Inofficial English translation from the German original text. The latter shall prevail.

Swiss Hedge Trading Fund

A contractual investment fund under Swiss law in the category
“Other funds for alternative investments with special risk” (“the Fund”)

Prospectus with integrated Fund Contract
dated 18 January 2011

An investment fund established for
Swiss Hedge Capital AG, Zürich,
by Swiss & Global Asset Management AG, Zürich, as Fund Management and by RBC Dexia Investor Services Bank S.A., Esch-sur-Alzette, Zürich branch, as Custodian Bank.

The Fund is an investment fund under Swiss law in the category “Other funds for alternative investments with special risk”, which in addition to traditional investments may also make comprehensive use of alternative investment techniques and strategies (short sales of investments, extensive use of derivative instruments, etc.), the risks of which are not comparable to those of securities funds. Specifically, the leverage of the investments may amount to a factor of <3> maximum. This leverage effect means that in the event of price changes, the value of the assets increases or decreases to a disproportionate extent. Investors’ attention is expressly drawn to the risk information contained in section 7 of the prospectus.

Persons investing in the Fund must be willing and able to bear capital losses, including a total loss. The Fund Management Company and the investment manager will, however, endeavour to reduce the risks inherent in the investment policy through targeted diversification of the investments, risk limitation strategies and continuous monitoring of the risk parameters.

Fund Management Company
Swiss & Global Asset Management AG Hohlstrasse 602
CH-8010 Zürich

Custodian Bank
RBC Dexia Investor Services Bank S.A., Esch-sur-Alzette, Zürich branch
Badenerstrasse 567
Postfach 101
CH-8066 Zürich

Part I – Prospectus

This prospectus with integrated Fund Contract and the most recent annual or semi-annual report (if published after the latest annual report) serve as the basis for all subscriptions of units in the Fund.

The only valid information is that given in the prospectus, the investment Fund Contract or in one of the documents listed in the prospectus.

Distribution is effected through the Custodian Bank or through further distributors used by the Fund Management.

The fund has been approved in Switzerland by the supervisory authority, the Swiss Financial Market Supervisory Authority (FINMA) and can be sold without restrictions in Switzerland in accordance with the legal provisions. Marketing approval in other countries does not currently exist and at the present time it is not intended to file any such application.

Restrictions may be imposed on the distribution of this prospectus and on the offering and sale of Fund units in individual jurisdictions. Any person who comes into possession of this prospectus of the Fund with an integrated Fund Contract must inform him-/herself of the principal provisions of the law (including the tax legislation) of the jurisdictions concerned, that is, of those applicable at their current domicile and in their home country.

The Fund Management Company, the Custodian Bank and the other distributors used by these two entities may reject applications, particularly if they are of the opinion that they originate from persons who in filing the subscription application are breaching the laws of a jurisdiction applicable to them.

1. Information on the umbrella fund

1.1 Principal parties

Fund Management Company:	Swiss & Global Asset Management AG Hohlstrasse 602 Postfach CH-8010 Zürich
Custodian Bank, Paying Agent and Distributor:	RBC Dexia Investor Services Bank S.A., Esch-sur-Alzette, Zürich branch Badenerstrasse 567 Postfach 101 CH-8066 Zürich Telephone +41 (0)44 405 97 00 Fax +41 (0)44 405 97 53
Investment manager:	swiss-hedge Capital AG Gerbergasse 5 CH-8001 Zürich Telephone +41 (0) 43 344 73 00 Fax +41 (0) 43 344 73 09
Auditor:	KPMG AG Badenerstrasse 172 Postfach CH-8026 Zürich Telephone +41 (0)44 249 31 31 Fax +41 (0)44 249 23 19

1.2 Further information in summary form

Unit classes:	“A“ class and “A-(EUR)“ class (together “A“ classes) are distributing classes aimed at the entire spectrum of the investing public and whose unit of account is the Swiss franc or Euro respectively. “D“ class and “D-(EUR)“ class (together “D“ classes) are distributing classes aimed at the entire spectrum of the investing public and whose unit of account is the Swiss franc or Euro respectively.
Unit of account of the Fund:	Swiss franc (CHF)
Listing:	The units are not currently listed on a securities exchange.
Minimum investment:	”A” or ”A-(EUR)” class: CHF or EUR 100.-- respectively ”D” or “D-(EUR)” class: CHF 25,000.-- (or equivalent in euros).

Subscriptions:	Orders received at the Custodian Bank one banking day (order day) before the valuation date by no later than 3.00 p.m. are settled on Monday of each week (valuation date) or, if Monday is not a working day, on the next banking day (Forward Pricing).
Issue price:	Initial issue price: CHF or EUR 100.-- per unit of the “A“ and “D“ classes, subsequently as per the net asset value per unit determined on each issuing day, for the “A“ classes plus a sales commission of a maximum of 3% in favour of the Fund Management Company, the Custodian Bank or the distributor. No sales commission is charged for the “D” classes.
Certificates:	The units are not issued in certificate form, but are recorded as book entries. Investors are not entitled to request that a certificate be delivered. Fractions of units are issued down to 1/1000th.
Term:	The Fund has been established for an indefinite period of time.
Financial year:	The financial year begins on 1 January and ends on 31 December and on 31 December 2011 for the first time.
Redemptions:	Orders received at the Custodian Bank one banking day (order day) before the valuation date by no later than 3.00 p.m. are settled on Monday of each week (valuation date) or, if Monday is not a working day, on the next banking day (Forward Pricing).
Redemption price:	The redemption price corresponds to the net asset value per share determined for each order day on the valuation date. No redemption fee is charged.
Fees and incidental costs:	For fees and incidental costs, reference is made to section 8 below.
Official publication media:	Schweizerisches Handelsamtsblatt and the Internet platform of fundinfo AG "*www.fundinfo.com*". The publications can also be inspected online on the home page of the Schweizerisches Handelsamtsblatt (www.shab.ch).
Price publications:	Weekly on the Internet platform of fundinfo AG "*www.fundinfo.com*".
Offices where Publications of the Fund are available:	Further information on the Fund may be obtained from the audited annual and unaudited semi-annual reports. The prospectus with integrated Fund Contract and the latest annual and semi-annual reports may be obtained at the registered office of the Fund Management, the Custodian Bank and all distributors free of charge.

Sales restriction: The units of the Fund are currently authorized for public distribution only in Switzerland and may not be offered for sale, sold or delivered in particular in the USA.

Security number/ISIN number:

Unit class	**ISIN Code**	**Security no.**
A	CH0116465623	11646562
D	CH0116465631	11646563
A-(EUR)	CH0116465649	11646564
D-(EUR)	CH0116465656	11646565

1.3 General information on the umbrella fund

A contractual investment fund organized under Swiss law exists under the name of "Swiss Hedge Trading Fund" in the category "Other funds for alternative investments with special risk" ("the Fund") within the meaning of articles 25 and following in conjunction with Art. 71 in conjunction with Art. 92f. of the Federal Law on collective investment schemes dated 23 June 2006 (“KAG”). The Fund Contract was drawn up by Swiss & Global Asset Management AG as fund manager and, with the consent of RBC Dexia Investor Services Bank S.A., Esch-sur-Alzette, Zürich branch, as Custodian Bank, was submitted to the Swiss Federal Market Supervisory Authority and approved for the first time by the latter on 18 January 2011.

The Fund is based on a collective investment agreement (Fund Contract), under which the Fund Management Company undertakes to provide the investor with a stake in the Fund in proportion to the number of Fund Shares acquired by the investor, and to manage the Fund independently and in its own name in line with the provisions of the Fund Contract and the law. The Custodian Bank is a party to the Fund Contract in accordance with the tasks conferred upon it by law and the Fund Contract.

In accordance with the Fund Contract, the Fund Management Company is entitled to establish, liquidate or merge different unit classes for the Fund at any time, subject to the consent of the Custodian Bank and the approval of the supervisory authority. The establishment, liquidation or merger of unit classes is announced in the publication media. Only a merger is deemed to be an amendment of the Fund Contract within the meaning of § 29 of the Fund Contract. If more than one class of units exists, the unit classes must be denoted by an addition to the name.

The following unit classes currently exist:

- the "A" class with the Swiss franc as the unit of account is a distributing class aimed at the entire spectrum of the investing public;

- the "A (EUR)" class with the Euro as the unit of account is a distributing class aimed at the entire spectrum of the investing public;

- the "D" class with the Swiss franc as the unit of account is a distributing class aimed at the entire spectrum of the investing public. The initial subscription volume amounts to at least CHF 25,000.

- - the "D (EUR)" class with the Euro as the unit of account is a distributing class aimed at the entire spectrum of the investing public. The initial subscription volume amounts to at least the equivalent in euros of CHF 25,000.

The “A” classes differ from the "D" classes by having a higher rate of commission. The Fund Management Company does not pay the distributors and placement agencies any fees for any distribution services in connection with the sale, offering or holding of D classes.

The unit of account of all currently issued unit classes is not necessarily the currency in which the direct or indirect investments of the Fund are denominated.

The classes of units do not represent segmented pools of assets. Thus it cannot be ruled out that one class of units may have to bear the liabilities of another class of units even if costs are, in principle, assigned only to the class of units benefiting from a particular service.

Owing to class-specific cost burdens or distributions or class-specific income, participation in a unit class of the Fund may lead to different results and the different classes of the Fund may therefore have a different net asset value per unit.

2. Information about the Fund Management Company

2.1 General information on the Fund Management Company

Swiss & Global Asset Management AG, with registered office in Zürich, is responsible for providing the Fund Management Company. It has been active in the international fund business since it was established in 1990 as a joint-stock company and since 15 June 1995 as a fund management company.

As at 31 December 2009, the fully paid-up share capital of the Fund Management Company amounted to CHF 1.20 million, divided into 120,000 registered shares of CHF 10.-- each.

The Fund Management Company is a wholly-owned subsidiary of Swiss & Global Asset Management Holding AG, Zürich, which in turn is a wholly-owned subsidiary of GAM Holding AG, Zürich.

The Board of Directors currently consists of Martin Jufer, Head Products & Services of Swiss & Global Asset Management AG, Michele Porro, Head Sales & Distribution of Swiss & Global Asset Management AG, Stefan Angele, Head Investment Management of Swiss & Global Asset Management AG and Roman Aschwanden, Head of Portfolio Management of GAM (Schweiz) AG.

Management is conducted by Mr. Thomas von Ballmoos as chief executive officer (subject to FINMA approval), Mr. Christoph Widmer as deputy chief executive officer, Daniel Koller, Rolf Aeberhard, Beat Egger and Scilla Huang Sun.

As at 31 December 2009 the Fund Management Company managed a total of 109 investment funds in Switzerland, for which the assets under management totalled CHF 36.8 billion.

The Fund Management Company has established an Investment committee, which is in charge of constantly monitoring the activity of the investment manager of investment funds in the category Other funds for alternative investments.

This Investment committee currently consists of the following persons:

Dr. Rudolf Burkhalter works for the Fund Management Company in the area of risk management. After completing his studies in theoretical physics at the University of Bern, he worked from 1996 to 2001 at the University of Tsukuba, Japan, as a researcher in the field of numerical simulations in elementary particle physics. Subsequently Rudolf Burkhalter joined KPMG Consulting (today BearingPoint), where he worked as consultant on risk management topics on projects for banks and stock exchanges. At the same time he acquired an in-depth knowledge of the financial markets by training to become an FRM and CFA. In 2003 Rudolf Burkhalter joined the Asset Management department of Julius Baer as a quantitative analyst on risk management. During this period he took on responsibility in this department in the areas of risk modelling, performance attribution and investment controlling.

Roman Aschwanden assists the Fund Management Company on an assignment basis with monitoring and controlling of the Investment Manager. After completing his studies in management and finance at the University of Zürich in 1992, Roman Aschwanden began his career with UBS AG, Zürich, in the Corporate Banking division. During his career with UBS AG, Roman Aschwanden moved in 1996 to UBS Tokyo Branch as an authorized officer holding power of attorney and finally to UBS Trust & Banking, Tokyo, where he worked until 1999 in the divisions of Corporate & Structured Finance, Corporate Finance Division and Private Banking Division. As head of Private Banking Controlling Tokyo, among other positions, he acquired an in-depth knowledge in particular in the area of Alternative Investments, Risk Management and Investment Management. In 2000 Roman Aschwanden joined GAM (Schweiz) AG as Head of Business Management. At the same time he was elected to the Board of Directors of GAM (Schweiz) AG and GAM Anlagefonds AG. In 2001 he was appointed deputy managing director and head of portfolio management and product development.
In 2005 Roman Aschwanden took on overall responsibility in the area of Operations and IT risk management within the portfolio management of the GAM Group.

2.2 Delegation of investment decisions

The Fund Management Company has delegated investment decisions for the Fund to swiss-hedge Capital AG, with registered office in Zürich ("the Investment Manager").

swiss-hedge Capital AG was established in 2004 as a joint-stock company with registered office in Zürich (address: Gerbergasse 5, 8001 Zürich). It has a fully paid-up share capital of CHF 200,000.--. swiss-hedge Capital AG is an independent asset management company specializing in asset management for collective investment schemes in the area of long-short strategies.

The investment manager is a collective investment schemes manager which has been approved and is supervised under the Federal law on collective investment schemes.

Performance of the assignment is governed by an investment management contract concluded between the Fund Management Company and the investment manager on 13 January 2010.

2.3 Key persons at swiss-hedge Capital AG

Gerhard Schreiber, Bankfachwirt. He worked for Deutsche Bank Zürich for ten years from 1994 to 2004 as deputy head of Swiss equity trading, before he established swiss-hedge Capital AG in 2004. Previously he had gained experience in various equity trading positions with Deutsche Bank in Germany from 1988 to 1994.

Andreas Zehnder, Eidg. Dipl. Bankkaufmann. He worked for Deutsche Bank Zürich for ten years from 1994 to 2004 as head of Swiss equity trading, before he established swiss-hedge Capital AG in 2004. Previously he had gained experience as an equities trader between 1987 and 1994 with Bank Julius Baer and Credit Suisse in Zürich.

2.4 Delegation of further functions

Furthermore the Fund Management Company has delegated parts of the Fund bookkeeping to a special Fund administrations group of RBC Dexia Investor Services Bank S.A., Esch-sur-Alzette, Zürich branch. RBC Dexia Group, to which RBC Dexia Investor Services Bank S.A., Esch-sur-Alzette, Zürich branch, belongs, is characterized by many years' experience of administering funds at various international fund locations.

Detailed performance of the assignment is governed by a contract concluded between the Fund Management Company and RBC Dexia Investor Services Bank S.A., Esch-sur-Alzette, Zürich branch, on 12 November 2007.

3. Information on the Custodian Bank

RBC Dexia Investor Services Bank S.A., Esch-sur-Alzette, Zürich branch acts as Custodian Bank. RBC Dexia Investor Services Bank S.A., Esch-sur-Alzette, Zürich branch has been approved by the Swiss Federal Market Supervisory Authority as the branch of a foreign bank and a foreign securities dealer and as a custodian bank.

RBC Dexia Investor Services Bank S.A. is enrolled on the Luxembourg commercial and companies' register (RCS) under the number B-47192 and was established in 1994 under the name "First European Transfer Agent". It holds a banking licence in accordance with the Luxembourg law of 5 April 1993 on the financial sector and specialises in custody, fund management and related services. It had equity capital amounting to approx. € 579 million as at 31 December 2009.

RBC Dexia Investor Services Bank S.A. is a subsidiary of RBC Dexia Investor Services Limited, a company under the laws of England and Wales, which is controlled by Dexia Banque Internationale à Luxembourg S.A., Luxembourg, Grand Duchy of Luxembourg, and the Royal Bank of Canada, Toronto, Canada.

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

4. Exercise of creditors' and membership rights

The Fund Management Company exercises the membership and creditors' rights associated with the investments of the Fund assets under management independently and exclusively in the interests of the investors. The Fund Management Company will, upon request, provide investors with information on the exercise of membership and creditors' rights.

In the case of scheduled routine transactions, the Fund Management Company is free to exercise membership and creditors' rights itself or to delegate exercise thereof to the Custodian Bank or third parties.

In the case of all other matters that might have a lasting impact on the interests of the investors, such as, in particular, the exercise of membership and creditors' rights which the Fund Management Company holds as a shareholder or creditor of the Custodian Bank or other related legal entities, the Fund Management Company will exercise the voting rights itself or issue explicit instructions. In such cases, it may rely on information it receives from the Custodian Bank, the investment manager, the company or third parties or from the press.

The Fund Management Company is free to waive the exercise of membership and creditors' rights.

5. Information on third parties

The Paying Agent and distributors are named in section 1.1 of this prospectus. KPMG AG, Zürich is acting as auditor.

6. Information on the investments

6.1 Investment objective

The investment objective of the Fund is to share in the performance of the European stock markets by taking short-term positions in equities and equity derivative instruments, focusing mainly on large-cap European companies and to achieve a positive and uncorrelated income in the long term. The Fund seeks a low correlation with the leading, broadly-based European share indices. The Fund Management Company endeavours to limit the volatility of the Fund assets, in particular through disciplined risk management, concentration of large-cap companies and by means of active management of the equity allocation.

The Fund Management Company cannot give any guarantee that the objective of the investment policy will be achieved.

6.2 Investment policy

In order to achieve the investment objective, the Fund Management Company invests (after deduction of cash according to § 9 of the Fund Contract) up to 100% of the Fund's assets directly or indirectly in equities, and other equity securities and rights (dividend-right certificates, participation certificates, etc.) of issuers having their registered office or the major part of their business activities in a European country. Up to 10% of the Fund's assets may also be invested in equities and similar investments of issuers outside of Europe.

Instead of direct investments, investments may be made in derivative financial instruments (index certificates, index baskets, options, futures, etc.) or units of open-ended or closed-end collective investment schemes which directly or indirectly have equities as their underlyings. These investments must be traded on a securities exchange or another regulated market that is open to the public unless they are OTC derivatives within the meaning of § 13 Fund Contract.

An active trading policy is pursued in management of the Fund. The composition of the portfolio may undergo changes in the short term. Investments may be made in companies of different sizes and in different sectors. The countries, sectors and securities are selected according to the performance of the financial markets, that is, depending on the current market assessment, the investment focus may vary greatly, according to the current market environment. The investment horizon of the respective positions is short term and generally limited to a few days or weeks.

In order to achieve a return in an environment of both rising and falling prices, the Fund can effect short sales. The proportion of the Fund invested in equities (that is, investments in equities and equity derivatives) may thus vary within a range of 100% to -100% (short positions). Together with the short investment horizon of the individual positions, this means that the portfolio composition and in particular the proportion of equities may undergo sharp short-term fluctuations and the Fund assets may correlate positively or – in the case of short positions – negatively with the performance of the stock market. This means that in the case of a short position the Fund's assets may decrease even if share prices are rising. Therefore the weighting of the proportion of equity investments at any one time plays a decisive role in the Fund's overall result.

If the proportion of equities is low or negative, the share of cash will account for a significant proportion of the Fund's assets. This liquidity can be invested (after deduction of liquidity according to § 9 Fund Contract) as follows: (i) direct and indirect investments in bonds or other debt instruments and debt rights (notes, bonds with warrants, convertible bonds, etc.) with a maximum term to maturity of 12 months, issued by private and public-sector borrowers worldwide which are denominated in a freely-convertible currency; (ii) derivative financial instruments (index certificates, index baskets, options, futures or others), structured products or investment certificates or units of open-ended collective investment schemes which directly or indirectly have bonds as their underlyings. These investments must be traded on a securities exchange or another regulated market that is open to the public unless they are OTC derivatives within the meaning of § 13 Fund Contract. (iii) direct and indirect short-term investments, in particular money-market investments, sight or time deposits (max. 12 months) or units of open-ended collective investment schemes that invest in such investments. Cash and cash equivalents may also be used to cover obligations arising from derivative financial instruments according to § 13 Fund Contract.

Details of the direct and indirect investments are described in § 8 sections 2, 3 and 4 of the Fund Contract.

6.3 Use of short sales and leverage as part of the Fund's investment strategy, delimitation from traditional investment funds

The Fund differs from traditional investment funds in that it may also use short sales in order to achieve returns in an expected environment of falling prices and may provide the portfolio with leverage by borrowing or using derivative instruments to increase the potential return. In legal terms the risks of the Fund’s investments are thus greater than those of traditional investment funds.

6.4 Cash and cash equivalents

In addition to investments according to section 6.2 above, the Fund Management Company may also hold cash in the unit of account of the Fund and in all currencies in which investments are permitted in order to ensure appropriate liquidity. Cash is deemed to be bank sight deposits and time deposits with maturities of up to twelve months.

6.5 Investment techniques and instruments, borrowing and lending, encumbering the Fund's assets, securities lending, short sales

The Fund Management Company uses derivatives for efficient management of the Fund’s assets. However, even under exceptional market conditions the use of derivatives must not lead to a departure from the investment objectives or to an alteration of the investment character of the Fund. Owing to the planned use of derivatives, the Fund qualifies as a "simple fund". The Commitment II approach (extended procedure) is used for risk measurement.

For the portion of the Fund’s assets that is invested in indirect investments according to § 8 sections 3 and 4 of the Fund Contract, derivatives may be used only to hedge currency risks. In the context mentioned above, derivatives may thus not be used - except to hedge currency risks - in relation to the investments of the collective investment schemes according to § 8 sections 3 and 4 of the Fund Contract. This rule does not apply to index collective investments if the derivative financial instruments are used to control market risks.

Both basic forms of derivatives and exotic derivatives may be used, as described in greater detail in the Fund Contract provided that their underlyings are permitted as an investment by the investment policy. Derivatives may be traded on a securities exchange or another regulated market that is open to the public or be concluded OTC (over-the-counter). In addition to market risk, derivatives are also subject to counterparty risk, that is, to the risk that a counterparty may not be able to meet its obligations and thereby cause a financial loss.

No Credit Default Swaps (CDS) or other types of credit derivatives (e.g. Total Return Swaps [TRS], Credit Spread Options [CSO], Credit Linked Notes [CLN]) may be acquired.

The use of derivatives is allowed to exert leverage on the Fund's assets or correspond to a short sale. The overall exposure of the Fund to derivatives may not exceed 200% of its net assets.

The Fund Management Company may not grant loans for the Fund’s account. The Fund Management Company may take out loans amounting to a maximum of 50% of the Fund’s net assets, both for investment purposes and to meet redemption applications.

The Fund Management Company may encumber the Fund's assets with liens or assign them as collateral in order to secure obligations arising from derivative financial instruments and/or as collateral for borrowing according to the previous paragraph.

In connection with short sales, the Fund Management Company may borrow all types of securities which can be the subject of short sales. For details reference is made to the Fund Contract.

6.5.1 Short sales

I. The Fund Management Company may, for the account of the Fund and under the conditions described in the Fund Contract, conduct short sales of investments or enter into transactions in derivatives that correspond economically to short sales ("economic short sales"). Thus for example futures, forwards and options on equities or share indices may be sold or swap transactions entered into which do not serve the purpose of hedging or closing out existing positions.

II. Only the following investments may be the subject of short sales:

a) Equity paper and rights, which can be valued daily and which have sufficiently high market liquidity at the time of the short sale compared with the short-sold position;

b) Exchange Traded Funds which have appropriate liquidity at their disposal and can be valued daily;

c) Derivatives which have as their underlyings investments within the meaning of letters a) and b) above or indices on equity paper and rights, which have adequate liquidity and can be valued daily.

6.6 Investment restrictions

The investment restrictions are set out in detail in the Fund Contract. The following specific restrictions apply, which are reproduced here **as extracts**:

6.6.1 Risk exposure

The overall risk exposure of all investments, taking into account derivatives, physical short sales and borrowing may not exceed 300% of the Fund's net assets.

The sum of the long risk exposure of all investments may not exceed 200% of the net assets of the Fund.

The sum of the long risk exposure of the direct or indirect investments in equity paper and rights may not exceed 100% of the net assets of the Fund.

The overall short risk exposure from short sales in the narrow sense or physical short sales within the meaning of § 10 para. 1 letter a) of the Fund Contract and from financial short sales or synthetic short sales within the meaning of § 10 para. 1 letter b) of the Fund Contract may not exceed -100% of the net assets of the Fund.

Borrowing may not exceed 50% of the net assets of the Fund.

6.6.2 Total exposure to issuers/counterparties

Total exposure to a counterparty (net long-/short positions, provided that the prerequisites for netting are met) may not exceed the following percentages of the Fund's assets:

(a) Restrictions per issuer or counterparty:

(aa) The Fund Management Company may invest a maximum of 15% of the Fund's assets, including derivatives, in securities and money-market instruments of the same issuer. This is without prejudice to the following provisions.

The proportion of investments of the issuers or debtors who account for more than 10% of the Fund's assets may not exceed a total of 60% of the Fund's assets. This is without prejudice to the provisions of letter (f) below.

(ab) The Fund Management Company may invest a maximum of 10% of the Fund's assets in OTC transactions of the same counterparty. If the counterparty is a bank which has its registered office in Switzerland or in a Member State of the European Union or another country in which it is subject to regulation equivalent to that in Switzerland, this limit is increased to 15%.

(ac) The Fund Management Company may invest a maximum of 20% of the Fund's assets in sight deposits and time deposits with the same bank. This limit must include both cash and cash equivalents and investments in bank deposits (within the meaning of § 9 and § 8 respectively of the Fund Contract).

(b) The Fund Management Company may, for the account of the Fund:

(ba) acquire a maximum of 10% each of the non-voting equity, debt and/or money-market instruments of the same issuer, and a maximum of 25% of the outstanding units (shares) of another collective investment scheme (incl. ETF).

These restrictions do not apply if the gross amount of the debt instruments, money-market instruments or the units of other collective investment schemes (incl. ETF) cannot be calculated at the time of the acquisition;

(bb) not acquire equity rights that account for more than 10% of the voting rights or that enable it to exert a significant influence on the management of an issuer;

(bc) the restrictions in letters (ba) and (bb) above do not apply to securities and money-market instruments that are issued or guaranteed by an OECD State or a public-law entity from the OECD or by the organizations referred to in letter (f).

(c) The Fund Management Company may invest a maximum of 20% of the Fund's assets in units of the same target fund.

(d) Investments, bank deposits and claims according to letters (aa), (ab) and (ac) of the same issuer or debtor may not in total exceed 20% of the Fund's assets.

(e) Investments according to letters (aa) above in the same group of companies may not exceed a total of 20% of the Fund's assets.

(f) The 15% limit specified in letter (aa) above is increased to 100% when the securities or money-market instruments are issued or guaranteed by an OECD country or by a public-law entity from the OECD or by international public-law organizations to which Switzerland or a member state of the European Union belong. In this case the Fund must hold at least six different issues; a maximum of 30% of the Fund's assets may be invested in securities or money-market instruments of the same issue. The aforementioned securities or money-market instruments will not be taken into account when applying the 60% limit pursuant to letter (aa). In addition to the OECD countries, the following are permitted as issuers or guarantors as defined above: European Union (EU), Council of Europe, Eurofinance, International Bank for Reconstruction and Development (World Bank), European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, Nordic Development Bank, Asian Development Bank and African Development Bank

6.7 Typical investor profile

The Fund is suitable only for investors who have an in-depth knowledge of the capital markets (also in particular a sound knowledge of Long/Short investment techniques), who use the Fund as an addition to an already broadly-diversified portfolio and who regard the investment as a long-term commitment. The fund is to be recommended only for investors willing and able to bear a substantial or total capital loss on individual Fund investments.

7. Risks and risk monitoring

7.1 General points

The Fund Management Company regards risk management as a main function of the investment process. Accordingly it is the investment manager's aim to keep the risks taken in the context of the investment policy and the investment profile low. This is done by constructing a risk-optimized portfolio and by strictly monitoring the risks of the individual investments and the Fund's overall risk.

Nevertheless it cannot be ruled out that particularly in extraordinary cases a significant loss may occur on individual investments. Careful analysis cannot guarantee total security in risk limitation.

Investments in the investment universe authorized by the fund are subject to market fluctuations. In times of high volatility these may take on considerable proportions. The investment strategies used are complex in some cases and tend to involve greater uncertainties and risks than those of securities funds that conduct traditional investments in securities. As a matter of principle, the Fund's investments exhibit a lower correlation with the general performance of the capital markets than do traditional securities investments. This low correlation has a positive or negative impact on the investment result, depending on the performance of traditional securities investments.

The Fund may be exposed to the risks set out below. The following enumeration is not exhaustive:

(a) Leverage: The Fund Management Company is authorized to take out loans for additional investments or to use derivatives that develop a leverage effect. If the returns on investments turn out to be higher than the interest charged on borrowing, the Fund’s assets will rise more by means of borrowing than without leverage. Accordingly the assets will decrease by a disproportionate amount in the event of price losses on the investments. When achieving leverage via derivatives, an assessment of the situation that turns out to be incorrect or low market liquidity in the underlyings can cause a negative impact on the return.

(b) Short sales: The Fund Management Company is permitted to sell certain liquid investments short or to conduct transactions in derivative financial instruments that correspond economically to a short sale of the underlying. Theoretically a short sale in the narrow sense involves the risk of an unlimited loss because the extent to which the price of the underlying can rise until the exercise date is open. The Fund Management Company endeavours to limit this risk by a balanced diversification of the Fund’s assets and through risk-reducing strategies (e.g. "stop loss" orders or counter-transactions in derivatives that limit the actual investment risk).

(c) Liquidity risk: The liquidity of individual financial instruments may be very limited. This means that under certain circumstances the Fund Management Company may only be able to sell a position, or in the event of a short sale, purchase a position, with considerable difficulty. In addition, in exceptional cases financial instruments that are listed on a securities exchange may be de-listed. The liquidity risk is limited to the extent that the Fund mainly makes investments directly or indirectly in relatively liquid instruments and markets. If investments are made in OTC derivatives their liquidity usually depends substantially on their underlying.

The investment manager seeks to minimize this risk through a careful analysis and selection procedure and through permanent monitoring of liquidity risks.

(d) Concentration of investments/risk spreading: The Fund Management Company endeavours to construct a diversified Fund portfolio by investing in instruments of a large number of issuers. However, the Fund’s investments may concentrate on individual economic sectors. This investment approach may increase the risk of loss if the selected investment strategy does not measure up to expectations.

The Fund Management Company recommends investors to regard investments in the Fund as a long-term commitment, to invest only a part of their assets in this Fund and not to finance these investments by means of loans.

7.2 Risk management

Risk management plays a central role in the management of the Fund. The Fund’s risks are constantly monitored. The investment manager adopts a stop loss approach in this respect. Liquidity risks are reduced by focusing on highly-capitalized and liquid shares, or on derivatives underlying the latter.

Risk monitoring cannot guarantee total security in terms of risk limitation. It cannot therefore be guaranteed that the investment objective will be achieved.

7.3 Operational risks

The activities of the investment manager are based on the availability of data flow and communications systems, which are used by it and by the other parties involved in the investment process. If these systems should fail temporarily or collapse completely or if trading in investments held by the Fund should be suspended or terminated due to technical or political problems, there is a danger that risk management may not be able to be fully implemented or that it may cease completely. As a result, the Fund may be exposed to substantial risks and losses that cannot be determined in advance.

7.4 Counterparty risks

The counterparty risk indicates the probability of insolvency of the debtor, a counterparty to a pending transaction, the issuer or guarantor of a stock or a derivative financial product. The consequence of the occurrence of the insolvency of such a party is that the amount of the investment involving the risk of this party will be partially or entirely lost. This risk must be considered when choosing a debtor, a counterparty, an issuer or guarantor. An indicator of an issuer’s creditworthiness is its rating by the leading rating agencies. The Fund’s risk limitation rules set quality requirements for issuers of derivative financial instruments and counterparties to which a risk exposure of more than 10% of the Fund’s assets may be incurred.

7.5 Conflicts of interest

The investment manager may work for other clients. It does not expect any material conflicts of interest. Conflicts of interest must be reported by the investment manager to the Fund Management Company, which will then decide in lieu of the investment manager.

7.6 Risk profile

The Fund should achieve stable returns in the long term through the combination of long and short investments. The systematic market risks are reduced by the long and short investments. Despite this reduction of market risk, a substantial or complete loss on individual investments cannot be ruled out, particularly in extraordinary circumstances. Accordingly, this Fund is suitable for investors who have experience of volatile investments and a sound knowledge of capital markets. The Fund may be used as a supplementary investment in a broadly-diversified overall portfolio.

8. Further information

8.1 Tax regulations relevant to the Fund

Investment funds in Switzerland do not have any legal status. They are not subject to tax on income or capital. On the other hand, income distributions from the Fund are subject to the Federal withholding tax (withholding tax of 35% on the income of transferable capital assets). The capital gains earned by the Fund on the sale of assets are free from withholding tax provided that they are paid by a separate coupon or shown separately in the statement sent to investors.

The Federal withholding tax deducted in the Fund from domestic income can be reclaimed in full by the Fund Management Company for the Fund. Foreign income and capital gains may be liable for the respective withholding tax deductions of the country of investment. Where possible, these taxes will be reclaimed by the Fund on the basis of double taxation agreements or corresponding agreements for investors domiciled in Switzerland.

Investors domiciled in Switzerland are entitled to reclaim any deducted withholding tax by declaring it in their tax returns or by submitting a separate application for refund of withholding tax.

Unitholders domiciled abroad (hereinafter referred to as “Foreign Investors”) are entitled to reimbursement of withholding tax if there is a double taxation agreement between Switzerland and the country in which they are domiciled. If there is no such agreement, it is not possible to reclaim withholding tax.

The Fund Management Company endeavours to ensure that at least 80% of the taxable income accruing to the Fund stems from foreign sources, but cannot guarantee that this will be the case. Subject to this proviso, the income from a Swiss investment fund may be paid out to a Foreign Investor without deduction of withholding tax if a bank declaration (affidavit) has been filed by a domestic or foreign bank. The affidavit contains the confirmation by the bank managing the investor's securities account that the fund units of a Foreign Investor were in its securities account at the date on which the income was due, that this unitholder is entitled to use the account and that the income from the Fund units will be credited to an account held with said bank for this client. If a Foreign Investor experiences a deduction of withholding tax on income from such a fund, he/she may apply directly to the Federal Tax Administration in Bern to have it refunded on the basis of Swiss law.

Under the European Union Council Directive 2003/48/EC dated 3 June 2003 on the taxation of savings income (the “Directive”), income and capital gains on investments that generate “interest” within the meaning of the Directive and which are paid by a paying agent domiciled in one EU Member State to physical persons domiciled in another EU Member State (the "EU investor"), are covered by the so-called EU savings income tax. This provision has been in force since 1 July 2005 (Council decision dated 19 July 2004/587/EC). A reporting procedure or a withholding tax deduction procedure is applied, depending on the EU Member State. If provision has been made for a deduction procedure, the investor is free to request reporting to the tax authority of his country of domicile instead of having withholding tax deducted on the interest income. The EU investor may request that the withholding tax deduction that has been made be set off against his/her income tax in his/her country of domicile on the basis of a certificate to be issued by the EU paying agent confirming deduction of the withholding tax.

On the basis of treaties with the European Union, third states (for example, Switzerland since 1 July 2005) have also been applying regulations equivalent to EU interest income taxation. The paying agents domiciled in such countries apply either the withholding tax or the reporting procedure to income and capital gains on the investments that come within the scope of the corresponding treaty. **The criteria have been coordinated with those of the Directive but do not have to be identical. Interested investors who are domiciled in an EU Member State should inquire about the situation at the banking institution with which they make their investments or ask other qualified advisers. In particular, it should be noted that the provisions of the paragraph below are binding only for paying agents with their registered office in Switzerland and that different regulations may apply to paying agents in EU Member States or in other States that have concluded treaties with the EU.**

Taxation and the other fiscal consequences for investors when purchasing, holding and selling Fund units are governed by the tax regulations in the country in which the investor is domiciled. The exception to this rule is the levying of a withholding tax on interest payments made by a paying agent domiciled in the EU, which is governed by the directive or, as applicable, by the individual countries' regulations that are based on the latter. The same applies to the tax retention made by paying agents domiciled in a country with which the European Union (EU) has concluded a treaty on equivalent measures in the area of taxation of interest. Interested investors should obtain information on the tax rules that apply to the subscription, purchase, holding and sale of units at their place of domicile or at the registered office of the paying agent and, if appropriate, take advice.

The above tax information is based on the currently known legal situation and – to the extent that it has been published – practice in Switzerland. It is subject to changes in legislation, the decisions of the courts and the decrees and practices of the tax authorities. This applies in particular (albeit not exclusively) to the regulations on withholding tax relating to the EU savings tax.

8.2 Conditions for the issue and redemption of units

Orders received in due time at Custodian Bank in Switzerland on the order day are processed on the valuation date.

No units will be issued or redeemed:

(a) on days on which the public holidays of securities exchanges or other markets abroad prevent a significant portion of the Fund's assets from being valued; or
(b) when exceptional circumstances within the meaning of § 19 section 4 of the Fund Contract obtain.

Orders received at the Custodian Bank one banking day (order day) before the valuation date by no later than 3.00 p.m. are settled on Monday of each week (valuation date) or, if Monday is not a working day, on the next banking day. The net asset value that will be used for settlement is not yet known at the time the order is issued. It is calculated on the valuation date on the basis of the closing prices or valuation prices of the banking day preceding the valuation date (Forward Pricing).

Settlement shall take place within three banking days of the valuation date.

The net asset value of a unit of a unit class of the Fund is obtained from the proportional share of the market value of the Fund's assets attributable to the unit class concerned, less any liabilities of the Fund, divided by the number of outstanding units of the corresponding class. The net asset value is rounded off to the nearest cent of the unit of account.

The issue and redemption price of the units is based on the net asset value per unit calculated on the valuation date as per § 18 of the Fund Contract. When issuing and redeeming units, an issuing commission and/or issuing expenses may be added to the net asset value according to § 20 of the Fund Contract, or a redemption fee and/or redemption expenses may be deducted from the net asset value according to § 20 of the Fund Contract.

The units are not issued in certificate form, but are recorded as book entries. Investors are not entitled to request that a certificate be delivered. Fractions of units are issued down to 1/1000th.

If certificates have been issued, in the event of a redemption application they must be returned together with the latter.

If after execution of a redemption order, conditions for holding a unit class are no longer met, the Fund Management Company may effect either a compulsory switch of the remaining units to another class or a compulsory redemption of all units of the unit class whose partial redemption is required.

Units may be subscribed at the Fund Management Company, the Custodian Bank, the distributors and the Paying Agents. The units are assigned by the Custodian Bank immediately after the latter has received settlement of the issue price.

Any taxes and levies that may be due on the issue, redemption or switching of units in certain countries will be charged to the investor. According to the current legal situation in Switzerland, the issuance and redemption of units for the purpose of repayment are not subject to any tax on issuance or turnover.

8.3 Fees and incidental costs

<u>Fees and incidental costs charged to the investors (extract from § 20 of the Fund Contract)</u>

Issuing commission in favour of the Management Company, Custodian Bank and/or distributors:	max. 3% on units of the "A" classes at present 0% on units of the "D" classes

No redemption fees are currently charged.

Fee for paying out the proportional share of liquidation in the event that the Fund or a class is wound up:	0.25% of the gross sum paid out.

Fees and incidental costs charged to the Fund's assets (extract from § 21 of the Fund Contract)

Management fee payable to the Fund Management Company

- a maximum of 2.4% p.a. on units of the "A" classes
- a maximum of 1.9% p.a. on units of the "D" classes

This is used for management, asset management and in the case of the "A" classes for distribution of the Fund.

Custodian Bank fee: a maximum of 0.2% p.a.

The rates actually charged are given in the annual and semi-annual reports.

Furthermore the Fund Management Company is entitled to charge a Performance Fee of a maximum of 20%. Details of the Performance Fee calculation are set out in the Fund Contract.

In addition, the costs listed in § 21 of the Fund Contract may be charged to the Fund.

The Fund Management Company may pay retrocessions to the institutional investors listed below who, for commercial reasons, hold Fund units for third parties:

- life assurance companies;
- pension funds and other retirement provision institutions;
- investment foundations;
- Swiss fund management companies;
- foreign fund management companies;
- investment companies.

The Fund Management Company may also pay trailer fees to the following distributors and sales partners, if this is provided for by the unit class:

- authorized distributors;
- fund management companies, banks, securities dealers, the Swiss Post Office and insurance companies;
- sales partners who place Fund units exclusively with institutional investors according to Art. 10 para. 3 and 4 KAG in conjunction with Art. 6 KKV;
- asset managers who place Fund units exclusively on the basis of a written, remunerated asset management mandate.

Total Expense Ratio and Portfolio Turnover Rate

The coefficient of the total expenses charged to the Fund's assets on an ongoing basis (Total Expense Ratio, TER) was:

"A" classes	"D" classes
2011: n/a	2011: n/a

The Portfolio Turnover Rate (PTR) was:

2011: n/a

Fee sharing agreements and pecuniary advantages ("soft commissions"):

No fee sharing agreements exist.

The Fund Management Company has not entered into any retrocession agreements in the form of so-called "soft commissions".

Investments in related collective investment schemes

In the case of investments in collective investment schemes that are managed directly or indirectly by the Fund Management Company itself or by a company with which the Fund Management Company is related through common management or control or through a significant direct or indirect stake, no issue and redemption fee is charged and only a reduced management fee as per § 21 section 8 of the Fund Contract.

8.4 Fund publications

Further information on the Fund is contained in the latest annual and semi-annual report.

The prospectus with integrated Fund Contract and the annual or semi-annual reports can be obtained free of charge from the Fund Management Company, the Custodian Bank and all distributors.

In the event of amendment to the Fund Contract, a change of Fund Management Company or Custodian Bank or of liquidation of the Fund, publication shall be effected by the Fund Management Company in the Schweizerisches Handelsamtsblatt and on the Internet platform of fundinfo AG "www.fundinfo.com".

Prices are published weekly on the Internet platform of fundinfo AG "www.fundinfo.com". In addition, prices are published in the “Neue Züricher Zeitung”.

8.5 Additional information

Information on the bases for calculating the issue and redemption price of the units may be obtained from the Fund Management Company free of charge. The Fund Management Company must also provide information on individual transactions conducted in recent years if the investor claims a justified interest in this respect.

8.6 Sales restrictions

If units are distributed abroad, the regulations applicable there shall be applied. At the present time the umbrella fund does not have any distribution authorizations in other countries and it is not intended to obtain such authorizations.

The Fund's units are not authorized for public distribution outside of Switzerland. In particular, they have not been registered under the United States Securities Act of 1933

and Fund units may neither be offered for sale directly or indirectly in the United States or to U.S. nationals or persons domiciled in the United States, corporations or other legal entities established or administered under the law of the United States, nor be sold, resold or delivered to such persons or entities.

The term "United States" as used in this document comprises the United States of America, all the states thereof, territories and possessions and all areas subject to its sovereignty.

9. Detailed provisions

All further details about the Fund, such as for example valuation of the Fund's assets, the enumeration of all the fees, commissions and expenses charged to the Fund's assets and the appropriation of net income can be obtained from the Fund Contract.

10. Glossary

Unit	A claim on the Fund Management Company for a share in the assets and net income of the umbrella fund.
Underlying	A security or benchmark rate underlying a derivative financial instrument.
Credit rating	Assessment of a debtor or a counterparty in terms of their solvency.
Custodian Bank	Bank which, for Swiss investment funds, is responsible for safekeeping of the Fund's assets, issuance and redemptions of units and for the payment transactions of the umbrella fund. The Custodian Bank also monitors compliance by the umbrella fund with the investment guidelines laid down by law and in the Fund Contract.
Derivatives or derivative financial instruments	Financial contracts whose price or value depends on that of an underlying security. Underlying securities can be equities, bonds, currencies, commodities, other derivative financial instruments, benchmark rates (e.g. interest rates, currencies) and indices. The derivatives themselves can be options, futures, forward contracts and swaps.
Diversification	Breaking down an investment into different currencies, countries, industrial sectors, investment media, securities, etc.
Securities	Securities and securities' rights issued in mass and traded on a securities exchange or in another regulated market that is open to the public.

ETF	Exchange Traded Fund.
EU	European Union
FINMA	Swiss Financial Market Supervisory Authority. It is the Swiss supervisory authority for banks, insurance companies, securities exchanges, securities dealers and other financial intermediaries.
Management Company	Manages investment funds for the investors' account independently and in its own name (cf. Art. 30 KAG).
Futures	Standardized, exchange-traded forward contracts. Depending on the underlying assets, a distinction is drawn between commodity futures and financial futures.
Asset value	Total value of the assets of individual investments on a particular set date.
Class	Subdivision of the Fund into different unit classes which have different characteristics (investor qualifications, distribution or capitalization of income, etc.).
KAG	Federal Law on collective investment schemes dated 23 June 2006.
KKV	Ordinance on collective investment schemes dated 22 November 2006.
Short sales	See Short Positions.
Leverage	Leverage is generated by borrowing in conjunction with long/short positions or the use of derivative financial instruments.
Long Position	Purchase of securities without the purchaser closing out (offsetting) the position by selling the same securities, as a result of which an appreciation occurs if the price of the securities rises.
Netting	Bilateral or multilateral offsetting by determining net positions.
Net asset value	Total value of all assets of the Fund on a set date, less all liabilities and expenses.
OTC	Over-the-Counter. Trading among banks, brokers or other professional market operators of securities or derivative financial instruments that are not traded on a securities exchange or another regulated market.
Option	Right (but not the obligation) to purchase (call) or to sell (put) a fixed quantity of a specified underlying security within a determined period at a predetermined price.

Rating	Criterion for the creditworthiness of an issuer that is awarded by rating agencies according to defined criteria. The individual rating grades indicate how probable it is that the borrower can or will service capital and interest. The credit rating is indicated in combinations of letters, the highest rating being "AAA". A low rating implies a correspondingly higher risk for the investor.
Short Position	Sale of securities which the vendor does not own without this position being closed out (offset) by the purchase of the same securities. A (negative) exposure in securities that appreciates in value if their price falls.
Swap	Agreement to swap future payment flows, e.g. relating to interest rates (interest rate swap), currencies (currency swap), other securities positions and/or obligations or a combination thereof. Swaps are derivative financial instruments.
Unit Trusts	Mutual investment funds structured under trust law.
Distributor	Management company, Custodian Bank and other parties which are authorized to sell a fund and have been approved accordingly.
Volatility	Benchmark or measure of the price fluctuations of an investment over a certain period of time. Frequently expressed by the statistical parameter "standard deviation".

Part II – Investment Fund Contract

I. Bases

§ 1 Name, company name and registered office of the Fund Management Company and the Custodian Bank

1. Under the name "SWISS HEDGE TRADING FUND" there exists a contractual investment fund under Swiss law classified in the "Other funds for alternative investments with special risk" category ("the Fund") within the meaning of articles 25 and following, in conjunction with art. 71 of the Federal Law on collective investment schemes of 23 June 2006 (KAG).

2. The Fund is managed by SWISS & GLOBAL ASSET MANAGEMENT AG, Zürich.

3. The Custodian Bank is RBC Dexia Investor Services Bank S.A., Esch-sur-Alzette, Zürich branch.

II. Rights and obligations of the contracting parties

§ 2 Investment Fund Contract

The legal relations between the investors, of the one part, and the Fund Management Company and the Custodian Bank, of the other part, are governed by the present investment Fund Contract and the relevant legal provisions of the Federal Law on collective investment schemes.

§ 3 The Fund Management Company

1. The Fund Management Company manages the investment fund independently and in its own name for the account of the investors. It decides in particular on the issue of units, investments and valuation thereof. It calculates the net asset value of the Fund, fixes the issue and redemption prices of units and the distribution of earnings. The management exercises all the rights attached to the investment fund.

2. In the case of exceptional conditions within the meaning of § 19 clause 4 the Fund Management Company may temporarily and exceptionally postpone redemption of the units in the interests of all the investors.

3. The Fund Management Company and its agents are subject to the duties of loyalty, diligence and information. They act independently and exclusively in the investors' interests. They take the organizational measures that are necessary to conduct faultless management. They guarantee transparent accounting and give appropriate information about this Fund.

4. The Fund Management Company may delegate the investment decisions and other tasks for the Fund to the extent that this is in the interests of appropriate management. It appoints only persons who are sufficiently qualified to ensure faultless execution of the tasks that are delegated; it is responsible for instructing and supervising these persons and oversees execution of the mandate.

   The investment decisions may not be delegated to the Custodian Bank or to other companies whose interests might conflict with those of the Fund Management Company or the investors.
   The Fund Management Company is responsible for the actions of its agents as it is for its own actions.

5. The Fund Management Company may submit amendments to this Fund Ccontract to the supervisory authority for approval, with the agreement of the Custodian Bank (see § 29).

6. The Fund Management Company may merge the Fund with other investment funds according to the provisions of § 27 or may wind it up according to the provisions of § 25.

7. The Fund Management Company is entitled to the remunerations stipulated in §§ 20 and 21, to be discharged from the commitments entered into in the course of proper performance of its duties and to be reimbursed for the expenses incurred in fulfilling these commitments.

8. The Fund Management Company can manage part or all of the assets of different investment funds jointly (pooling), provided these are managed by the same Fund Management Company and the assets are held in safekeeping by the same Custodian Bank. This must not give rise to any additional costs for the investors. Pooling does not give rise to any liability between the funds involved. The Fund Management Company must at all times be in a position to allocate the investments of the pool to the individual investment funds involved. The pool does not constitute a separate fund in its own right.

§ 4 Custodian Bank

1. The Custodian Bank is responsible for the safekeeping of the Fund's assets. It handles the issue and redemption of the fund's units and manages payment transactions on behalf of the fund.

2. The Custodian Bank and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organizational measures that are necessary for faultless management. They ensure the provision of transparent financial statements and provide appropriate information on the Fund.

3. The Custodian Bank may delegate the safekeeping of the Fund's assets to third-party custodians and collective securities depositaries in Switzerland or abroad. In such cases, it is liable for applying due diligence when choosing and instructing the third parties, as well as for monitoring their constant compliance with the selection criteria. The prospectus contains information on the risks involved.

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

5. The Custodian Bank is entitled to the remunerations stipulated in §§ 20 and 21, to be discharged from the commitments entered into when properly executing the Fund Contract and to be reimbursed for expenses incurred in connection with such commitments.

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

§ 5 Investors

1. On concluding the contract and making a payment in cash, investors acquire a claim against the Fund Management Company in respect of a participation in the Fund's assets and income. The investors' claim is evidenced in the form of units.

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

3. Investors may at any time request that the Fund Management Company supply them with the necessary information regarding the basis on which the net asset value per Share is calculated. If investors express an interest in more detailed information on specific transactions effected by the Fund Management Company, such as how the rights resulting from the status of shareholder or creditor have been exercised, the Fund Management Company shall at all times provide them with the information requested. Investors may request the court at the place where the Fund Management Company's registered office is located that the auditors or another expert may examine the facts that require verification and submit a report to it.

4. Investors may, as a matter of principle, terminate the Fund Contract on a weekly basis and request cash reimbursement of their units in the Fund.

5. Upon request, investors are obliged to provide the Fund Management Company, the Custodian Bank and their agents with proof that they comply with or continue to comply with the provisions laid down in the law or the Fund Contract in respect of participation in a Unit class of the Fund. Furthermore, they are obliged to inform the Fund Management Company, the Custodian Bank and their agents immediately once they no longer meet these prerequisites.

6. An investor's units must be repurchased by compulsory redemption at the applicable redemption price by the Fund Management Company in co-operation with the Custodian Bank when:

   a) this is necessary to preserve the reputation of the financial centre, in particular to fight against money laundering;

   b) the investor no longer meets the legal or contractual requirements for participation in this Fund.

7. Furthermore an investor's units may be repurchased by compulsory redemption at the applicable redemption price by the Fund Management Company in co-operation with the Custodian Bank when:

   a) the investor's participation in the Fund is liable to significantly impair the economic interests of the other investors, in particular if the participation may lead to tax disadvantages for the Fund in Switzerland or abroad;

   b) investors have acquired or hold their Shares in breach of provisions of a Swiss or foreign law, or of the present Fund Contract or the prospectus which apply to them;

   c) the investors' financial interests are adversely affected, in particular in cases in which individual investors seek by means of systematic subscriptions immediately followed by redemptions, to achieve pecuniary gains by exploiting time differences between the closing prices and the valuation of the Fund's assets (Market Timing).

§ 6 Units and unit classes

1. Several unit classes can be created for the Fund, which may differ in particular in terms of the minimum investment amount, the minimum holding and/or investor eligibility, the commissions and fees applicable to them and on the basis of the distributions and class-specific earnings. Fees and expenses are only charged to the Unit Class for which the respective service is performed. Fees and costs that cannot be clearly allocated to one Unit Class will be charged to the individual Unit Classes on a pro rata basis in relation to their proportion of the Fund's assets.

2. The Fund Management Company can create different Unit Classes and can also merge or wind up Unit Classes at any time subject to the consent of the Custodian Bank and the approval of the supervisory authority.

   The creation, winding up or merging of unit classes are published in the official publications. Only merging is deemed to be an amendment of the Fund Contract within the meaning of § 29.

   When several Unit classes exist, the different Unit classes are expressed in the respective designation. All Unit classes of a Fund entitle the holder to a share of the undivided assets of the Fund, which are not segmented. This share may turn out to be different due to class-specific costs or distributions or class-specific income, and the various Unit classes may therefore have different net asset values per Unit. The assets of the Fund as a whole are liable for Class-specific costs.

3. The Fund Management Company is obliged to instruct investors who no longer meet the requirements for holding a Unit class to return their shares within 30 calendar days based on §

19, to transfer them to a person who does meet the necessary requirements or to switch them to shares of another Unit class whose requirements they meet. If the investor fails to comply with this demand, the Fund Management Company may, in cooperation with the Custodian Bank, effect either an enforced switch to another Unit class or, if this is not possible, a compulsory redemption of the Unit concerned (see § 5 section 6 above).

The following Unit classes currently exist:

- the "A" class with the Swiss franc as the unit of account is a distributing class aimed at the entire spectrum of the investing public;

- the "A (EUR)" class with the Euro as the unit of account is a distributing class aimed at the entire spectrum of the investing public;

- the "D" class with the Swiss franc as the unit of account is a distributing class aimed at the entire spectrum of the investing public. The initial subscription volume amounts to at least CHF 25,000.

- the "D (EUR)" class with the Euro as the unit of account is a distributing class aimed at the entire spectrum of the investing public. The initial subscription volume amounts to at least the equivalent in euros of CHF 25,000.

In what follows the "A" class and the "A (EUR)" class are designated "A" classes where reference is made to them jointly. In what follows the "D" class and the "D (EUR)“ class are designated “D“ classes where reference is made to them jointly.

The "A" classes differ from the "D" classes by having a higher fee rate. The Fund Management does not pay the distributors and investment agencies any fees for any distribution services in connection with the distribution, offering or holding of "D" classes.

5. Unit classes do not take the form of certificates but exist purely as book entries. Investors are not entitled to demand delivery of a Share certificate.

6. The prospectus specifies whether fractions of units are issued and if so in which fractions.

III. Investment policy guidelines

A. Investment principles

§ 7 Compliance with investment regulations

1. In selecting individual investments for the Fund, the Fund Management Company must adhere to the principle of balanced risk diversification and comply with the percentage limits defined below. These percentages relate to the Fund’s assets at market value and must be complied with at all times. The Fund must observe the investment limits within six months of expiry of the subscription time-limit (launch date).

2. If the limits are exceeded or not reached as a result of market-related changes or changes in the Fund’s assets, the investments must be restored to the permitted level within a reasonable period, taking due account of the investors’ interests. If limits relating to derivatives pursuant to § 13 below are exceeded due to a change in the delta, this is to be rectified within three banking days at the latest, taking due account of the investors’ interests.

§ 8 Investment objective and policy

1. The investment objective of the Fund is to achieve a positive and uncorrelated income in the long term by investing in an equities portfolio focused mainly on European companies. Instead of direct investments, investments can be made in derivative financial instruments. In order to achieve a return in an environment of both rising and falling prices, the Fund can effect short sales. An active trading policy is pursued in management of the Fund. Investments may be made in companies of different sizes and in different sectors. The composition of the portfolio may undergo changes in the short term. The Fund seeks a low correlation with the leading, broadly-based European share indices.
   Selection of the countries, sectors and equities is effected in keeping with the performance of the financial markets, that is, depending on the current market assessment, the main emphasis of investment may vary according to the market environment at the time. Investments in equities may vary within a range of -100% to 100%, depending on the performance of the stock markets.

   If the proportion of equities is low or negative, the share of cash will account for a significant proportion of the Fund's assets. This liquidity will be invested according to sub-section 4 below.

   The Fund Management Company cannot give any guarantee that the objective of the investment policy will be achieved.

2. After deduction of cash according to § 9 of the Fund Contract, the Fund Management Company will invest up to 100% of the Fund's assets in:

   (a) direct or indirect investments in equity securities and rights (shares, dividend-right certificates, participation certificates, etc.) of companies or issuers having their registered office or the major part of their business activities in a European country or which invest as holding companies mainly in companies having their registered office in a European country;

   (b) index certificates and index baskets, which have investments according to letter (a) above as their underlyings;

   (c) other derivative instruments, namely options and futures, which have investments according to letter (a) above as their underlyings;

   (d) units or shares of closed-end collective capital investments or undertakings for collective investments with a similar function, including Exchange Traded Funds ("ETFs") and investment companies, of issuers worldwide, which invest their assets in investments according to letter (a) above;

   (e) units or shares of open-ended collective capital investments or other open-ended undertakings for collective investments with a similar function, including Exchange Traded Funds ("ETFs"), which invest their assets in investments according to letter (a) above.

   The investments according to letters (a) to (d) above must be traded on a stock exchange or another regulated market that is open to the public; this is without prejudice to the provisions of § 13 below.

3. After deduction of cash according to § 9 of the Fund Contract, the Fund Management Company may, in addition, invest up to 10% of the Fund's assets in direct or indirect investments in equity securities and rights of companies outside of Europe.

4. After deduction of cash according to § 9, the Fund Management Company will invest the cash as per sub-section 1 in:

   (a) up to 100% in direct or indirect investments in debt securities and rights (bonds, notes,

bonds with warrants, convertible bonds) issued by
private and public-sector borrowers worldwide which are denominated in a freely-convertible currency.

(b) index certificates and index baskets, which directly or indirectly have investments as per letter (a) above as their underlyings and whose value is derived from the price of the underlying assets or from reference rates;

(c) other derivative instruments which directly or indirectly have investments as per letter (a) above as their underlyings;´

(d) structured financial products or investment certificates which directly or indirectly have investments as per letter (a) above as their underlyings;

(e) units or shares of open-ended collective investment schemes or other open-ended undertakings for collective investments with a similar function, including Exchange Traded Funds ("ETFs"), which invest in investments according to letter (a) above.

The investments according to letter (a) above may have a maximum residual term to maturity of 12 months.

The investments according to letters (a) to (d) above must be traded on a securities exchange or another regulated market open to the public; this is without prejudice to the provisions of § 13 below.

(f) up to 100% in direct and indirect short-term liquid investments;

fa) money-market instruments issued by issuers worldwide which are denominated in Swiss francs or another freely convertible currency, as short-term liquid investments. Money-market instruments are debt instruments whose term or residual term to maturity does not exceed 360 days and registered money-market claims. Money-market instruments must be liquid and be able to be valued and be traded on a securities exchange or another regulated market that is open to the public. Money-market instruments that are not traded on a securities exchange or another regulated market that is open to the public may only be acquired if the prerequisites of Art. 74 para. 2 Ordinance on collective investment schemes are met. In order to determine the term to maturity, with instruments having a floating interest rate, the date used is that on which their interest rate is adjusted;

fb) sight or time deposits (maximum 12 months) held with banks in Switzerland and abroad as investments denominated in a freely convertible currency;

fc) units or shares of open-ended collective investment schemes or other open-ended undertakings for collective investments with a similar function, including Exchange Traded Funds ("ETFs"), which invest in investments according to letters (fa) and (fb) above.

5. Subject to the provisions of § 21 para. 8, the Fund Management Company may acquire units or shares of open-ended collective investment schemes that are managed directly or indirectly by the Fund Management Company itself or by a company with which it is related through common management or control or through a significant direct or indirect stake.

6. Units or shares of open-ended collective investment schemes or of undertakings for collective investment with a similar function comprise units (or shares) of collective investment schemes or

investment undertakings, including Exchange Traded Funds ("ETF"), to which provisions apply with regard to investment policy, investor protection, risk spreading, borrowing, lending, and short selling of securities and money-market instruments that are equivalent to those of this Fund. They may comprise investments according to paras. 2-4 of this section. The redemption and trading frequency of the target funds must, as a matter of principle, correspond to the redemption frequency of this Fund. The target funds must be authorized as collective investment schemes or investment undertakings in their country of domicile and be subject there to supervision which is equivalent to that in Switzerland and which serves to protect investors; international administrative assistance must be guaranteed. The target funds may be denominated in a freely convertible currency.

7. Units or shares of closed-end collective investment schemes or of undertakings for collective investment with a similar function comprise units (or shares) of collective investment schemes or investment undertakings, (including ETFs), which are established under the law of any country, which are traded on an exchange or another market open to the public which is located in an OECD country, and which according to Swiss law are comparable to “Other Funds for traditional investments” on account of their investment policy, risk spreading, borrowing, short selling of securities and money-market instruments, and provided they do not alter the investment nature of the Fund.

§ 9 Cash and cash equivalents

The Fund Management Company may, in addition, hold appropriate quantities of cash in the unit of account of the Fund and in all currencies in which investments are permitted. Cash is deemed to be bank sight deposits and time deposits with maturities of up to twelve months.

B. Investment techniques and instruments

§ 10 Short sales

1. The Fund Management Company may, for the account of the investment fund and under the following conditions
   a) conduct short sales of investments (securities, derivatives, etc.) (referred to as "short sales in the narrow sense” or "physical short sales ") or
   b) in accordance with § 13, enter into derivatives transactions, in which although the derivative itself is not short sold, the derivative transaction can economically be equated with a short sale of the underlying asset (referred to as "economic short sales" or "synthetic short sales"). In this context, for example, futures, forwards and options on equities or share indices may be sold or swap transactions entered into which do not serve the purpose of hedging or closing out existing positions.

   Short sales in the narrow sense which are not covered by securities lending are not permissible.

   In the case of short selling in the narrow sense of investments as per letter a) above, a theoretically unlimited risk of loss can exist because the sold investments have to be bought back at a later point in time at a price that can rise to an unlimited extent.

   When conducting transactions in derivatives which in economic terms constitute short selling as per letter b) above, (i) a theoretically unlimited risk may exist, (ii) the risk may be confined to the value of the derivative or to the loss of a premium paid (e.g. purchase of an uncovered put option) or (iii) the risk may be confined to the value of the asset underlying a derivative.

2. Only the following investments may be the subject of short sales:
   (a) Equity paper and rights, which can be valued daily;
   (b) Exchange Traded Funds which have appropriate liquidity at their disposal and can be valued daily;

(c) Derivatives which have assets as defined in section 2 letters (a) and (b) as their underlyings;

(d) Derivatives which have as their underlyings indices on equity paper and rights, which have appropriate liquidity at their disposal and can be valued daily.

§ 11 Securities lending

1. The Fund Management Company does not conduct any securities lending transactions as lender. However, it may borrow securities as a borrower in connection with short sales (cf. § 10 above).

2. The Fund Management Company may borrow all types of securities which can be the subject of short sales in accordance with § 10 para. 2 above and which are traded on a securities exchange or another regulated market open to the public.

3. The Fund Management Company may borrow securities in its own name and for its own account from a lender ("principal") or appoint an agent to borrow the securities either indirectly in a fiduciary capacity ("Agent transaction") or directly ("Finder transaction").

4. The Fund Management Company will only carry out these borrowing transactions with first-class lenders or intermediaries which specialize in transactions of this type, such as banks, brokers, insurance companies and recognized securities clearing organizations that guarantee proper execution of the securities lending transactions.

5. The Fund Management Company shall conclude an agreement with the lender or intermediary whereby the Fund Management Company pledges or transfers collateral in favour of the lender for the purpose of guaranteeing the restitution claim. Moreover, the Fund Management Company is liable to the lender or agent for ensuring the prompt, unconditional payment of any income accruing during the lending period, as well as for asserting other financial rights and for returning securities of the same type, quantity, and quality as per the terms of the agreement.

6. The Custodian Bank shall ensure that the securities lending transactions are handled in a secure manner and in line with the agreements. For the duration of the lending transactions it will also carry out the administrative actions for which it is responsible under the custody account regulations and assert all rights associated with the loaned securities, provided these rights have not been assigned under the applicable framework agreement.

§ 12 Securities repurchase agreements

The Fund Management Company may not enter into any securities repurchase agreements for the account of the Fund.

§ 13 Derivative instruments

1. The Fund Management Company may use derivatives for efficient management of the Fund’s assets and to hedge currency risks. In so doing, short sales of derivatives and derivatives transactions that are equivalent to a short sale (synthetic short sales) according to § 10 above may be conducted. § 16 below defines the extent to which obligations arising from derivatives may be entered into. The Fund Management Company must ensure that, even under exceptional market conditions, the financial effect of the use of derivatives does not alter the investment character of the Fund described in this Fund Contract. Furthermore, the underlyings of the derivatives must be permitted according to the present Fund Contract.

   For the portion of the Fund’s assets that is invested in open-ended or closed-end collective investment schemes, derivatives may be used only to hedge currency risks. In the context mentioned above, derivatives may thus not be used - except to hedge currency risks - in relation to the investments of open-ended or closed-end collective investment schemes. This rule does not apply to index collective investments if the derivative financial instruments are used to control market risks and if these risks can be determined and measured.

The legislation on collective investment schemes provides for three risk-measurement procedures for the use of derivatives: The Commitment I and Commitment II approach for "simple funds" and the model approach combined with stress tests for "complex funds".

The Commitment I approach is a simplified procedure and is characterized by the fact that the use of derivative financial instruments neither leverages the fund's assets nor is equivalent to short selling. The Commitment II approach is an extended procedure, whereby both leverage and short selling are permitted. With the model-based approach, the risk on the Fund's assets is measured on a daily basis in terms of Value-at-Risk (VaR) with a 99% confidence level and a holding period of 20 trading days; it must not exceed 200% of the VaR of a comparable portfolio containing no derivatives. Stress tests must also be performed on a regular basis.

Owing to the planned use of derivatives, the Fund qualifies as a "simple fund". The Commitment II approach is used for risk measurement.

2. The overall exposure of the Fund associated with derivatives (overall derivatives exposure limit) may not exceed 200% of its net assets. The overall risk limit (taking into account the possibility of borrowing amounting to up to 50% of the overall derivatives exposure and physical short sales) may not exceed 300% of the net fund assets.

   The Fund Management Company must at all times be able to meet the delivery and payment obligations entered into in respect of the derivatives from the Fund's assets in accordance with collective investment schemes legislation.

3. The Fund Management Company may in particular use basic forms of derivatives such as call or put options whose value at expiry is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price and is zero if the difference is preceded by the opposite algebraic sign, swaps whose payments are dependent on the value of the underlying or on an absolute amount in both a linear and a path-independent manner, as well as futures and forward transactions whose value is linearly dependent on the value of the underlying. It may also use combinations of basic forms of derivatives and derivatives whose economic mode of operation cannot be described by either a basic form of derivative or a combination of basic forms of derivatives (exotic derivatives).

4. (a) Derivatives are broken down by the Fund Management Company into the three risk categories of market risk, credit risk, and currency risk. If a derivative entails risks in different categories, it will be included in each of the corresponding risk categories with its underlying equivalent. In the case of futures, forwards, and swaps, the underlying equivalent is determined by taking the product of the number of contracts and the contract value. In the case of options, it is determined by taking the product of the number of contracts, the contract value, and the delta (provided one has been calculated).

   (b) Counterpositions in derivatives on the same underlying and in investments in that underlying may be netted off against one another.

   (c) Counterpositions in different underlyings may be netted off against one another only if their risks such as market risk, credit risk, and currency risk are similar and exhibit a high correlation.

   (d) Call options sold and put options purchased may be included in the netting process only if their delta has been calculated.

   (e) For each risk category, the absolute amounts of the underlying equivalents of the derivatives are added up, subject to any netting in accordance with letters (b) to (d). In none of the three risk categories may the total of the underlying equivalents exceed the exposure calculated according to § 16 para. 3 letter (a).

   (f) Payment obligations in respect of derivatives must at all times be covered by near-money assets, debt securities and rights or equities that are traded on an exchange or other regulated market open to the public, in accordance with collective investment schemes legislation. These near-money assets and investments may be used to cover several derivative positions at the same time, if these involve a market risk or credit risk and are based on the same underlyings.

(g) Physical delivery obligations in respect of derivatives must at all times be covered by the corresponding underlyings or by other investments, when the associated risks, such as market risks, currency risks, and interest-rate risks, are similar to those of the underlyings to be delivered, the investments and the underlyings exhibit a high correlation, the investments and the underlyings are highly liquid, and, should delivery be requested, they may be purchased or sold at any time. Underlyings may be used as cover for several derivative positions at the same time, if these involve a market risk, credit risk or currency risk and are based on the same underlyings.

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

6. (a) The Fund Management Company may conclude OTC transactions only with regulated financial intermediaries specializing in such types of transaction and which ensure proper execution of the transaction. If the counterparty is not the Custodian Bank, either the former or the guarantor must meet the minimum credit rating requirements laid down in the collective investment schemes legislation under Art. 33 KKV-FINMA.

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

(c) If no market price is available for an OTC-traded derivative, it must be possible to determine the price at any time based on the market value of the underlyings using appropriate valuation models that are recognized in practice. Moreover, before the conclusion of such transactions, specific offers must be obtained from at least two potential counterparties, and the most favourable offer must be accepted, taking due account of the price, credit rating, risk distribution, and the range of services offered by the counterparties. The conclusion of the transaction and pricing must be clearly documented.

7. In terms of compliance with statutory and contractual investment restrictions (maximum and minimum limits), derivatives are to be factored in accordance with the legislation on collective investment schemes.

8. The prospectus contains further information on:
   - the importance of derivatives as part of the investment strategy;
   - the effect of the use of derivatives on the risk profile of the Fund;
   - the counterparty risks attached to derivatives;
   - the increased volatility resulting from the use of derivatives and the increased overall exposure (leverage).

§ 14 Taking up and extending loans

1. The Fund Management Company may not grant loans for the Fund’s account.

2. The Fund Management Company may take out loans on market conditions amounting to a maximum of 50% of the Fund’s net assets, both for investment purposes and to meet redemption applications.

§ 15 Encumbering the Fund's assets

1. The Fund Management Company may encumber or assign as collateral no more than 100% of the Fund's net assets.

2. It is not allowed to encumber the Fund's net assets with guarantees. An exposure-increasing credit derivative is not deemed to be a guarantee within the meaning of this paragraph.

C. Investment restrictions

§ 16 Risk spreading and risk limitation

1. The regulations on risk diversification pursuant to § 16 must 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 to which it relates and is published appropriately;

   (b) cash and cash equivalents pursuant to § 9;

   (c) claims against counterparties arising from OTC transactions pursuant to § 13.

2. Companies which, owing to international accounting regulations, form a group are deemed to be a single issuer.

3. The Fund Management Company complies with the following general investment restrictions for the Fund:

   (a) total exposure, long and short risk exposure

   (aa) The total risk exposure of all investments may not exceed 300% of the net asset value of the Fund.
   (ab) The sum of the long risk exposure of all investments may not exceed 200% of the net assets of the Fund.
   (ac) The sum of the long risk exposure of the direct or indirect investments in equity paper and rights may not exceed 100% of the net assets of the Fund.
   (ad) The sum of the short risk exposure from short sales in the narrow sense or physical short sales within the meaning of § 10 para. 1 letter a) and from financial short sales or synthetic short sales within the meaning of § 10 para. 1 letter b) of all investments may not exceed -100% of the net assets of the Fund.
   (ae) Borrowing may not exceed 50% of the net assets of the Fund.

   The overall exposure associated with derivatives (overall derivatives exposure limit) may not exceed 200% of the net assets of the Fund. The overall risk limit (taking into account the possibility of borrowing amounting to up to 50% of the overall derivatives exposure and physical short sales) may not exceed 300% of the net fund assets.

   (b) Restrictions per issuer or counterparty:

   (ba) The Fund Management Company may invest a maximum of 15% of the Fund's assets, including derivatives, in securities and money-market instruments of the same issuer. This is without prejudice to the following provisions.

   The proportion of investments of the issuers or debtors who account for more than 10% of the Fund's assets may not exceed a total of 60% of the Fund's assets. This is without prejudice to the provisions of letter (c) below.

(bb) The Fund Management Company may invest a maximum of 10% of the Fund's assets in OTC transactions of the same counterparty. If the counterparty is a bank which has its registered office in Switzerland or a Member State of the European Union or in another country in which it is subject to regulation equivalent to that in Switzerland, this limit is increased to 15%.

(bc) The Fund Management Company may invest a maximum of 20% of the Fund's assets in sight deposits and time deposits with the same bank. This limit must include both cash and cash equivalents (§ 9) and investments in bank deposits (§ 8).

(bd) The Fund Management Company may, for the account of the Fund:

(bda) acquire a maximum of 10% each of the non-voting equity, debt and/or money-market instruments of the same issuer, and a maximum of 25% of the outstanding units (shares) of another collective investment scheme (incl. ETFs).

These restrictions do not apply if the gross amount of the debt instruments, money-market instruments or the units of other collective investment schemes (incl. ETFs) cannot be calculated at the time of the acquisition.

(bdb) not acquire equity rights that account for more than 10% of the voting rights or that enable it to exert a significant influence on the management of an issuer.

(bdc) The restrictions in letters (bda) and (bdb) above do not apply to securities and money-market instruments that are issued or guaranteed by an OECD State or a public-law entity from the OECD or by the organizations referred to in letter (c).

(be) The Fund Management Company may invest a maximum of 20% of the Fund's assets in units of the same target fund.

(bf) Investments, bank deposits and claims according to letters (ba), (bb) and (bc) of the same issuer or debtor may not in total exceed 20% of the Fund's assets.

(bg) Investments according to letters (ba) above in the same group of companies may not exceed a total of 20% of the Fund's assets.

(c) The 15% limit specified in letter (ba) above is increased to 100% when the securities or money-market instruments are issued or guaranteed by an OECD country or by a public-law entity from the OECD or by international public-law organizations to which Switzerland or a member state of the European Union belong. In this case the Fund must hold securities or money-market instruments from at least six different issues; a maximum of 30% of the Fund's assets may be invested in securities or money-market instruments of the same issue. The afore-mentioned securities or money-market instruments will not be taken into account when applying the 60% limit pursuant to letter (ba). In addition to the OECD countries, the following are permitted as issuers or guarantors as defined above: European Union (EU), Council of Europe, Eurofinance, International Bank for Reconstruction and Development (World Bank), European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, Nordic Development Bank, Asian Development Bank and African Development Bank.

§ 17 Further investment restrictions

1. The proportion of investments collective investment schemes may not exceed a total of 49% of the Fund's assets.

2. The acquisition of funds of funds is not permitted.

3. The premiums from outstanding option transactions which economically are equivalent to a short sale may not exceed 5% of the Fund's assets.

4. The Fund may not invest in precious metals, precious metal certificates, commodities or other commodity certificates.

IV. Calculation of the net asset values and issue and redemption of Shares

§ 18 Calculation of the net asset values

1. The net asset value of the Fund and the proportions of net assets attributable to the individual Classes (proportional share) are calculated at the market value as at the end of the financial year and at the end of each calendar month, at every other time indicated in the prospectus and on each day on which Units are issued or redeemed, in the Fund's unit of account. The Fund's assets will not be valued on days on which the exchanges or markets in the Fund's main investment countries are closed (e.g. bank and stock exchange holidays).

2. Investments traded on a stock exchange or another regulated market that is open to the public must be valued at the current prices paid on the principal market. Other investments or investments for which no current prices are available must be valued at the price that would probably be obtained for them if they were sold diligently at the time of valuation. In this case, in order to determine market value, the Fund Management Company uses appropriate valuation models and principles that are recognized in practice.

3. Open-ended collective investment schemes are valued at their redemption price or at the net asset value. If they are regularly traded on a securities exchange or another regulated market open to the public, the Fund Management Company may value them according to section 2.

4. The value of money-market instruments that are not traded on a securities exchange or another regulated market open to the public is determined as follows: the valuation price of such investments is successively adapted to the redemption price, starting from the net purchase price, keeping constant the resulting calculated investment return. In the event of significant changes in market conditions, the basis for valuing the different investments is adapted to the new market returns. If the current market price is not available, reference is normally made to valuation of money-market instruments having the same characteristics (quality and registered office of the issuer, issuing currency, duration).

5. Bank deposits are valued at the amount due plus accrued interest. In the event of significant changes in market conditions or credit rating, the basis for valuing time deposits is adapted to the new circumstances.

6. The net asset value of the Unit of a Unit class is obtained from the proportional share of the Fund's assets attributable to the unit class concerned, less any liabilities of the Fund that are assigned to the unit class concerned, divided by the number of outstanding units of the corresponding unit class. The net asset value is rounded off to the nearest cent of the unit of account.

7. The proportional shares of the market value of the Fund's net assets attributable to the respective unit classes are determined for the first time when several unit classes are issued for the first time (if this takes place simultaneously) or when a further class is first issued on the basis of the inflows coming into the fund for each class. The proportional share is re-calculated over again in the case of the following events:

   a) when units are issued and redeemed;

   b) on the date fixed for distributions, if (i) such distributions are effected only for individual unit classes (distributing classes) or if (ii) the distributions of the different classes turn out to be different as a percentage of their respective net asset value or if (iii) different commissions or expenses are charged on the distributions of the different unit classes 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 different classes, if the liabilities of the different classes turn out to be different as a percentage of their respective net asset value, in particular when different rates of commission are applied to the different classes;

d) when the net asset value is calculated, as part of the allocation of income or return on capital to the different classes, if the income or return is generated from transactions (for example, currency hedging transactions) which were conducted only in the interests of one class or in the interests of several classes, but not proportionally to their percentage share of the Fund's net assets.

§ 19 Issue and redemption of Shares

1. Subscription and redemption orders for units are accepted once per week on the order date up to a certain cut-off time specified in the prospectus. The definitive price of the units for issues and redemptions is determined at the earliest on the bank business day following the order date (valuation date) (forward pricing). The details are set out in the prospectus.

2. The issue and redemption price of the units is based on the net asset value per unit calculated according to § 18 on the valuation date on the basis of the closing prices of the previous day. When issuing and redeeming units, a sales commission according to § 20 below may be added, or a redemption fee according to § 20 below may be deducted from the net asset value.

   Incidental costs for the purchase and sale of investments (standard brokerage charges, fees, taxes, etc.) incurred by the Fund when investing the amount paid in by the investor, or when selling that portion of investments corresponding to a redeemed unit, are charged to the Fund's assets.

3. The Fund Management Company may cease to issue Shares at any time either temporarily or completely, and may reject applications for the subscription or switching of Shares.

4. The Fund Management Company may temporarily and exceptionally postpone the redemption of Fund units in the interests of all investors under the following exceptional circumstances:

   a) if a market which is the basis for the valuation of a significant portion of the Fund's assets is closed or if trading on such a market is subject to restrictions or suspended or
   b) in the event of a political, economic, military, monetary or other emergency;
   or
   c) if transactions are rendered impossible for the Fund owing to foreign exchange restrictions or restrictions on other asset transfers;
   d) if redemptions are so extensive that they could have a significant negative impact on the interests of the other investors in the Fund.

5. No units of the Fund will be issued as long as the redemption of Shares is postponed for the reasons given under Section 4 letter a to c.

6. The Fund Management Company must immediately inform the Auditors, the supervisory authority and the investors in a suitable manner of the suspension decision.

V. Fees and incidental costs

§ 20 Fees and incidental costs charged to the investor

1. For the issuance of Units, investors can be charged a sales commission which is payable to the

Fund Management Company, Custodian Bank and/or distributors in Switzerland and abroad; for the redemption of units, they may be charged a general redemption fee which is payable to the Fund Management Company, Custodian Bank or distributors or to the Fund. The sales commission and redemption fee may be different.

A sales commission of a maximum of 3% and a redemption fee of a maximum of 1% may be charged for the "A" and "D" classes.

2. The Custodian Bank charges the unitholder a fee of a maximum of 0.25% of the gross distribution when paying out the proceeds of liquidation in the event of the Fund's being wound up.

3. The rates that are currently applicable for the maximum fees and commissions stipulated in this § 20 paras. 1 and 2 can be obtained from the prospectus.

§ 21 Fees and incidental costs charged to the Fund's assets

1. For the administration, asset management and distribution of the Fund, the Fund Management Company charges the Fund a management fee as detailed below. Said fee is debited to the Fund's assets pro rata temporis each time the net asset value is calculated and is paid out monthly (management fee):

   maximum 2.4% p.a. of the net asset value for units of the "A" classes;
   maximum 1.9% p.a. of the net asset value for units of the "D" classes.

   The Fund Management Company must disclose in the prospectus the intended use of the management fee. In addition, it shall disclose when it pays retrocessions to investors and/or trailer fees to distributors.

   The management fee rates actually charged are given in the annual and semi-annual reports.

2. The Custodian Bank charges the investment fund an annual fee of a maximum of 0.2% of the Fund's net assets for safekeeping of the Fund's assets, handling the Fund's payment transactions and the other duties of the Custodian Bank listed in § 4. It is debited to the Fund's assets pro rata temporis each time the net asset value is calculated and paid out monthly (Custodian Bank fee).

   The rate of the Custodian Bank fee that is actually applied is given in the annual and semi-annual report.

3. Furthermore the Fund Management Company is also entitled to a Performance Fee.

   The Performance Fee is calculated on a quarterly basis on every issue and redemption day. It is debited to the Fund's net assets and crystallized at the rates and on the conditions set out below. After expiry of the respective calendar quarter, if a performance fee is due, it is then paid out to the Fund Management Company.

   The Performance Fee is calculated separately in each case for Unit classes with different commission rates, reference currencies or net asset values. The Performance Fee is subject to a "High Water Mark". Entitlement to the Performance Fee exists only when the net asset value per unit is above the High Water Mark. At the time a Performance Fee is introduced for the first time, the High Water Mark corresponds to the initial issue price or the net asset value at the time the period of calculating the net asset value per unit of a class begins. If the net asset value per unit is above the High Water Mark on the last valuation date of the following quarter, the High Water Mark is increased to the newly calculated net asset value per unit determined before deduction of the Performance Fee on the last valuation date of this quarter. Otherwise the High Water Mark remains unchanged. Accordingly the Fund Management Company is then entitled to a Performance Fee only if any depreciations of the asset value that may have occurred are made up again in full. In the event of distributions, the High Water Mark and the base level of the net asset value are adjusted by the gross amount of the distributions. The level of the Performance Fee is a maximum of 20% p.a..

4. The Fund Management Company and the Custodian Bank are, in addition, entitled to reimbursement of the following expenditures, which they have incurred in executing the Fund Contract:

   (a) annual costs and fees of supervision of the Fund in Switzerland;

   (b) the cost of printing and translating annual and semi-annual reports into French and Italian;

   (c) cost of price publications in the press and cost of feeding prices into electronic media and price transmission systems (such as TIF/SWX);

   (d) costs of publishing notices to investors in the publication media of the Fund;

   (e) fees charged by the Auditors for regular auditing;

   (f) fees relating to the performance of sub-custodian functions
   (these fees are shown separately as items of expenditure in the annual report);

   (g) all costs and fees for licences of the Fund (in particular for using indices);

   (h) all taxes and levies charged on the Fund’s assets, its income and on the expenditures debited to the Fund’s assets;

   (i) the costs of any extraordinary measures that may become necessary, including the cost of legal advice, which they take in the investors’ interests.

5. In addition, the Fund bears all the incidental costs incurred in connection with the management of the Fund for the sale and purchase of investments (standard brokerage charges, fees and taxes). These costs are charged directly with the purchase or sale price of the investments concerned.

6. The costs or fees that can be assigned directly to a class of units are debited or credited directly to that fund or class of units. Costs or fees that cannot be assigned clearly to an individual class of units are debited or credited to all unit classes in proportion to their individual assets.

7. At the level of target funds, commissions and costs are incurred that are also borne economically by indirect investors such as the investors in the Fund. Any reductions in commissions, trailer fees, distribution remuneration payments etc. due in respect of investments made for the Fund’s account in target funds are credited exclusively to the Fund’s assets. In the case of target funds, the reductions are usually on a relatively low level of commission. As a rule, no such reductions, trailer fees or remunerations are granted or paid.

8. If the Fund Management Company acquires shares in other collective investment schemes that are managed directly or indirectly by the Fund Management Company itself or a company with which it is related through common management or control or through a significant direct or indirect stake, only a reduced management fee not exceeding 0.25% p.a. of the net asset value may be charged to the Fund’s assets in respect of such investments. Furthermore, no sales commissions or redemption fees may be charged to the Fund's assets in respect of the related target funds.

   If the Fund Management Company invests in shares of a related target fund pursuant to the above paragraph that has a lower actual (all-in) management fee than the actual fee pursuant to Section 1, the Fund Management Company may - instead of charging the aforementioned reduced fee on the assets invested in this target fund - charge the difference between the actual fee of the investing fund on the one hand and the actual (all-in) management fee of the related target fund on the other.

9. If a significant portion of the Fund’s assets are invested in target funds, the management fee of the target funds in which the Fund’s assets are invested may amount to a maximum of 5% p.a., taking into account any retrocessions. The maximum rate of the management fee of the target funds in which investments have been made must then be indicated in the annual report, taking account of any retrocessions.

VI. Financial statements and audits

§ 22 Financial statements

1. The Fund's unit of account is the Swiss franc (CHF).
2. The financial year of the Fund begins on 1 January and ends on 31 December of each year.
3. The Fund Management Company will publish an audited annual report for the Fund within four months of the end of the financial year.
4. The Fund Management Company will publish a semi-annual report for the Fund within two months of the end of the first half of the financial year.
5. This is without prejudice to the investor's right to be informed in accordance with § 5 para. 3.

§ 23 Audits

The Auditors will examine each year whether the Fund Management Company and the Custodian Bank have acted in compliance with the provisions of the Fund Contract, the CISA, and the Code of Conduct of the Swiss Funds Association SFA. The annual report will contain a short report by the Auditors on the published annual financial statements.

VII. Appropriation of net income

§ 24

1. The net income of each class of units will be distributed to the investors annually at the latest by the end of March in the accounting currency. The Fund Management Company may in addition make interim distributions from the income.
2. Capital gains realized on the sale of assets and rights can be distributed by the Fund Management Company or retained for the purpose of reinvestment.

VIII. Offices at which the prospectus, the Fund Contract and the semi-annual and annual reports are available for inspection and can be obtained

§ 25

The prospectus with integrated Fund Contract and the respective annual and semi-annual reports can be inspected at, and obtained free of charge from, the Fund Management Company, the registered office of the Custodian Bank and its Swiss branches and all distributors and Paying Agents of the Fund.

IX. Publications of the Fund

§ 26

1. The publication media of the Fund are the print media or electronic media specified in the prospectus. Notification of any change in a publication medium must be published in the publication media.

2. The following information in particular must be published in the publication media: summaries of material amendments to the Fund Contract, indicating the offices from which the amended wording may be obtained free of charge, any change of Fund Management Company and/or Custodian Bank, the creation, dissolution or merger of Unit classes, as well as liquidation of the Fund. Amendments that are required by law and do not affect the investors’ rights or are of an exclusively formal nature may be exempted from the duty to publish subject to the approval of the supervisory authority.

3. The Fund Management Company will publish the issue and the redemption prices of the units together at least twice a month, or the net asset value with the indication "excluding commissions" in the electronic medium specified in the prospectus. Furthermore prices can be announced by the Fund Management to certain media. The weeks and days of the week on which publication is made are specified in the prospectus.

X. Restructuring

§ 27 Merger

1. Subject to the consent of the Custodian Bank, the Fund Management Company may merge the Fund with other investment funds by transferring the assets and liabilities of the absorbed fund or funds to the absorbing fund at the merger date. The absorbed fund’s investors shall receive units of the absorbing fund worth a corresponding amount. At the merger date the absorbed fund is wound up without liquidation and the absorbing fund’s contract shall also apply to the absorbed fund.

2. Investment funds may only be merged if:

   a) it is provided for by the corresponding fund contracts;

   b) they are managed by the same management;

   c) the corresponding fund contracts concord on the following provisions:

      - the investment policy, risk spreading and the investment risks;
      - appropriation of net earnings and capital gains;
      - the nature, amount and calculation of all remunerations, sales and redemption fees as well as the ancillary expenses for buying and selling investments (brokerage, fees, taxes) which may be charged to the assets of the fund or to the investors;
      - the redemption conditions;
      - the duration of the contract and the pre-requisites for winding up.

   d) the valuation of the assets of the participating funds, the calculation of the exchange ratio and takeover of the assets and liabilities are carried out on the same day.

   e) no expenses are incurred, either for the investment fund or for the investors.

3. If the merger is likely to take more than one day, the supervisory authority may approve limited deferral of redemption in respect of the shares of the investment funds involved.

4. The Fund Management Company shall submit the intended changes to the Fund Contract and the proposed merger together with the merger schedule to the supervisory authority for review at least one month before their planned publication. The merger schedule must contain detailed information on the reasons for the merger, the investment policies of the funds involved and any differences between the absorbing fund and the fund being absorbed, the calculation of the exchange ratio, any differences with regard to remunerations and any tax implications for the funds, as well as the opinion of the competent auditors pursuant to the CISA.

5. The Fund Management Company shall publish the intended changes to the Fund Contract pursuant to § 26 section 2 and the intended merger together with the merger schedule at least two months before the planned merger date in the official publications of the participating funds. In this notice the Fund Management Company must inform the investors that they may lodge objections to the intended changes to the Fund Contract with the supervisory authority within 30 days of publication or may request redemption of their Shares.

6. The auditors shall check immediately that the merger is being carried out correctly, and shall submit a report containing their comments in this regard to the Fund Management Company and the supervisory authority.

7. The Fund Management Company must inform the supervisory authority of the conclusion of the merger and publish notification of the completion of the merger, the confirmation from the auditors regarding proper execution thereof and the exchange ratio without delay in the official publications of the funds involved.

8. The Fund Management Company shall make reference to the merger in the next annual report of the absorbing 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 ordinary financial year, an audited closing statement must be produced for the fund being absorbed.

§ 28 Term of the Fund and winding up

1. The Fund has been established for an indefinite period.

2. Either the Fund Management Company or the Custodian Bank may have the Fund dissolved by terminating the Fund Contract without giving any notice.

3. The Fund may be dissolved by order of the supervisory authority, in particular if at the latest one year after the expiry of the subscription period (launch) or a longer period extended by the supervisory authority at the request of the Fund Management Company and the Custodian Bank it does not have net assets of at least 5 million Swiss francs (or the equivalent in the unit of account).

4. The Fund Management Company must inform the supervisory authority of winding up immediately and must publish notification in the media of publication.

5. Following termination of the Fund Contract, the Fund Management Company may without delay liquidate the Fund's assets. If the supervisory authority has ordered that the Fund be wound up, the Fund must be liquidated without delay. The Custodian Bank shall be entrusted with paying the liquidation proceeds to the investors. If liquidation extends over a long period, the proceeds of liquidation may be paid in successive tranches. Prior to the final payment, the Fund Management Company must obtain authorization from the supervisory authority.

XI. Amendment of the investment Fund Contract

§ 29

If the present Fund Contract has to be amended or if it is planned to merge classes of units or if it is planned to change the Fund Management Company or the Custodian Bank, investors may lodge their objections to the supervisory authority within 30 days of the latest corresponding publication. In the event of an amendment to the Fund Contract (including the merging of classes of units) investors may, moreover, request cash payment of their units in keeping with the contractual time-limits. This is without prejudice to the cases according to § 26, para. 2 which are exempted from the rules governing publications with the supervisory authority's permission.

XII. Applicable law, place of jurisdiction

§ 30

1. The Fund is subject to Swiss law, in particular the Federal Act on Collective Investment Schemes (KAG) of 23 June 2006, the Ordinance on Collective Investment Schemes of 22 November 2006 (KKV), and the Ordinance of the Swiss Financial Market Supervisory Authority on Collective Investment Schemes of 21 December 2006 (KKV-FINMA).

   The place of jurisdiction is the registered office of the Fund Management Company. This is without prejudice to recognition of the jurisdiction of countries in which Fund units are publicly distributed by the Fund Management Company and the Custodian Bank and of the resultant further places of jurisdiction.

2. The German-language version is the authoritative text for the interpretation of the Fund Contract.

The Fund Contract was approved for the first time on 18 January 2011 by the Swiss Financial Market Supervisory Authority.

The Fund Management Company:
Swiss & Global Asset Management AG, Zürich

The Custodian Bank:
RBC Dexia Investor Services Bank S.A., Esch-sur-Alzette, Zürich branch