

# **Sprott-Falcon Gold Equity Fund**

Investment fund under Swiss law of the type  
"securities fund"

for international investments in the gold mining, refining  
and marketing sectors

Prospectus with integrated fund contract  
December 2020

Fund Management Company: LLB Swiss Investment Ltd, Zurich  
Custodian Bank: Frankfurter Bankgesellschaft (Schweiz) AG,  
Zürich

**LLB Swiss Investment Ltd**

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## Part 1: Prospectus

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

Only the information contained in this prospectus, the Key Investor Information Document or in the fund contract shall be deemed to be valid.

### 1 Information on the investment fund

#### 1.1 General information on the investment fund

Falcon Gold Equity Fund is a investment fund under Swiss law of the type "securities funds" pursuant to the Swiss Federal Act on Collective Investment Schemes of June 23, 2006. The Fund Contract was drawn up by Falcon Fund Management (Switzerland) Ltd., Dübendorf, as former Fund Manager, with the approval of Falcon Private Bank Ltd., Zurich, as Custodian. It was submitted to the then Swiss Federal Banking Commission (now the Swiss Financial Market Supervisory Authority, FINMA) and originally approved on March 31, 1992. The function of Fund Manager was transferred from Falcon Fund Management (Switzerland) Ltd. to LLB Swiss Investment Ltd. (formerly LB(Swiss) Investment Ltd.), Zurich on June 10, 2011.

The investment fund is based upon a collective investment agreement (fund contract), under which the fund management company undertakes to provide investors with a stake in the investment fund in proportion to the fund units acquired by those investors, and to manage this investment fund in its own discretion and for its own account in accordance with applicable law and the terms of the fund contract. The custodian bank is a party to the fund contract and performs such duties as are ascribed to it by law and the fund contract.

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

There are currently the following unit classes:

The unit classes differ in terms of the maximum rates of management commission, the reference currency, the currency hedging, the minimum investment, the conditions for acquisition and the payment of retrocessions and rebates:

- "Class A", accumulation class, denominated in US Dollar USD which is at the same time the reference currency of the fund and suitable for all investors. No minimum investment is required. Retrocessions and rebates may be paid in respect of class A.
- "Class H EUR"; accumulation class, denominated in Euro and suitable for all investors. The currency risk of the Euro is hedged against the US dollar to at least 90%. No minimum investment is required. Retrocessions and rebates may be paid in respect of class H EUR.
- "Class I Asia", accumulation class, denominated in US Dollar USD which is at the same time the reference currency of the fund, suitable for qualified investors as defined in Art. 10 prov. 3 a–d CISA who at the time of subscription have their registered office in Asia; the required minimum investment per investor is USD 25 Mio. In respect of Class I Asia rebates but no retrocessions may be paid.

At the moment there is no minimum required for subsequent subscriptions.

Unitholders may request on any dealing day to switch shares of any unit class to shares of another unit class based on the net asset value of the unit classes, if they meet the contractual requirements for participation in the unit class they want to switch in.

The individual unit classes do not constitute segregated pools of assets. Although, as a general rule, expenses are charged only to the unit class for which the service in question was rendered, the possibility cannot be ruled out that a unit class may be charged with the liabilities of another unit class.

The reference currency of all relevant unit classes and of the fund itself is not necessarily the currency in which the direct or indirect investments of the fund are denominated.

For all unit classes the risks of assets whose reference currency is not the same as the reference currency of the respective unit class of the fund, the currency risk may be totally or partially hedged. As full hedging is not required, investment loss due to foreign-exchange market risks cannot be excluded. If differing unit classes are established, all issued units of a unit class shall have identical structural features.

The fund management company shall undertake to treat all investors in the fund fairly. The fund management company shall not place the interests of one investor or a group of investors before the interests of another investor or investor group in the management of the liquidity risk and the redemption of units. The fund management company shall primarily take the principle of the equal treatment of investors into account in that is ensured that no investor can gain an advantage through the purchase or sale of units at already known unit prices. Therefore, it shall set a daily order acceptance deadline. Subscription and redemption orders, received at the custodian bank by 11 am (CET) on a bank business day (order date), will be processed based on the net asset value applicable on the next bank business day (valuation day). Therefore, the net asset value used for settlement is not yet known at the point in time when the order was issued (forward pricing). It is calculated on the valuation day based on the closing price on the order date.

## 1.2 Investment goals and investment policy

### 1.2.1 Investment objective

The investment objective of Falcon Gold Equity Fund is principally to achieve an appropriate level of growth by investing directly or indirectly in securities of companies worldwide which are mainly engaged in the prospecting, processing and marketing of gold or which derive the main part of their revenue from such activities or which invest as financing and holding companies mainly in these sectors.

### 1.2.2 Investment policy

This investment fund invests, after deduction of cash holdings, subject to lit. c, at least two-thirds of fund assets in:

- aa) equity instruments and rights (shares, dividend-right and participation certificates, shares in co-operatives and similar instruments) worldwide of companies which are engaged mainly in the gold mining, refining and marketing sectors, or which earn the majority of their income from such activities, or which invest mainly in these sectors in the capacity of finance houses or holding companies;
- ab) derivatives (including warrants) on the above investments;
- ac) structured products denominated in a freely convertible currency, in particular certificates of issuers worldwide on the aforementioned investments.
- b) The Fund Manager may also, subject to the other investment restrictions and after deduction of cash holdings, invest up to one-third of the fund's assets in:
  - ba) equity instruments and rights (shares, dividend-right and participation certificates, shares in cooperatives and similar instruments) of companies which in respect of registered office, commercial activity and participations do not fulfil the requirements specified in aa);
  - bb) bonds, convertible bonds, convertible notes, warrant bonds and notes as well as other fixed or variable-interest debt instruments and rights of private and public-sector borrowers worldwide, denominated in a freely convertible currency, and which have an investment-grade rating from a ratings agency recognized by FINMA (i.e. BBB or higher from Standard & Poor's, Baa or higher from Moody's or the equivalent rating from another recognized ratings agency);
  - bc) money market instruments of domestic and foreign issuers, denominated in a freely convertible currency, and which have an investment-grade rating from a ratings agency recognized by FINMA (i.e. BBB or higher from Standard & Poor's, Baa or higher from Moody's or the equivalent rating from another recognized ratings agency);
  - bd) derivatives (including warrants) on the above investments;
  - be) bank deposits up to one-third of the fund's assets.

In addition, the Fund Manager must adhere to the following investment restrictions, which refer to fund assets:

- ca) The fund may invest up to 25% of the total assets in securities and rights of companies which are engaged mainly in the production, processing and marketing of other precious metals or invest in these areas as finance houses or holding companies. Furthermore, up to 10% of the fund's assets may be invested in securities and rights of companies which produce, process or market precious stones, strategic or other metals or invest in these areas as finance houses or holding companies;
- cb) Investments in structured products totally max. 30%, Investments in structured products, which are only OTC traded, are limited to 10% of the fund assets.

The benchmark used for Falcon Gold Equity Fund is the Philadelphia Stock Exchange Gold and Silver Index (XAU) The benchmark serves as a performance yardstick. However, the mutual fund is neither indexed nor does it track these indices. It may also invest in securities of companies which are not constituents of this index.

Up to one third of the fund assets may be invested in securities or money market instruments of the same issuer if they are issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organization to which Switzerland or a member state of the European Union belongs.

### 1.2.3 Management of Collateral

#### Permitted types of collateral:

Assets received as collateral as part of investment techniques or OTC transactions must satisfy the following requirements:

- They are highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing They can be sold quickly at a price that is close to its pre-sale valuation;
- they are valued on at least a daily basis. Assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- they should be issued by an entity that is independent from the counterparty or by a company that does not belong to nor is dependent on the counterparty's group;

- Issuer credit quality of collateral received should be of high quality.

#### Required level of collateralization

The required level of collateralization is fulfilled by the following obligations and requirements in the management of collateral:

- collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the collateral exposure to a given issuer does not exceed 20% of its net asset value. Deviation from this rule is permitted if the collateral is issued or guaranteed by an OECD country, a public-law entity from the OECD, or by an international public-law organization to which Switzerland or a member state of the European Union belongs. or the approval conditions set out in Article 83 paragraph 2 CISO are met. If collateral is provided by more than one counterparty, an aggregate perspective must be ensured;
- The fund management company or its agents must be able to obtain power of disposal over, and authority to dispose of the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent; assets received as collateral will be booked into a safe custody account with the custodian bank in the name of the fund management company with reference to the fund;
- The fund management company or its agents may not re-lend, re-pledge, sell or reinvest collateral pledged or transferred to them or use it as part of a repurchase transaction or to hedge obligations arising from derivative financial instruments. If a counterparty fails to perform its obligations in a timely manner, the fund management company decides on the realization of the collateral to indemnify the collective investment scheme;
- if the fund management company receives collateral for at least 30% of a fund's assets, it must ensure that the liquidity risks can be captured and monitored appropriately. Regular stress tests must be carried out that take account of both normal and exceptional liquidity conditions. The controls carried out must be documented;
- The fund management company and its agents must be in a position to attribute any uncovered claims remaining after the realization of collateral to the securities funds whose assets were the subject of the underlying transactions.

#### Determination of security margins

The fund management company and its agents provide for appropriate security margins.

The risks involved in the management of the collateral are taken into account in the risk management process. These are namely operational risks, liquidity risks and counterparty risks.

### **1.2.4 Significant Risks and Risk Profile**

Through its exposure to equities worldwide of various sectors and companies of various sizes the fund shows risks, which are associated with the investment in shares. Relevant here are the general risks inherent to the markets, the risk of changes of interest rates, risk of liquidity and company-specific risks as well as currency risks arising from investments which are not denominated in the reference currency of a share class in case they are not fully hedged.

The essential risks of the investment fund are changes in the market value of the investments held. Depending on the general trend of the financial markets and the development of the investments held in the fund portfolio, there can be considerable fluctuations in inventory value. It cannot be ruled out that the value can drop over longer periods of time. There is no guarantee that the investor will achieve a given return and that units may be given back to the fund management company at a specific price. There can be no guarantee that the targeted investment goal will be achieved.

Investments in equities involve greater risk than those in fixed-interest instruments of highly rated issuers. Changes in the macroeconomic situation or the climate on the stock market may result in substantial price fluctuations.

In the case of fixed-interest securities and rights, any price fluctuations also depend on the maturities of the fixed-interest investments held for the mutual fund. Fixed-interest investments with shorter maturities generally exhibit lower price risk than fixed-interest securities with longer maturities.

A rise in the general level of interest-rate risk may lead to falling prices in the case of fixed-interest investments, while reductions in interest rates may result in price increases.

The credit risk associated with an investment, i.e. the risk that borrowers will default, cannot be entirely ruled out even if investments are carefully selected.

Excessive fluctuations in the financial markets may impede the sale of investments of this fund. In extraordinary cases this may result in the limitation of the normal option of returning units at any time for investors.

#### **Explanation of the risk profile of the fund**

Through its thematic orientation of securities of companies, predominantly active in exploration, processing and marketing of gold, this fund shows an increased risk. The growth and earnings potential and the risks of investments in securities may be increased through the thematic orientation of the gold market and are influenced by the changes of the raw material gold, whose prices generally tends to fluctuate substantially.

The fund management seeks to invest in a diversified portfolio. The investments can be made in different economic sectors and within those sectors they may focus on individual areas and regions. This investment behavior may increase the potential risk of loss if the strategy applied does not meet the expectations.

Investors should be aware that the financial markets in respect of small and medium sized firms is partly illiquid. Varying with the state of the market trading of these small caps may be difficult and can lead to price changes above average.

The market development of precious metals and raw material may be different from the development of securities of other sectors.

Changes in legislation and fiscal conditions may have a negative impact on the investments of the fund and adversely affect the purchase and sale of gold. Furthermore in the past even in developed countries monetary policies were in place, which impeded the freedom of legitimate trade of gold. However, such measures seem less than likely nowadays in the light of the currently reduced monetary importance of gold.

Investments in emerging markets are investments in countries, which according to World Bank classification do not fall within the category "high gross national income (GNI) per capita", i.e. are not classified as "developed". Investments in securities of issuers from emerging markets are, given the emerging state of the markets, exposed to specific risks, namely political and regulatory risks, liquidity risk, equity risks and the risk of sudden capital flight.

#### **Increased volatility**

Due to the above described orientation to companies of the gold sector and the dependence on the development of the gold price, which generally tends to fluctuate strongly the fund price can also be subject to considerable fluctuations up and down within short periods of time.

The current risk profile of the investment fund is presented in the important information for the investor (key investor information document, or KIID).

#### **1.2.5 Use of derivatives**

The fund management company may use derivatives. However, even under extreme market conditions, the use of derivatives is not permitted to give rise to a deviation from the fund's investment goals or cause a change in the investment character of the investment fund. The Commitment I approach will be applied for risk assessment purposes.

Derivatives are used solely to hedge possible risks resulting from investment positions and for rebalancing (regrouping of assets for the purposes of complying in with the strategic asset allocation).

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

Even under exceptional market conditions, the use of derivatives may not have either a so-called leverage effect on the fund assets nor correspond to a short sale.

Detailed information on the fund's investment policy and its restrictions, as well as the permitted investment techniques and instruments (in particular derivatives and their scope) are contained in the fund contract (cf. part 2, §§ 7-15).

#### **1.2.6 Liquidity Management**

The fund management company has documented written principles and procedures for the investment fund, which make it possible for it to monitor and guarantee the liquidity risks of the investment fund so that the liquidity profile of the equity of the investment fund covers the underlying obligations of the investment fund.

The fund management company monitors the liquidity risks, which can result at the level of the investment fund or assets. It makes an estimate of the liquidity of the assets in the investment fund in relation to the fund assets and establishes a liquidity ratio for this. The evaluation of the liquidity includes, for example, an analysis of the trading volume, the complexity of the assets, the number of trading days, which would be necessary to dispose of the respective assets without having an influence on the market price.

The fund management company monitors the liquidity risks, which can result from an increase in demand from investors on the redemption of units from investors. Here, the fund management company forms an opinion based on the expectations for net cash flow changes while taking into account the available information about the investor structure and experience values from historic net cash flow changes. It takes into account the effects of large-scale withdrawal risks and other risks (for example, reputation risks).

The rights of return under normal and exceptional circumstances as well as the suspension of redemption are defined under section 5.2 of the Prospectus as well as in § 17 of the fund regulations.

#### **1.3 Profile of the typical investor / Definition of target market within the meaning of MiFID II**

The investment fund is suitable for investors with a long-term investment horizon, whose primary goal is to achieve capital growth. These investors are able to tolerate significant fluctuations and reductions in the net

asset value of their units in the fund, and such fluctuations and reductions may prevail for a longer period of time. These investors are familiar with the main risks of investing in stocks. Because the fund also invests in bonds, these investors must be willing to accept fluctuations in the net asset value of their units arising from interest rate movements. With respect to investments in gold, investors are referred to the risk advice remarks set forth above. Due to the potential for a lack of risk diversification, the fund is only suitable for the investment of a limited portion of an investor's assets. Investors should not rely on being able to profitably sell their investment at a specific time.

The definition of the target markets of the fund can be found in the PRIIP KID in the section „What is the type of the product?“. This PRIIP KID has been set up pursuant to the guidelines of the delegated regulation 2017/653 of the EU Commission resp. in addition to the relevant fund documents in accordance with Swiss law. The actual PRIIP KID of the fund is available on the website [www.llbswiss.ch](http://www.llbswiss.ch). For Retail Clients of the EU resp. EEA countries this PRIIP KID together with the present prospectus with integrated fund contract as well as the last annual and semi-annual reports (if published after the last annual report) is the basis for any subscriptions.

#### **1.4 Tax regulations relevant to the investment fund**

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

The Swiss federal withholding tax deducted from the Investment Fund's domestic income can be reclaimed in full for the Investment Fund by the Fund Management Company.

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

Distributions of income made by the investment fund to investors domiciled in Switzerland are subject to Swiss federal withholding tax (source tax) at 35%, irrespective of whether they are reinvested or distributed. Any capital gains distributed by a separate coupon are not subject to withholding tax.

Investors domiciled in Switzerland may reclaim withholding tax deducted from their distributions by filing tax returns or by submitting a separate refund application.

Investors domiciled outside Switzerland may reclaim withholding tax deducted under the terms of double taxation treaties between Switzerland and their country of domicile. If no such treaty exists, the withholding tax may not be reclaimed.

Distributions of income to Investors domiciled outside Switzerland are made free of Swiss withholding tax, provided at least 80% of the Fund's income originates from foreign sources. This is subject to presentation of confirmation from a bank stating that the units in question are held at the bank in the custody account of an Investor domiciled outside Switzerland, and that the distributions of income are credited to this Investor's account (bank declaration / affidavit). No guarantee can be given that at least 80% of the Fund's income originates from foreign sources.

If withholding tax is charged to an Investor domiciled outside Switzerland owing to a failure to present a declaration of domicile, under Swiss law they may submit a refund application directly to the Swiss Federal Tax Administration in Berne.

Furthermore, both income and capital gains, whether distributed or reinvested, may, depending on the person who holds the units directly or indirectly, be subject in full or in part to a "paying agent tax".

Information for investors in Germany:

The fund under Swiss law (approved by the Swiss Financial Market Supervisory Authority FINMA) qualifies as investment fund within the meaning of the German investment tax law (Investmentsteuergesetz, InvStG). For the purpose of the taxation of the investors regular reports are submitted to WM Datenservice. In addition, the relevant tax information is made available on the website of the fund management company ([www.llbswiss.ch](http://www.llbswiss.ch)). The preparation and verification of the relevant tax information for the German investor shall be provided by the German tax advisor of the fund management company.

Right to partial tax release for equity and mixed funds:

In principle, the fund management company intends to ensure the formal qualification as equity resp. mixed fund for investment funds, which meet the conditions for equity resp. mixed funds within the meaning of § 2 (6 and 7) InvStG (new) due to their investment strategy, by the insertion of a wording to this effect within the investment requirements.

The fund management company ensures that, at least 51% of the fund's assets are invested in equities, which are admitted to the official market on a stock exchange or in another organized market or included in another organized market there and which are not units of an investment fund or REITs. Investments in other collective investment schemes are taken into consideration either in the amount of the daily published rates of the value they actually hold in equities or in the minimal amount stated in the investment requirements of these funds. German investors should therefore benefit from the bonus of a partial tax release according to § 20 (1) InvStG (new). A German tax advisor has been assigned to monitor the observance of investment restrictions and to document them in an appropriate way.

Therefore, the present investment fund qualifies as an equity fund according to § 2 (6) InvStG (new).

The daily equity ratio (according to German tax law) in the fund will be published when needed on WM Datenservice.

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

**Taxation and other tax implications for investors, who hold, buy or sell fund units are defined by the tax laws and regulations in the investor's country of domicile.**

**Neither the Fund Management Company nor the Custodian may be held responsible for individual tax consequences for investors resulting from the purchase and sale or holding of fund units.**

**Potential investors should inform themselves about the laws and ordinances, which apply to the subscription, purchase, ownership and sale of shares or units in the place of domicile and, if applicable, seek counsel.**

The Investment Fund has the following tax status:

International automatic exchange of information in tax matters (automatic exchange of information)

For the purposes of the automatic exchange of information in accordance with the Common Standard on Reporting and Due Diligence for Financial Account Information (CRS) of the Organisation for Economic Co-Operation And Development (OECD), the Fund qualifies as a non-reporting financial institution.

FATCA:

The investment fund has been registered with the tax authorities in the United States as a Registered Deemed-Compliant Financial Institution under a Model 2 IGA as provided for by Sections 1471 – 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including related ordinances, FATCA). The investment fund is neither licensed nor registered in the United States of America (USA) in conjunction with the tax considerations. The investment fund therefore can be classified as intransparent, which can be linked to tax consequences.

## **2 Information on the fund management company**

### **2.1 General information on the fund management company**

LLB Swiss Investment Ltd. is responsible for the management of the investment fund. The fund management company, which is domiciled in Zurich, Switzerland, has been active in the fund business since its formation as a public limited company in 1995.

On the 31st of December 2018 the subscribed share capital of the fund management company amounted to CHF 8,000,000.00 million. The share capital is divided into registered shares and has been paid up to 100%.

#### **Shareholders**

Liechtensteinische Landesbank AG, Vaduz, at 100%

#### **Board of Directors of the fund management company:**

Natalie Flatz, President, at the same time member of the executive board of the Liechtensteinische Landesbank AG, Vaduz

Bruno Schranz, Vice President, at the same time head of the department „Fund Services“ of Liechtensteinische Landesbank AG, Vaduz

Hans Stamm

#### **Management**

Dominik Rutishauser

Ferdinand Buholzer

As at Dec 31, 2019, the Fund Management Company administers a total of 54 collective investment schemes in Switzerland, with assets under management totaling CHF 5.5 billion.



**Address of the fund management company:**

LLB Swiss Investment Ltd  
Claridenstrasse 20  
8002 Zurich  
Switzerland  
  
www.llbsswiss.ch

**2.2 Delegation of investment decisions**

Investment decisions in respect of the fund have been delegated to Sprott Asset Management L.P., Toronto ("Asset Manager").

Sprott Asset Management L.P., Toronto, is a global asset management company subject to the supervision of the Ontario Securities Commission (OSC) and the US Securities and Exchange Commission (SEC). It manages a total of approximately USD 10 billion, primarily in precious metals.

The exact details of the contract are laid down in an asset management agreement between the fund management company and the asset manager.

Sprott Asset Management L.P., Toronto has delegated the investment decisions to Sprott Asset Management USA Inc. in Carlsbad, California. Sprott Asset Management USA Inc. is an asset management company supervised by the US Securities and Exchange Commission (SEC).

The exact details of the contract are laid down in an asset management agreement between Sprott Asset Management L.P. and Sprott Asset Management USA Inc.

**Address of the Asset Manager:**

Sprott Asset Management L.P.  
Royal Bank Plaza, South Tower, Suite 2600  
200 Bay Street  
Toronto, Ontario, M5J2J1  
CANADA

**2.3 Exercise of shareholder and creditors' rights**

The fund management company exercises the shareholder and creditors' rights associated with the investments of the funds it manages, and does so independently and exclusively in the interests of the investors. The fund management company will, upon request, provide investors with information on its exercise of shareholder and creditors' rights.

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

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

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

**3 Information on the custodian bank**

Custodian is Frankfurter Bankgesellschaft (Switzerland) Ltd. The bank was founded as a joint-stock company in Zurich in 1990.

The main activities of the Custodian are retail banking and the securities business.

The custodian bank may delegate the safekeeping of the fund's assets to third-party custodians and collective securities depositaries in Switzerland or abroad to the extent that this is in the interest of proper safekeeping. Within the meaning of the above paragraph, the transfer for financial instruments may only be undertaken to monitored third-party or collective custodians. An exception is made for the mandatory safekeeping at a location, where the transfer to monitored third-party or collective custodians is not possible as especially in the case of mandatory legal regulations or the modalities of the investment product. The third-party and collective depositaries entail that the fund management company no longer has the sole ownership but rather the co-ownership of the deposited securities. If the third-party and collective custodians are moreover not supervised, they shall not satisfy the requirements organizationally which are demanded for Swiss banks.

It shall be ensured through a suitable arrangement of the organization and procedures that the conflicts of interest are avoided between the custodian bank and the investors as well as between the custodian bank and possible third-party and collective depositaries in Switzerland and abroad, which could be integrated by the custodian bank.

The custodian bank is liable for damages caused by the delegated party to the extent that custodian bank cannot prove that it applied due diligence in the selection, instruction and monitoring necessary for the circumstances.

The prospectus contains statements on the risks inherent in the transfer of the safekeeping to third-party and collective depositories.

With the United States tax authorities, the custodian bank is registered as a participating foreign financial institution under the terms of sections 1471-1474 of the United States Internal Revenue code (Foreign Account Tax Compliance Act, including related decrees, FATCA).

#### Address of the custodian bank:

Frankfurter Bankgesellschaft (Switzerland) Ltd.  
Börsenstrasse 16  
8001 Zurich  
Switzerland

## 4 Information on third parties

### 4.1 Paying Agent

The Paying Agent is the Custodian Bank (see point 3)

The required information for unit holders (prospectus, fund contract, key investor information document (KIID), annual and semi-annual report, issuing and redemption prices) is available at not charge along with other information and documents at the paying agent in Switzerland.

### 4.2 Distributors

Distributor is Falcon Private Ltd., Zurich.

The fund management company may appoint further distributors at any time.

### 4.3 Auditors

PricewaterhouseCoopers Ltd.  
Birchstrasse 160  
8050 Zurich  
Switzerland

## 5 Further information

### 5.1 Key data:

Swiss securities numbers:	A-Class:	278353
	H EUR-Class:	12424737
	Asia I-Class:	12424740
ISIN:	A-Class:	CH0002783535
	H EUR-Class:	CH0124247377
	Asia I-Class:	CH0124247401
FATCA-GIIN:	U05SVU.99999.SL.756	
Listing:	The units of classes A and H EUR are admitted to trading in the secondary market of SIX Swiss Exchange (Segment Sponsored Funds / Sponsor and Market Maker is Bank Julius Bär & Co. AG).  The units of class Asia I are not admitted to trading on a stock exchange.	
Financial year:	The financial year shall run from 1 January to 31 December.	
Term:	unlimited	
Accounting currency:	USD	
Reference currency of the share classes	„A“-Class:	US Dollar (USD)
	„H EUR“-Class:	Euro (EUR)
	„Asia I“-Class:	US Dollar (USD)
Units:	The units are bearer units. Units will not take the form of actual certificates but will exist purely as book entries.	
Appropriation of income: (all share classes)	Income is retained by the fund management company for reinvestment.  Realized capital gains can be distributed by the fund management company or retained for reinvestment.	

## 5.2 Terms for the issue and redemption of fund units

Fund units will be issued and redeemed on every bank working day (Monday to Friday). No issues or redemptions of units will take place on Swiss public holidays (Easter, Whitsun, Christmas, New Year, 1 August, etc.) or on days when the stock exchanges and markets in the fund's main investment countries are closed respectively if 50% or more of the fund's investments cannot be adequately valued or under the exceptional circumstances defined under § 17 prov. 4 of the fund contract. The fund management company and the custodian bank may reject applications for the subscription at their own discretion.

Subscription and redemption orders received by the custodian bank by 1:00 PM CET at the latest on a given bank working day (order day) will be settled on the next bank working day (valuation day) on the basis of the net asset value calculated on that day. The net asset value on which settlement of the order will be based will therefore not be known when the order is placed (forward pricing). That net asset value is calculated on the valuation day on the basis of the closing prices on the order day. Orders received after 1:00 PM CET (cut-off-time) by the custodian bank will be dealt with on the following banking day.

The net asset value of a unit of a given class is determined by the market value of the fund's assets, minus any of the fund's liabilities, divided by the number of units in circulation. It will be rounded to one centime.

The issue price of units of a given class corresponds to the net asset value of that class calculated on the valuation day. No issuing commission or other commissions are charged.

Incidental costs incurred by the fund on the purchase of investments (brokerage fees in line with the market, commissions, taxes and duties) as a result of its investment of amounts paid in to the fund, will be debited to the fund's assets.

The redemption price of units of a given class corresponds to the net asset value of that class calculated on the valuation day. No redemption commission or other commissions are charged.

The issue and redemption prices are rounded to one centime. Payment will be made two bank working days after the order day (value date is trade date plus two).

Units will not take the form of actual certificates but will exist purely as book entries.

Overview		T	T+1	T+2
1.	Subscription and redemption orders received by the custodian bank by 11:00 AM CET (order day)	X		
2.	closing prices for the valuation of the net asset value	X		
3.	calculation of the net asset value (valuation day)		X	
4.	Procession date of transaction		X	
5.	Publication of net asset value		X	
6.	Value date of transaction			X

T = Trade date and deadline for closing prices / T+2 = Valuation date

## 5.3 Fees and incidental costs

### 5.3.1 Fees and incidental costs charged to the investor (excerpt from § 18 of the fund contract)

No issuing or redemption commission is charged on subscriptions and redemptions of units.

The switch from one share class to the other is free of charge.

### 5.3.2 Fees and incidental costs charged to the fund's assets (excerpt from sec. 19 of the fund contract)

Management fee charged by the fund management company

"A"-Class:	max. 1.75% p.a.
"H EUR"-Class:	max. 1.75% p.a.
"Asia I"-Class:	max. 1.25% p.a.

This covers the administration, asset management and where applicable, the distribution of the investment fund.

Service Fee for distribution platforms max. 0.25% p.a.

In addition the Fund Management Company and its agents may pay retrocessions and or rebates according to Ciph. 5.3.3 of this prospectus.

Custodian bank's fee max. 0.15% p.a.

The fee covers the tasks of the Custodian Bank such as the safekeeping of the fund assets, the handling of payment transactions, and the performance of the other tasks listed under § 4 of the Fund Contract.

In addition, the costs listed in sec. 19 of the fund contract may also be charged to the investment fund.

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

### 5.3.3 Payment of retrocessions and rebates

The Fund Management Company and its agents may pay retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland only for the following share classes:

- „A“-Class
- „H EUR“-Class.

For the other share classes the Fund Management Company and its agents do not pay retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland

This remuneration may be deemed payment for the following services in particular:

- organization of road shows
- participation on fairs
- production of publicity material
- instruction of distribution agents.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the Investors. The recipients of the retrocessions must ensure transparent disclosure and inform Investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution.

On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the Investors concerned.

In respect of distribution in or from Switzerland, the Fund Management Company and its agents may on request pay rebates directly to Investors for the following share classes:

- „A“-Class
- „H EUR“-Class
- „Asia I“-Class

The purpose of rebates is to reduce the fees or costs incurred by the Investor in question. Rebates are permitted provided that

- they are paid from fees charged by the Fund Management Company and therefore do not represent an additional charge to the fund assets;
- they are granted on the basis of objective criteria;
- all Investors who meet these objective criteria and request rebates are also granted these within the same timeframe and to the same extent

The objective criteria for the granting of rebates by the Fund Management Company are as follows:

- the volume subscribed by the Investor or the total volume they hold in the collective investment scheme or, where applicable, in the product range of the promoter;
- the amount of the fees generated by the Investor;
- expected investment period.

At the request of the Investor, the Fund Management Company must disclose the amounts of such rebates free of charge.

The Fund Management Company and its agents do not pay rebates for class “C”.

### 5.3.4 Total expense ratio

The coefficient of the total expense ratio (TER) charged to the fund’s assets on an ongoing basis without performance fee was:

#### TER

	„A“-Class	„H EUR“-Class	„Asia I“-Class
2017	2.00%	1.98%	1.24%
2018	1.98%	1.98%	1.22%
2019	1.98%	2.00%	n/a

### 5.3.5 Commission sharing agreements and soft commissions

The Fund Management Company has not concluded commission sharing agreements.

The Fund Management Company has not concluded agreements in respect of soft commissions.

#### **5.4 Publication of official notices of the investment fund**

Further information on the investment fund may be found in the latest annual or semi-annual report. The latest information can also be found on the Internet at [www.llbsswiss.ch](http://www.llbsswiss.ch)

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

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

Prices are published daily (except on days, when the fund is closed for subscriptions and redemptions) on the homepage of Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)). In addition the fund management company may decide to publish prices in other media, like newspapers, journals or electronic media and price information systems.

Additional information about the investment limits of the risk management of the investment fund, the risk management methods and the latest risk developments and yields of the most important categories of assets is available at no charge when requested in writing from the fund management company as well as the German information office.

The fund management company also regularly publishes the following information:

- Immediate information about changes in the liability of the custodian on the Internet at [www.llbsswiss.ch](http://www.llbsswiss.ch);
- The percentage share of assets in the investment fund, which are difficult to liquidate and therefore are subject to special regulations, in the annual report;
- And new rules about liquidity management of the AIF, in the annual report;

The current risk profile of the investment fund and the risk management system used for this, in the annual report and in the important information for investors (key investor information document or

#### **5.5 Sales restrictions**

With respect to the issue and redemption of units of this investment fund outside Switzerland, the laws applicable in the country in question shall be deemed to govern.

- a) A distribution license is present for the following countries:
  - Switzerland
  - Germany
- b) Units of this investment fund may not be offered, sold or delivered to the USA or US persons (as defined under Regulation S of the US Securities Act of 1933 and/or Rule 4.7 of the US Commodity Futures Trading Commission, in the respective valid versions).

#### **5.6 Legal system, jurisdiction, assertion of rights**

Legal disputes arising in conjunction with the investment in the investment fund are subject to Swiss law. To assert their rights, investors may appeal to a court of law in Switzerland or, if such is available, seek a dispute settlement procedure alternatively. The courts holding jurisdiction at the head offices of the fund management company are responsible for settling legal disputes related to the fund. The enforcement of judgments is oriented to the Swiss federal law on debt collection and insolvency. Judgments from Swiss courts can be enforced against the fund management company without prior recognition.

#### **5.7 Detailed regulations**

All further information on the Fund, such as the method used for the valuation of the fund assets, a list of all fees and incidental costs charged to the Investor and the Fund, and the appropriation of net income, can be found in detail in the Fund Contract.

## **Part 2: Fund contract**

### **I. Basic principles**

#### **§ 1 Name of the fund; name and registered office of the fund management company, the custodian bank and asset manager**

1. A contractual investment fund of the type "securities fund" has been established under the name of Falcon Gold Equity Fund (hereinafter referred to as the "investment fund") in accordance with Art. 25ff. in conjunction with Art. 53ff. of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA).
2. The fund management company is LLB Swiss Investment Ltd., Zurich.
3. The custodian bank is Frankfurter Bankgesellschaft (Schweiz) Ltd. with its registered office in Zürich.
4. The asset manager is Sprott Asset Management L.P., Totonto / Canada. Sprott Asset Management L.P. has delegated investment decisions to Sprott Asset Management USA Inc, Carlsbad, California / USA.

### **II. Rights and obligations of the parties to the contract**

#### **§ 2 The fund contract**

The legal relationship between the Investor, on the one hand, and the Fund Management Company and the Custodian Bank, on the other, is governed by the present Fund Contract and the applicable provisions of the legislation on collective investment schemes.

#### **§ 3 The fund management company**

1. The fund management company manages the investment fund in its own discretion and in its own name for the account of investors. It decides in particular on the issue of units, the investments and their valuation. It calculates the net asset value and determines the issue and redemption prices of units and the distributions of income. It exercises all rights associated with the investment fund.
2. The fund management company and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organizational measures that are necessary for proper management. They ensure the provision of transparent financial statements and provide appropriate information on this investment fund. They disclose all charges and fees incurred directly or indirectly by Investors and the appropriation of such charges and fees. They notify Investors of compensation for the distribution of collective investment schemes in the form of commissions, brokerage fees and other soft commissions in a full, truthful, and comprehensible manner.
3. The fund management company may delegate investment decisions as well as specific tasks, provided this is in the interests of efficient management. It shall appoint only persons who are qualified to execute the task properly, and shall ensure the provision of instructions as well as monitoring and controlling in respect of the tasks.

Investment decisions may be delegated only to asset managers who are subject to recognized supervision.

If foreign law requires an agreement on cooperation and the exchange of information with foreign supervisory authorities, the Fund Management Company may delegate investment decisions to asset managers abroad only if such an agreement exists between FINMA and the relevant foreign supervisory authorities for the investment decisions concerned.

4. The fund management company may, with the consent of the custodian bank, submit a change to the present fund contract to the supervisory authority for its approval (cf. § 26).
5. The fund management company may dissolve the investment fund pursuant to the provisions in § 25.
6. The fund management company is entitled to receive the fees stipulated in §§ 18 and 19. It is further entitled to be released from any liabilities assumed in the proper performance of its duties, and to be reimbursed for expenses incurred in connection with such liabilities.

#### **§ 4 The custodian bank**

1. The custodian bank is responsible for the safekeeping of the fund's assets. It handles the issue and redemption of fund units as well as payment transfers on behalf of the investment fund.
2. The Custodian Bank and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the Investors. They implement the organizational measures that are necessary for proper management. They ensure the provision of transparent financial statements and provide appropriate information on this Investment Fund. They disclose all charges and fees incurred directly or indirectly by Investors and the appropriation of such charges and fees. They notify Investors of compensation for the distribution of collective investment schemes in the form of commissions, brokerage fees and other soft commissions in a full, truthful, and comprehensible manner.
3. The Custodian Bank is responsible for account and safekeeping account management on behalf of the Investment Fund, but does not have independent access to its assets.

4. The Custodian Bank ensures that, in the case of transactions relating to the assets of the Investment Fund, the countervalue is transferred within the usual time limit. It notifies the Fund Management Company if the countervalue is not remitted within the usual time limit and, where possible, requests reimbursement for the asset item concerned from the counterparty.

5. The Custodian Bank keeps the required records and accounts in such manner that it is, at all times, able to distinguish between the assets held in safekeeping for the individual investment funds.

In relation to assets that cannot be taken into safekeeping, the Custodian Bank verifies ownership by the Fund Management Company, and keeps a record thereof.

6. The Custodian Bank may transfer the safekeeping of the fund assets to third-party custodians and collective securities depositories in Switzerland or abroad, provided this is in the interests of proper safekeeping. The Custodian Bank verifies and monitors that the third-party custodian or collective securities depository it appoints:

- a) possesses an appropriate organizational structure, financial guarantees and the specialist qualifications required given the nature and complexity of the assets entrusted to it;
- b) is subject to regular external audits, thereby ensuring that it possesses the financial instruments;
- c) the assets received from the Custodian Bank are held in safekeeping in such a manner that by means of regular portfolio comparisons they can, at all times, be clearly identified as belonging to the fund assets;
- d) complies with the provisions applicable to the Custodian Bank with respect to the performance of the tasks delegated to it and the avoidance of conflicts of interest.

The Custodian Bank is liable for damage or loss caused by its agents unless it is able to prove that it exercised the due diligence required in the circumstances in respect of selection, instruction, and monitoring. The Prospectus contains information on the risks associated with the transfer of safekeeping to third-party custodians and collective securities depositories.

In respect of financial instruments, the transfer of safekeeping in the sense of the previous paragraph may be made only to regulated third-party custodians and collective securities depositories. This does not apply to mandatory safekeeping at a location where the transfer of safekeeping to regulated third-party custodians and collective securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question. Investors must be informed in the Prospectus of safekeeping with non-regulated third-party custodians or collective securities depositories.

7. The Custodian Bank ensures that the Fund Management Company complies with the law and the Fund Contract. It verifies that the calculation of the net asset value and of the issue and redemption prices of the units, as well as the investment decisions, are in compliance with the law and the Fund Contract, and that income is appropriated in accordance with the Fund Contract. The Custodian Bank is not responsible for the choice of investments which the Fund Management Company makes in accordance with the investment regulations.

8. The Custodian Bank is entitled to receive the fees stipulated in §§18 and 19. It is further entitled to be exempt from any liabilities which may have arisen in the course of the proper execution of its duties, and to be reimbursed for expenses incurred in connection with such liabilities.

9. The Custodian Bank is not responsible for the safekeeping of the assets of the target funds in which this Investment Fund invests, unless this task has been delegated to it.

## **§ 5 The investor**

1. There are no restrictions in terms of investor eligibility.

Restrictions are possible for individual classes in accordance with § 6.4.

2. On concluding the contract and making a payment in cash, the investor acquires a claim against the fund management company in respect of participation in the investment fund's assets and income. The investor's claims are evidenced in the form of fund units.

3. Investors are obliged only to remit payment for the units of the fund they subscribe. They are not held personally liable for the liabilities of the fund.

4. Investors may obtain information concerning the basis of the calculation of the net asset value per unit from the fund management company at any time. If investors assert an interest in more detailed information on specific business transactions effected by the fund management company, such as the exercise of membership and creditors' rights, or on risk management, they must be given such information by the fund management company at any time. The Investors may request before the courts of the registered office of the fund management company that the audit firm or another expert investigate the matter which requires clarification and furnish the Investors with a report.

5. The investors may terminate the fund contract daily and demand that their share in the investment fund be paid out in cash.

6. Upon request, the Investors are obliged to provide the fund management company, the custodian bank and their agents with proof that they comply with or continue to comply with the conditions laid down in the law or

the fund contract in respect of participation in the investment fund or in a unit class. Furthermore, they are obliged to inform the fund management company, the custodian bank and their agents immediately they cease to meet these conditions.

7. The fund management company, in cooperation with the custodian bank, must make an enforced redemption of the units of an Investor at the current redemption price if:

- a) this is necessary to safeguard the reputation of the financial market, and specifically to combat money laundering;
- b) the Investor no longer meets the statutory or contractual conditions for participation in this Investment Fund.

8. The fund management company, in cooperation with the custodian bank, may also make an enforced redemption of the units of an investor at the current redemption price if:

- a) the participation of the investor in the investment fund is such that it might have a significant detrimental impact on the economic interests of the other Investors, in particular if the participation might result in tax disadvantages for the investment fund in Switzerland or abroad;
- b) the investor has acquired or holds their units in violation of provisions of a law to which they are subject either in Switzerland or abroad, of the present fund contract or the prospectus;
- c) there is a detrimental impact on the economic interests of the investors, in particular in cases in which individual investors seek by way of systematic subscriptions and immediate redemptions to achieve a financial benefit by exploiting the time differences between the setting of the closing prices and the valuation of the fund assets (market timing).

## **§ 6 Units and unit classes**

1. The fund management company may establish additional unit classes and may also merge or dissolve unit classes at any time subject to the consent of the custodian bank and the approval of the supervisory authority. All unit classes embody an entitlement to a share in the undivided assets of the fund, which are not segmented. This share may differ due to class-specific expenses or distributions or class-specific income, and the various classes may therefore have different net asset values per unit. Class-specific expenses are covered by the assets of the investment fund as a whole.

2. Notification of the establishment, dissolution or merger of unit classes shall be published in the media of publication. Only mergers shall be deemed a change to the fund contract pursuant to § 26.

3. The various unit classes may differ from one another in terms of their expense structure, reference currency, currency hedging, policy with regard to distribution or reinvestment of income, minimum investment required and investor eligibility.

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

4. There are currently the following unit classes established:

The unit classes differ in terms of the maximum rates of management commission, the reference currency, the currency hedging, the minimum investment, the conditions for acquisition and the payment of retrocessions and rebates

- "Class A", accumulation class, denominated in US Dollar USD which is at the same time the reference currency of the fund and suitable for all investors. No minimum investment is required. Retrocessions and rebates may be paid in respect of class A.
- "Class H EUR"; accumulation class, denominated in Euro and suitable for all investors. The currency risk of the Euro is hedged against the US dollar to at least 90%. No minimum investment is required. Retrocessions and rebates may be paid in respect of class H EUR.
- "Class I Asia", accumulation class, denominated in US Dollar USD which is at the same time the reference currency of the fund, suitable for qualified investors as defined in Art. 10 prov. 3 a–d CISA who at the time of subscription have their registered office in Asia; the required minimum investment per investor is USD 25 Mio. In respect of Class I Asia rebates but no retrocessions may be paid.

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

6. The fund management company and custodian bank are obliged to require investors who no longer meet the eligibility criteria for a given unit class to redeem their units within 30 calendar days pursuant to § 17, to transfer them to an individual who does meet the eligibility requirements or to convert the units into another class for which they are eligible. If the investor fails to comply with this demand, the fund management company and custodian bank must make an enforced switch to another unit class of the respective subfund or, if that is not feasible, enforce the redemption of the affected units in accordance with § 5 (7).



### **III. Investment policy guidelines**

#### **A Investment principles**

##### **§ 7 Compliance with investment rules**

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

##### **§ 8 Investment policy**

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

a) securities, i.e., equities issued in large quantities and non-securitized rights with the same function (uncertificated securities) that are traded on a stock exchange or another market open to the public, and that embody a participation right or claim or the right to acquire such securities and uncertificated securities by way of subscription or exchange, for example warrants;

Investments in securities from initial public offerings are only permitted if their terms of issue contemplate their admission to a stock exchange or another regulated market open to the public. If they have not been admitted to a stock exchange or another regulated market open to the public within a year after their acquisition, these securities must be sold within one month or included under the restriction set forth in sec. 1(i));

b) Derivatives, if (i) the underlyings are securities as defined in a); derivatives as defined in b); units in collective investment schemes as defined in d); money market instruments as defined in e); financial indices, interest rates, exchange rates, credits or currencies; and (ii) the underlyings are permitted as investments under the Fund Contract. Derivatives are either traded on an exchange or other regulated market open to the public, or are traded OTC.

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

c) Structured products, if (i) the underlyings are securities as defined in a); derivatives as defined in b); structured products as defined in c); units in collective investment schemes as defined in d); money market instruments as defined in e); financial indices, interest rates, exchange rates, credits or currencies; and (ii) the underlyings are permitted as investments under the Fund Contract. Structured products are either traded on an exchange or other regulated market open to the public, or are traded OTC;

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

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

e) Sight or time deposits with terms to maturity not exceeding twelve months with banks domiciled in Switzerland or in a member state of the European Union, or in another country provided that the bank is subject to supervision in that country which is equivalent to the supervision in Switzerland and that have an investment grade rating by one of the rating agencies recognised by FINMA (i.e. BBB and higher according to Standard & Poor's, Baa and higher according to Moody's or a comparable rating from another recognised rating agency);

f) investments other than those specified in (a) through (e) above, up to a total of 10% of the fund's assets. The following are not permitted: (i) investments in precious metals, precious metals certificates, commodities and commodity certificates as well as (ii) real short-selling of any type of investment.

2. The investment objective of Falcon Gold Equity Fund is principally to achieve an appropriate level of growth by investing directly or indirectly in securities of companies worldwide which are mainly engaged in the prospecting, processing and marketing of gold or which derive the main part of their revenue from such activities or which invest as financing and holding companies mainly in this sectors.

This investment fund invests, after deduction of cash holdings, subject to lit. c, at least two-thirds of fund assets in:

aa) equity instruments and rights (shares, dividend-right and participation certificates, shares in co-operatives and similar instruments) worldwide of companies which are engaged mainly in the gold mining, refining and

marketing sectors, or which earn the majority of their income from such activities, or which invest mainly in these sectors in the capacity of finance houses or holding companies;

ab) derivatives (including warrants) on the above investments;

ac) structured products denominated in a freely convertible currency, in particular certificates of issuers worldwide on the aforementioned investments.

b) The Fund Manager may also, subject to the other investment restrictions and after deduction of cash holdings, invest up to one-third of the fund's assets in:

ba) equity instruments and rights (shares, dividend-right and participation certificates, shares in cooperatives and similar instruments) of companies which in respect of registered office, commercial activity and participations do not fulfil the requirements specified in aa);

bb) bonds, convertible bonds, convertible notes, warrant bonds and notes as well as other fixed or variable-interest debt instruments and rights of private and public-sector borrowers worldwide, denominated in a freely convertible currency, and which have an investment-grade rating from a ratings agency recognized by FINMA (i.e. BBB or higher from Standard & Poor's, Baa or higher from Moody's or the equivalent rating from another recognized ratings agency);

bc) money market instruments of domestic and foreign issuers, denominated in a freely convertible currency, and which have an investment-grade rating from a ratings agency recognized by FINMA (i.e. BBB or higher from Standard & Poor's, Baa or higher from Moody's or the equivalent rating from another recognized ratings agency);

bd) derivatives (including warrants) on the above investments;

be) bank deposits up to one-third of the fund's assets.

In addition, the Fund Manager must adhere to the following investment restrictions, which refer to fund assets:

ca) The fund may invest up to 25% of the total assets in securities and rights of companies which are engaged mainly in the production, processing and marketing of other precious metals or invest in these areas as finance houses or holding companies. Furthermore, up to 10% of the fund's assets may be invested in securities and rights of companies which produce, process or market precious stones, strategic or other metals or invest in these areas as finance houses or holding companies;

cb) Investments in structured products totally max. 30%, Investments in structured products, which are only OTC traded, are limited to 10% of the fund assets.

## **§ 9 Liquid assets**

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

## **B Investment techniques and instruments**

### **§ 10 Securities lending**

1. The Fund Management Company may lend all types of securities which are traded on an exchange or other regulated market open to the public.

2. The Fund Management Company may lend securities in its own name and for its own account to a borrower ("principal"), or appoint an intermediary to put the securities at the disposal of the borrower either indirectly on a fiduciary basis ("agent") or directly ("finder").

1. The Fund Management Company will carry out securities lending transactions exclusively with first-class supervised borrowers and intermediaries which are specialized in transactions of this type, such as banks, brokers, and insurance companies, as well as with licensed and recognized central counterparty clearing houses and central securities depositories, which guarantee the proper execution of the security lending transactions.

2. If the Fund Management Company must observe a notice period, which may not exceed seven bank working days, before it may again have legal control of the lent securities, it may not lend more than 50% of the eligible holding of that particular security. However, if the borrower or the intermediary provides a contractual guarantee to the Fund Management Company that it may have legal control of the lent securities on the same or following bank working day, then the entire eligible holding of that particular security may be lent.

3. The Fund Management Company concludes an agreement with the borrower or intermediary under which the latter pledges or transfers collateral to the Fund Management Company for the purposes of guaranteeing restitution in accordance with Article 51 CISO-FINMA. The value of the collateral must be appropriate and must, at all times, be equal to at least 100% of the market value of the securities lent. The issuer of the collateral must have a high credit rating, and the collateral may not be issued by the counterparty or by a company that belongs to or is dependent on the counterparty's group. The collateral must be highly liquid, traded at a

transparent price on an exchange or other regulated market open to the public, and must be valued at least on each trading day. In managing the collateral, the Fund Management Company and its agents must comply with the duties and requirements under Art. 52 CISO-FINMA. In particular, they must diversify the collateral appropriately in terms of countries, markets, and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted for publicly guaranteed or issued investments pursuant to Art. 83 CISO. The Fund Management Company and its agents must further be able to obtain power of disposal over, and authority to dispose of, the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent. The collateral received must be kept at the Custodian Bank. The collateral received may be held in safekeeping by a supervised third-party custodian on behalf of the Fund Management Company provided that ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.

4. The borrower or intermediary is liable for ensuring the prompt, unconditional payment of any income accruing during the securities lending period, as well as for the assertion of other proprietary rights, and for the contractually agreed return of securities of the same type, quantity, and quality.

5. The Custodian Bank ensures that the securities lending transactions are settled in a secure manner, in line with the agreements, and, in particular, monitors compliance with the requirements relating to collateral. In addition, it carries out the administrative duties assigned to it under the safe-custody regulations during the term of the lending transaction and asserts all rights associated with the lent securities, unless such duties have been ceded under the terms of the standardized framework agreement.

6. The Prospectus must contain further information on the collateral strategy.

## **§ 11 Securities repurchase agreements**

The fund management company does not engage in securities repurchase agreements.

## **§ 12 Derivatives**

1. The Fund Management Company may use derivatives. Derivatives are used solely to hedge possible risks resulting from investment positions and for rebalancing (regrouping of assets for the purposes of complying in with the strategic asset allocation). It ensures that, even in exceptional market conditions, the financial effect of using derivatives does not result in a deviation from the investment objectives set out in the present Fund Contract, the Prospectus and the Key Investor Information Document, and that it does not change the investment character of the Investment Fund. Furthermore, the underlyings of the derivatives must be permissible investments according to the present Fund Contract..

In connection with collective investment schemes, derivatives may be used only for currency hedging purposes, with the exception of the hedging of market, interest rate and credit risks in the case of collective investment schemes for which the risks can be determined and measured unequivocally.

2. Commitment Approach I is applied to the assessment of risk. Taking into account the necessary coverage set out in this paragraph, the use of derivatives does not result in a leverage effect on the fund assets, neither does it correspond to short selling.

The fund management company must, at all times, be able to meet the payment and delivery obligations entered into in respect of the derivatives from the fund assets in accordance with the legislation on collective investment schemes.

3. Only basic types of derivative may be used. These comprise:

- a) Call or put options, the expiration value of which is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price, and is zero if the difference is preceded by the opposite sign (+ or -);
- b) Credit default swaps (CDS);
- c) Swaps, the payments of which are dependent on the value of the underlying or on an absolute amount in both a linear and a path-independent manner;
- d) Future and forward transactions, the value of which is linearly dependent on the value of the underlying.

4. The financial effect of the derivatives is similar to either a sale (exposure-reducing derivative) or a purchase (exposure-increasing derivative) of an underlying security.

5. a) In the case of exposure-reducing derivatives, subject to letter b) and d) below, the arising obligations must be covered at all times by the underlyings of the derivative.

b) Cover with investments other than the underlyings is permitted in the case of exposure-reducing derivatives that relate to an index which is

- calculated by an independent external office;
- representative of the investments serving as cover;
- in adequate correlation to these investments.

c) The fund management company must have unrestricted power to dispose of these underlyings or investments at all times.

d) An exposure-reducing derivative may be weighted by the delta in the calculation of the corresponding underlyings.

6. In the case of exposure-increasing derivatives, the underlying equivalents must be covered at all times by near-money assets pursuant to Art. 34 para. 5 CISO-FINMA. In the case of futures, options, swaps, and forwards, the underlying equivalent is determined in accordance with Annex 1 CISO-FINMA.

7. When netting derivative positions, the Fund Management Company must comply with the following rules:

a) Counter positions in derivatives based on the same underlying as well as counter positions in derivatives and in investments in the same underlying may be netted, irrespective of the maturity date of the derivatives, provided that the derivative transaction was concluded with the sole purpose of eliminating the risks associated with the derivatives or investments acquired, no material risks are disregarded in the process, and the conversion amount of the derivatives is determined pursuant to Art. 35 CISO-FINMA.

b) If the derivatives in hedging transactions do not relate to the same underlying as the asset that is to be hedged, for netting to be permitted a further condition must be met in addition to the rules set out under a) above, namely that the derivative transactions may not be based on an investment strategy that serves to generate profit. Furthermore, the derivative must result in a demonstrable reduction in risk, the risks of the derivative must be balanced out, the derivatives, underlyings, or assets that are to be netted must relate to the same class of financial instruments, and the hedging strategy must remain effective even under exceptional market conditions.

c) Derivatives that are used solely for currency hedging purposes and do not result in leverage or contain additional market risks may be netted when calculating the overall exposure arising from derivatives without having to meet the requirements set out under b) above.

d) Covered hedging transactions by interest derivatives are permitted. Convertible bonds do not have to be taken into account when calculating the overall exposure to derivatives.

8. The Fund Management Company may use both standardized and non-standardized derivatives. It may conclude transactions in derivative financial instruments on an exchange or other regulated market open to the public, or in OTC (over-the-counter) trading.

9. a) The Fund Management Company may conclude OTC transactions only with regulated financial intermediaries specialized in such types of transactions that ensure proper execution of the contract. If the counterparty is not the Custodian Bank, the former or its guarantor must have a high credit rating.

b) It must be possible reliably and verifiably to value an OTC derivative on a daily basis and to sell, liquidate or close out the derivative at market value at any time.

c) If no market price is available for an OTC derivative, it must be possible to determine the price at any time using an appropriate valuation model that is recognized in practice, based on the market value of the underlyings from which the derivative was derived. Before concluding a contract for such a derivative, specific offers must, in principle, be obtained from at least two counterparties, and the contract concluded with the counterparty providing the most favorable offer in terms of price. Deviations from this principle are permitted for reasons relating to risk diversification, or where other parts of the contract such as credit rating or the range of services offered by the counterparty render another offer more advantageous overall for the investors. Furthermore, and by way of exception, the requirement to obtain offers from at least two potential counterparties may be dispensed with if this is in the investors' best interests. The reasons for doing so must be clearly documented, as must the conclusion of the contract and pricing.

d) As part of OTC transactions, the Fund Management Company and its agents may only accept collateral that satisfies the requirements set down in Art. 51 CISO-FINMA. The issuer of the collateral must have a high credit rating, and the collateral may not be issued by the counterparty or by a company that belongs to or is dependent on the counterparty's group. The collateral must be highly liquid, traded at a transparent price on an exchange or other regulated market open to the public, and must be valued at least on each trading day. In managing the collateral, the Fund Management Company and its agents must comply with the duties and requirements under Art. 52 CISO-FINMA. In particular, they must diversify the collateral appropriately in terms of countries, markets, and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted for publicly guaranteed or issued investments pursuant to Art. 83 CISO. The Fund Management Company and its agents must further be able to obtain power of disposal over, and authority to dispose of, the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent. The collateral received must be kept at the Custodian Bank. The collateral received may be held in safekeeping by a supervised third-party custodian on behalf of the Fund Management Company provided that ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.

10. In complying with the statutory and contractual investment restrictions (maximum and minimum limits), derivatives must be factored in in accordance with the legislation on collective investment schemes.

11. The prospectus shall contain further information on:

- the importance of derivatives as part of the investment strategy;
- the effect of the use of derivatives on the risk profile of the investment fund;
- the counterparty risks of derivatives;
- credit derivatives;
- the collateral strategy.

### **§ 13 Raising and granting loans**

1. The fund management company may not grant loans for the fund's account. Securities lending transactions pursuant to § 10 are not deemed to be granting loans within the meaning of this paragraph.
2. The fund management company may borrow the equivalent of up to 10% of the net fund assets on a temporary basis. The maximum repayment term is 12 months

### **§ 14 Encumbrance of the fund's assets**

1. No more than 25% of the net fund assets may be pledged or ownership thereof transferred as collateral by the fund management company at the expense of the investment fund.
2. The fund's assets may not be encumbered with guarantees. An exposure-increasing credit derivative is not deemed to be a guarantee within the meaning of this paragraph.

## **C Investment restrictions**

### **§ 15 Risk diversification**

1. The rules on risk diversification include the following:
  - a) investments pursuant to § 8, with the exception of index-based derivatives, provided the index is sufficiently diversified, is representative of the market it relates to and is published in an appropriate manner;
  - b) liquid assets pursuant to § 9;
  - c) claims against counterparties arising from OTC transactions (only currency hedging transactions).
2. Companies which form a group in accordance with international accounting rules are deemed to be a single issuer.
3. The fund management company may invest up to 30% of fund assets in physical gold, which is stored at the custodian bank. In this case, 30% of fund assets will be invested with the same bank (custodian bank).
4. Including derivatives and structured products, the Fund Management Company may invest up to a maximum of 20% of the fund assets in securities and money market instruments from the same issuer. The total value of the securities and money market instruments from the issuers in which more than 10% of the fund assets are invested may not exceed 60% of the fund assets.
5. The fund management company may invest up to a maximum of 20% of the fund's assets in sight and term deposits with the same bank.
6. The fund management company may invest up to a maximum of 5% of the fund's assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union or another country in which it is subject to supervision equivalent to that in Switzerland, this limit is increased to 10% of the fund's assets.

If the claims arising from OTC transactions are hedged using collateral in the form of liquid assets pursuant to Art. 50 to 55 CISO-FINMA, such claims are not included in the calculation of counterparty risk.

7. Investments, deposits and claims pursuant to secs. 4 to 6 above and issued by the same issuer/borrower may not in total exceed 20% of the fund's assets. This is without prejudice to the higher limits for investment in physical gold pursuant to sec. 4 above.
8. The fund management company may invest a maximum of 10% of the fund's assets in units of the same collective investment scheme.
9. The fund management company may acquire equity rights which in total represent less than 10% of the voting rights in a company or which would enable it to exert a material influence on the management of an issuing company.
10. The fund management company may acquire for the fund's assets less than 10% of the non-voting equity and debt instruments of the same issuer as well as a maximum of 25% of the units of other collective investment schemes.

These restrictions do not apply if the gross amount of the debt instruments or the units of other collective investment schemes cannot be calculated at the time of the acquisition.

## **IV. Details on valuation of fund assets and units and on issue and redemption of units**

### **§ 16 Calculation of the net asset value**

1. The net asset value of the investment fund and the share of assets attributable to the individual classes [prorated shares] are calculated in the reference currency of the respective share class at their market value as of the end of the financial year and for each day on which units are issued or redeemed. The fund assets will not be calculated on days when the stock exchanges / markets in the investment fund's main investment countries are closed (e.g., bank and stock exchange holidays).
2. Securities traded on a stock exchange or another regulated market open to the public shall be valued at the current prices paid on the main market. Other investments or investments for which no current market value

is available shall be valued at the price which would probably be obtained upon a diligent sale at the time of the valuation. In such cases, the fund management company shall use appropriate and recognized valuation models and principles to determine the market value.

3. The value of money market instruments that are not traded on a stock exchange or another regulated market open to the public is determined as follows: the valuation price of such investments is successively adjusted in line with the redemption price, taking the net purchase price as the basis and ensuring that the investment returns calculated in this manner are kept constant. If there are significant changes in the market conditions, the valuation principles for the individual investments will be adjusted in line with the new market returns. If there is no current market price in such instances, the calculations are as a rule based on the valuation of money market instruments with the same characteristics (quality and domicile of the issuer, issuing currency, term to maturity).

4. Bank credit balances are valued on the basis of the amount due plus accrued interest. If there are significant changes in the market conditions, the valuation principles for time deposits will be adjusted in line with the new circumstances.

5. The net asset value of units of a given class is determined by the proportion of the fund's assets as valued at the market value attributable to the given unit class, minus any of the investment fund's liabilities that are attributed to the given unit class, divided by the number of units of the given class in circulation. It will be rounded to one centime.

6. The percentages of the market value of the Fund's net assets (fund assets less liabilities) attributable to the individual unit classes is determined for the first time at the initial issue of more than one class of units (if this occurs simultaneously) or the initial issue of a further unit class. The calculation is made on the basis of the assets accruing to the Fund for each unit class. The percentage is recalculated when one of the following events occurs:

- a) when units are issued and redeemed;
- b) on the relevant date for distributions, provided that (i) such distributions are only made for individual unit classes (distribution classes); (ii) the distributions of the various unit classes differ when expressed as a percentage of the respective net asset values; or (iii) different commission or expenses are charged on the distributions of the various unit classes when expressed as a percentage of the distribution;
- c) when the net asset value is calculated, as part of the allocation of liabilities (including due or accrued expenses and commissions) to the various unit classes, provided that the liabilities of the various unit classes are different when expressed as a percentage of the respective net asset value, especially if (i) different commission rates are applied for the various unit classes or (ii) class-specific expenses are charged;
- d) when the net asset value is calculated, as part of the allocation of income or capital gains to the various unit classes, provided the income or capital gains stem from transactions made solely in the interests of one unit class or several unit classes but disproportionately to their share of the net fund assets.

#### **§ 17 Issue and redemption of units**

1. Subscription and redemption orders for units are accepted on the day the orders are placed, up to a prescribed deadline specified in the prospectus. The definitive price of the units for the issues and redemptions is determined at the earliest on the bank working day following the day the order is placed (valuation day). This is referred to as "forward pricing." The details are governed by the Prospectus.

2. The issue and redemption price of units is based on the net asset value per unit calculated on the valuation day on the basis of the closing prices from the previous day as defined under § 16.

Incidental costs (specifically standard brokerage charges, commissions, taxes, and fees) incurred by the Investment Fund in connection with the investment of the amount paid in, or with the sale of that portion of investments corresponding to the redeemed unit(s), will be charged to the fund assets.

3. The fund management company may suspend the issue of units at any time, and may reject applications for the subscription or exchange of units.

4. The fund management company may temporarily and by way of exception suspend the redemption of fund units in the interests of all investors:

- a) if a market which is the basis for the valuation of a significant proportion of the fund's assets is closed, or if trading on such a market is restricted or suspended;

- b) in the event of a political, economic, military, monetary or other emergency;
  - c) if, owing to exchange controls or restrictions on other asset transfers, the investment fund can no longer transact its business;
  - d) in the event of large-scale redemptions that could significantly affect the interests of the remaining investors.
5. The Fund Management Company will immediately inform the audit firm and the supervisory authority of any decision to defer redemptions. It must also inform the Investors in a suitable manner.
6. No units will be issued for as long as repayments in respect of units are deferred for the reasons stipulated under point 5 a) to c).

## **V. Fees and incidental expenses**

### **§ 18 Fees and incidental expenses charged to the investor**

1. No issuing or redemption commission is charged on subscriptions and redemptions of units.
2. The switch from one share class to the other is free of charge.

### **§ 19 Fees and incidental expenses charged to the fund's assets**

For administration, asset management and distribution of the fund, the fund management company shall charge the fund with a commission not exceeding 1,75% p.a. of the fund's net asset value, to be charged to the fund's assets on a pro rata basis every time the net asset value is calculated and paid out at the end of each quarter (management fee).

Management fee charged by the fund management company for the different classes is as follows:

- A Class max. 1.75% p.a.
- H EUR Class max. 1.75% p.a.
- Asia I Class max. 1.25% p.a.

For the access of the fund to distribution platforms the fund management company will charge the fund with a commission of max. 0.25% p.a. on the net asset value of the fund, to be charged to the fund's assets on a pro rata basis every time the net asset value of the fund's assets is calculated and paid out at the end of each month (Service fee).

The rate of the management fee actually charged shall be stated in the semi-annual and annual reports.

1. For the safekeeping of the fund assets, the handling of the fund's payment transactions and the performance of the other tasks of the Custodian Bank listed under § 4, the Custodian Bank will charge the investment fund a commission of 0.15% p.a. of the fund's net asset value, which is applied at the end of each month on a pro rata temporis basis (custodian bank fee).

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

3. Furthermore, the Fund Management Company and the Custodian Bank are entitled to reimbursement of the following costs incurred in executing the Fund Contract:

- a) the supervisory authority's fees in relation to the establishment, amendment, liquidation or merger of the Fund;
- b) the supervisory authority's annual fees;
- c) the audit firm's fees for annual auditing as well as certification in the case of establishment, amendments, liquidation or mergers of the Fund;
- d) fees for legal and tax advisors in connection with the establishment, amendment, liquidation or merger of the Fund, as well as generally upholding the interests of the Fund and its Investors;
- e) the cost of publishing the net asset value of the Fund, together with all the costs of providing notices to Investors, including translation costs, provided such costs cannot be ascribed to any failure on the part of the Fund Management Company;
- f) the cost of printing legal documents, as well as the Fund's annual and semi-annual reports;
- g) the cost of any registration of the Fund with a foreign supervisory authority, and specifically the commissions levied by the foreign supervisory authority, translation costs, and remuneration for the representative or paying agent abroad;
- h) costs relating to the exercising of voting rights or creditors' rights by the Fund, including the cost of fees paid to external advisors;
- i) costs and fees relating to intellectual property registered in the name of the Fund or with rights of use for the Fund;
- j) all costs incurred though any extraordinary steps taken to safeguard the interests of Investors by the Fund Management Company, Asset Manager of Collective Investment Schemes or Custodian Bank.

4. The Investment Fund will also bear all incidental costs for the purchase and sale of investments (standard brokerage fees, commissions, duties) incurred in the management of the fund assets. These costs will be offset directly against the stated acquisition or saleable value of the investments in question.

5. The fund management company and its agents may in accordance with the provisions of the Prospectus pay retrocessions as remunerations for distribution activity in respect of fund units, and rebates to reduce the fees or costs incurred by the Investor and charged to the Fund.

## **VI. Financial statements and audits**

### **§ 20 Financial statements**

1. The fund's accounting currency is the US Dollar (USD).
2. The financial year runs from 1 January to 31 December.
3. The fund management company publishes an audited annual report for the investment fund within four months of the end of the financial year.
4. The fund management company publishes a semi-annual report for the investment fund within two months following the end of the first half of the financial year.
5. The investor's right to obtain information under § 5.4 is reserved.

### **§ 21 Audits**

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

## **VII. Appropriation of net income**

### **§ 22**

1. Until Dec 31, 2015 the net income of the investment fund has been distributed annually per unit class to the investors in the accounting currency of the respective unit class.

Since the business year 2016 the net income of the Fund will be added on an annual basis to the fund assets for reinvestment to each unit class in the currency of the respective unit class, subject to any taxes and duty charged on the reinvestment.

2. Appropriation of realized capital gains from the sale of assets and rights is differentiated by individual unit class as follows:

## **VIII. Publication of official notices by the investment fund**

### **§ 23**

1. The medium of publication of the Investment Fund is the print medium or electronic medium specified in the Prospectus. Notification of any change in the medium of publication must be published in the medium of publication.

2. The following information must, in particular, be published in the medium of publication: summaries of material amendments to the fund contract, indicating the offices from which the amended wording may be obtained free of charge; any change of fund management company and/or custodian bank; the creation, dissolution or merger of unit classes; and the liquidation of the Investment Fund. Amendments that are required by law that do not affect the rights of Investors or are of an exclusively formal nature may be exempted from the duty to publish subject to the approval of the supervisory authority.

3. Each time units are issued or redeemed, the Fund Management Company will publish the issue and the redemption prices or the net asset value together with a note stating "excluding commissions" for all unit classes on the electronic platform Swiss Fund Data AG ([www.swissfunddata.ch](http://www.swissfunddata.ch)). Prices must be published at least twice each month. The weeks and weekdays on which publications are made must be specified in the Prospectus. In addition the fund management company may decide to publish prices in other media, like newspapers, journals or electronic media and price information systems.

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



## **IX. Restructuring and dissolution**

### **§ 24 Merger**

1. Subject to the consent of the custodian bank, the fund management company may merge funds by transferring the assets and liabilities as at the time of the merger of the fund(s) being acquired to the acquiring fund. The investors of the fund(s) being acquired will receive the corresponding number of units in the acquiring fund. The fund(s) being acquired is/are terminated without liquidation when the merger takes place, and the fund contract of the acquiring fund will also apply for the fund(s) being acquired.
2. Investment funds may only be merged if:
  - a) the corresponding fund contracts provide for this;
  - b) they are administered by the same fund management company;
  - c) the corresponding fund contracts basically concur with regard to the following terms and conditions:
    - the investment policy, investment techniques, the risk distribution as well as the risks related to the investment,
    - the application of the net income and the capital gains from the sale of goods and rights,
    - the type, amount and calculation of all compensation, fees and redemption commissions as well as incidental costs for the purchase and sale of investments (brokerage fees, fees, expenses), which may be charged to the fund assets or the investors,
    - the redemption terms and conditions,
    - the duration of the contract and the terms for dissolution;
  - d) on the same day the assets of the investment funds are valued, the exchange relationship is calculated and the net asset value and the liabilities are assumed;
  - e) neither the investment fund nor the investors incur costs through this. The provisions referred to in article 19 point. 4. a, c) and d) remain reserved.
3. If the merger is likely to take more than one day, the supervisory authorities may permit a limited deferral of repayments of the units of the participating investment fund.
4. The fund management company shall present the intended changes to the fund contract as well as the intended merger together with the merger plan to the supervisory authority for review at least one month before the planned publication. The merger plan contains information about the reasons for the merger, the investment policy of the involved investment funds and the possible differences between the receiving and the transferred investment funds, the calculation of the exchange ratio, possible differences in compensations, possible tax consequences for the investment funds as well as a statement from the responsible auditors in accordance with the CISA.
5. The fund management company publishes the intended changes to the fund contract according to § 23 section 2 as well as the intended merger and its date together with the merger plan in the publication medium of the participating investment funds at least two months before the established effective date. When doing so, it informs the investors that they can file objections with the supervisory authorities against the intended changes to the fund contract within 30 days of the publication or they may request the redemption of their units.
6. The audit firm must check directly that the merger is being carried out correctly, and must submit a report containing its comments in this regard to the Fund Management Company and the supervisory authority.
7. The fund management company must inform the supervisory authority of the conclusion of the merger, and publish notification of the completion of the merger, confirmation from the audit firm of the proper execution of the merger, and the exchange ratio, without delay in the medium of publication of the funds involved.
8. The fund management company must make reference to the merger in the next annual report of the acquiring fund, and in the semi-annual report if published prior to the annual report. If the merger does not take place on the last day of the usual financial year, an audited closing statement must be produced for the fund(s) being acquired.

### **§ 25 The duration of the investment fund and dissolution**

1. The investment fund has been established for an indefinite period.
2. The fund management company or the custodian bank may dissolve the investment fund by terminating the fund contract without observing any notice period.
3. The investment fund may be dissolved by order of the supervisory authority, in particular if it does not have net assets of at least 5 million Swiss francs (or the equivalent) at the latest one year after the expiry of the subscription period (flotation) or at the end of such longer extended period as the supervisory authority has approved at the request of the custodian bank and the fund management company.

4. The fund management company shall inform the supervisory authority of the dissolution immediately and shall publish notice thereof in the media of publication.

5. Once the fund contract has been terminated, the fund management company may liquidate the fund forthwith. If the supervisory authority has ordered the dissolution of the investment fund it must be liquidated forthwith. The custodian bank is responsible for the payment of liquidation proceeds to the investors. Payment may be made in installments if the liquidation proceedings are protracted. The fund management company must obtain authorization from the supervisory authority prior to the final payment.

## **X. Amendments to the fund contract**

### **§ 26**

If amendments are made to the present fund contract, or if the merger of unit classes or a change of the fund management company or of the custodian bank is planned, the investors may lodge objections with the supervisory authority within 30 days after the last publication to this effect. In the event of amendments to the fund contract (including the merger of unit classes), investors may also demand the redemption of their units in cash subject to the contractual notice period. Excepted herefrom are cases pursuant to § 23(2) that have been exempted from mandatory publication by the approval of the supervisory authority.

## **XI. Applicable law and jurisdiction and venue**

### **§ 27**

1. The Investment Fund is subject to Swiss law, in particular the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, the Ordinance on Collective Investment Schemes of 22 November 2006 and the Ordinance of the Swiss Financial Market Supervisory Authority FINMA on Collective Investment Schemes of 27 August 2014.

Jurisdiction and venue shall lie with the courts at the fund management company's registered office.

2. For purposes of interpreting the present fund contract, the German version shall be deemed to prevail.
3. The effective date of the present fund contract is February 3, 2020.
4. The present fund contract replaces and supersedes the fund contract dated January 1, 2020.
5. When approving the fund contract, FINMA verifies all of the provisions of the Fund Contract and ensures their compliance with the law.

#### **The fund management company:**

LLB Swiss Investment Ltd.

#### **The custodian bank:**

Frankfurter Bankgesellschaft (Schweiz) AG