Shares	USD 10,000,000
I Shares	USD 1,000,000
P Shares	USD 10,000
R Shares	USD 10,000
Z Shares	USD 10,000

The Hedged Shares are subject to the same minimum initial subscription amount as their corresponding shares as described above. The minimum initial subscription amount will be converted to Swiss francs or EUR at the exchange rate in force on the relevant Valuation Day.

Applications must be received by the Administrative Agent in Luxembourg by 5:00 p.m. (Luxembourg time), at the latest on the Business Day falling 8 Business Days prior to the relevant Subscription Valuation Day. Any application received after such time is considered for the immediately following Subscription Valuation Day.

Payment of the subscription monies must normally be received in cleared funds 5 Business Days before the Subscription Valuation Day.

## VII. REDEMPTION OF SHARES

Shares in each Class of the Sub-Fund are redeemable on a monthly basis, based on the Net Asset Value, minus a Redemption Adjustment (the "Redemption Price") calculated as of the monthly Valuation Day (the "Redemption Valuation Day") as defined under point "Valuation Day" hereabove. The Board of Directors may determine additional Redemption Valuation Days for which all shareholders in identical situations will be treated equally.

A Redemption Charge of up to 3% of the relevant Redemption Price may be levied on the Redemption Price to compensate financial intermediaries and other persons who assist in the placement of shares.

A written redemption request must be received by the Administrative Agent by 5:00 p.m. (Luxembourg time), on the Business Day falling at least 30 calendar days before the relevant Redemption Valuation Day. Orders received thereafter are considered for the immediately following Redemption Valuation Day.

The proceeds of redemption will normally be paid in the currency of denomination of the Class concerned within 30 calendar days after the relevant Redemption Valuation Day, and in any case before the next Valuation Day.

## VIII. CONVERSION OF SHARES

Conversions are only allowed between any classes within the Sub-Fund. The Board of Directors may, in exceptional circumstances, and at its entire discretion, accept conversion requests into shares of another existing Sub-Fund, according to the provisions of chapter "Conversion of Shares" in Part I of this Prospectus. Conversion applications must be received by the Administrative Agent in the manner described above for subscriptions of Shares.

A conversion charge not exceeding 1% of the Net Asset Value of the Divested Shares, can be applied for the benefit of the Invested Class, as appropriate to cover the costs of transactions arising from the conversion.

## IX. TAXATION

The Sub-Fund is subject in Luxembourg to an annual tax ("taxe d'abonnement") of

- › 0.05% of the Net Asset Value of classes I, P and R and their respective Hedged Shares;
- › 0.01% of the Net Asset Value of classes J and Z and their respective Hedged Shares.

Such tax is payable at the end of each quarter and calculated on the Net Asset Value of the relevant Class at the end of the relevant quarter. For the portion of the assets of the Sub-Fund invested in other UCIs which are established in Luxembourg, no such tax is payable.



## X. LISTING

Shares of Classes I and J and their respective Hedged Shares of the Sub-Fund may be listed on the Luxembourg Stock Exchange.

## XI. FEES

See next page.



## XII. FEES FOR GLOBAL

The Sub-Fund shall pay, out of its assets and on a periodic basis, the fees specified below:

Type of share	ISIN Code	Fees (max %) *		
		Management	Service	Depositary Bank
J USD	LU0407125003	1,25%	0,13%	0,12%
I USD	LU0407125185	1,50%	0,13%	0,12%
P USD	LU1055034315	1,50%	0,13%	0,12%
R USD	LU0407125268	2,00%	0,13%	0,12%
Z USD	LU0407125342	0%	0,13%	0,12%
HJ CHF	LU0407125425	1,25%	0,13%	0,12%
HI CHF	LU0407125938	1,50%	0,13%	0,12%
HP CHF	LU1055034406	1,50%	0,13%	0,12%
HR CHF	LU0407125771	2,00%	0,13%	0,12%
HZ CHF	LU0407126159	0%	0,13%	0,12%
HJ EUR	LU0407125698	1,25%	0,13%	0,12%
HI EUR	LU0407126076	1,50%	0,13%	0,12%
HP EUR	LU1055034588	1,50%	0,13%	0,12%
HR EUR	LU0407125854	2,00%	0,13%	0,12%
HZ EUR	LU0407126233	0%	0,13%	0,12%

\* Maximum percentage per year of the average net assets attributable to this type of shares during the relevant quarter.

The actual amounts charged are shown in the Fund's Annual Reports.

There is no performance fee for this Sub-Fund.



## ANNEX 5: PICTET ALTERNATIVE FUNDS – EQUITY DIVERSIFIER

### I. INVESTMENT OBJECTIVES AND POLICY OF THE SUB-FUND

The Sub-Fund seeks to achieve long-term, risk-adjusted capital appreciation by investing substantially all of its assets in UCIs which are generically known as Hedge Funds, primarily managed by independent investment managers worldwide having the possibility of using alternative asset management strategies. The UCIs in which the Company will invest may include investment companies, investment trusts and limited partnerships.

The Investment Manager will construct a portfolio of UCIs which the Investment Manager believes will achieve optimum risk adjusted return on capital invested. The Sub-Fund's assets will be allocated to professionally managed selected UCIs. The main objective of the Sub-Fund is to invest in UCIs pursuing a Long/Short Equity strategy. However, the Investment Manager has the right to invest, to a lesser extent, in UCIs pursuing other types of strategies.

Portfolio construction guidelines have been established by the Investment Manager which are consistent with the overall investment objectives of the Sub-Fund.

After the initial selection and allocation process, the Investment Manager will continue to advise upon and manage the portfolio of the Sub-Fund with adjustments made when deemed necessary and appropriate by the Investment Manager. UCIs will be continuously monitored and reviewed in order to ensure that stated strategies and objectives are adhered to. The Investment Manager will also maintain an ongoing process of review of prospective new candidates for investment.

If the Investment Manager considers this to be in the best interest of the Shareholders, the Sub-Fund may also, hold liquid assets, up to 100% of its net assets, such as cash deposits, money market UCIs and money market instruments.

The Sub-Fund may also invest directly or through UCIs in any other type of securities such as equities and debt securities worldwide.

For hedging and for any other purposes, the Investment Manager may use all types of financial derivative instruments traded on a regulated market and/or over the counter (OTC) provided they are contracted with leading financial institutions specialized in this type of transactions. In particular, the Sub-fund may take exposure through any derivative investments such as but not limited to warrants, futures, options, swaps (including but not limited to total return swaps, contracts for difference, credit default swaps) and forwards on any underlying including, but not limited to, commodities (cash settled only) and precious metals,

currencies (including non-delivery forwards), interest rates, transferable securities, indexes (including but not limited to commodities, precious metals or volatility indexes), undertakings for collective investment, and invest in structured products, within the limits set out in Chapter "Investment Restrictions" in Part I of this Prospectus.

All the above investments will be made in accordance with the limits set out in Part I of the Prospectus, under Chapter 3.2 "Investment restrictions".

The Sub-Fund will make sure that its portfolio of UCIs will at all times present appropriate level of liquidity so as to enable it to meet any redemption requests made by the shareholders.

Investors should carefully read the information contained in Part I of the Prospectus, under Chapter "Risk Factors".

### II. LEVERAGE

As of the date of this Prospectus, the maximum level of leverage permitted in respect of the Fund is 225% of its Net Asset Value under the Commitment Method and 225% of its Net Asset Value under the Gross Method.

### III. REFERENCE CURRENCY OF THE SUB-FUND

The EUR is the reference currency of the Sub-Fund.

### IV. CLASSES OF SHARES WITHIN THE SUB-FUND

Within the Sub-Fund shares are divided into:

#### A EUR shares

The reference currency of the A EUR share is the Euro.

"A" Shares are exclusively reserved for clients expressly approved by the Management Company or by the Board of Directors, who wish to invest a minimum initial amount of EUR 10,000,000

### V. VALUATION DAY

Shares in each class are issued at the relevant Net Asset Value per share (the "Subscription Price"), as determined as of each "Valuation Day", being the last calendar day of each month (the "Subscription Valuation Day").

### VI. ISSUE OF SHARES

#### VI.I. APPLICATION FOR SHARES DURING THE INITIAL SUBSCRIPTION PERIOD

The Classe A EUR of the Sub-Fund will be initially offered from 12 to 30 May 2016 at an initial price per share of EUR 100-. Payment of the initial subscriptions will have to be received by the Custodian bank on 30 May 2016 at the latest; the net asset value for initial subscription will be calculated as of 31 May 2016.

The first official net asset value for subscription will be calculated as of 30 June 2016.

## VI.II. APPLICATION FOR SHARES AFTER THE INITIAL SUBSCRIPTION PERIOD

**Non activated Classes of Shares of the Sub-Fund may be activated at any time by decision of the Board of Directors.**

Shares of the Sub-Fund are issued, at the discretion of the Board of Directors, on a monthly basis at the relevant Subscription Price as determined as of each Subscription Valuation Day as defined in point "Valuation Day" here above.

A Subscription Charge of up to 3.5% of the relevant Subscription Price may be added to the Subscription Price to compensate financial intermediaries and other persons who assist in the placement of shares.

Investments in shares of the Sub-Fund shall be subject to the following minimum initial subscription requirements:

Minimum initial subscription amounts:

**A Shares** EUR 10,000,000

Applications must be received by the Administrative Agent by 5:00 p.m. (Luxembourg time), at the latest on the Business Day falling 8 Business Days prior to the relevant Subscription Valuation Day. Any application received after such time is considered for the immediately following Subscription Valuation Day.

Payment of the subscription monies must normally be received in cleared funds 5 Business Days before the Subscription Valuation Day.

## VII. REDEMPTION OF SHARES

Shares in each Class of the Sub-Fund are redeemable on a quarterly basis, based on the relevant Net Asset Value (the "Redemption Price") calculated as of the Valuation Days of the months of March, June, September and December (the "Redemption Valuation Day") as defined under point "Valuation Day" hereabove. The Board of Directors may determine additional Redemp-

tion Valuation Days for which all shareholders in identical situations will be treated equally.

A Redemption Charge of up to 3% of the relevant Redemption Price may be levied on the Redemption Price to compensate financial intermediaries and other persons who assist in the placement of shares.

A written redemption request must be received by the Administrative Agent before 5:00 p.m. (Luxembourg time) on the Business Day falling at least 45 calendar days before the relevant Redemption Valuation Day. Orders received thereafter are considered for the immediately following Redemption Valuation Day.

The proceeds of redemption will normally be paid in the currency of denomination of the Class concerned within 30 calendar days after the relevant Redemption Valuation Day and in any case before the next Valuation Day.

## VIII. CONVERSION OF SHARES

Conversions are only allowed between any classes within the Sub-Fund. The Board of Directors may, in exceptional circumstances, and at its entire discretion, accept conversion requests into shares of another existing Sub-Fund, according to the provisions of chapter "Conversion of Shares" in Part I of this Prospectus. Conversion applications must be received by the Administrative Agent in the manner described above for subscriptions of Shares.

A conversion charge not exceeding 1% of the Net Asset Value of the Divested Shares, can be applied for the benefit of the Invested Class, as appropriate to cover the costs of transactions arising from the conversion.

## IX. TAXATION

The Sub-Fund is subject in Luxembourg to an annual tax ("taxe d'abonnement") of 0.01% of the net asset value of class A.

Such tax is payable at the end of each quarter and calculated on the Net Asset Value of the relevant class at the end of the relevant quarter. For the portion of the assets of the Sub-Fund invested in other UCIs which are established in Luxembourg, no such tax is payable.

## X. LISTING

Shares of Class A may be listed on the Luxembourg Stock Exchange.



## XI. FEES FOR EQUITY DIVERSIFIER

The Sub-Fund shall pay, out of its assets and on a Periodic basis, the fees specified below.

Type of share	ISIN Code	Fees (max %) *		
		Management	Service	Depositary Bank
A EUR	LU1409382469	1,25%	0,15%	0,10%

\* Maximum percentage per year of the average net assets attributable to this type of shares during the relevant quarter. The actual amounts charged are shown in the Fund's Annual Reports.

There is no performance fee for this Sub-Fund.





For further information,  
please visit our websites:

[www.am.pictet](http://www.am.pictet)  
[www.pictet.com](http://www.pictet.com)