

Last updated: March 2014

SALES PROSPECTUS

(including appendices and Fund Management Regulations)

AC

Sub-funds:

AC – Risk Parity 7 Fund

AC – Risk Parity 12 Fund

AC – Risk Parity 17 Fund

Management Company

Alceda Fund Management S.A.

Custodian:

The Bank of New York Mellon (Luxembourg) S.A.

Important Note:

This document is an English translation of the latest German prospectus approved by the Luxembourg supervisory authority, the *Commission de Surveillance du Secteur Financier* (CSSF). On a timely basis the German prospectus will be exchanged with the official visa-stamped prospectus.

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Management, Sales and Consulting

Management Company

Alceda Fund Management S.A.

5, Heienhaff
L-1736 Senningerberg, Luxembourg

Corporate capital on 31 December 2013: EUR 325,000

Board of Directors of the Management Company

Chairman of the Board:

Michael Sanders
Chairperson of the Board of Directors of
Alceda Fund Management S.A.

Members of the Board of Directors:

Heinrich Echter
Managing Director of
Alceda Fund Management S.A.
Senningerberg, Luxembourg

Michaela Maria Eder von Grafenstein
Managing Director of
Alceda Fund Management S.A.
Senningerberg, Luxembourg

Jost Rodewald
Managing Director of
AQ Management GmbH
Hamburg, Germany

Ralf Rosenbaum
Managing Director of
Alceda Fund Management S.A.
Senningerberg, Luxembourg

Roman Rosslénbroich
Managing Director of
AQ Management GmbH
Hamburg, Germany

Directors of the Management Company

Heinrich Echter
Michaela Maria Eder von Grafenstein
Michael Sanders
Ralf Rosenbaum
Silvia Wagner

Custodian

The Bank of New York Mellon (Luxembourg) S.A.
2-4, rue Eugène Ruppert
L-2453 Luxembourg

Registrar and Transfer Agent

The Bank of New York Mellon (Luxembourg) S.A.
2-4, rue Eugène Ruppert
L-2453 Luxembourg

Central Administration Agent

The Bank of New York Mellon (Luxembourg) S.A.
2-4, rue Eugène Ruppert
L-2453 Luxembourg

Paying Agent

Grand Duchy of Luxembourg

The Bank of New York Mellon (Luxembourg) S.A.
2-4, rue Eugène Ruppert
L-2453 Luxembourg

Investment Advisor

Aquila Capital Concepts GmbH
Valentinskamp 70
D-20355 Hamburg, Germany

Auditor of the Fund and Management Company

PricewaterhouseCoopers (PwC), Société Coopérative
400, Route d'Esch
L-1471 Luxembourg

Investment Committee for all Sub-funds:

Dr. Dieter Rentsch
Aquila Capital Concepts GmbH

Harold Heuschmidt
Aquila Capital Concepts GmbH

Prof. Dr. Harry M. Kat

The investment fund described in this Sales Prospectus (including its appendices and Fund Management Regulations) ("Sales Prospectus") is a Luxembourg investment fund (*fonds commun de placement*) set up pursuant to Part I of the Luxembourg law of 17 December 2010 regulating Undertakings for Collective Investment ("Law of 17 December 2010") in the form of an umbrella fund with one or more Sub-funds for an unlimited period of time.

This Sales Prospectus is only valid in combination with the last published annual report that must have been issued within the last sixteen months. The investor must also be provided with the semi-annual report if the reporting date is more than eight months old. The current Sales Prospectus forms the legal basis for the acquisition of units. The acquisition of units implies acceptance of the Sales Prospectus by the investor and all approved and published amendments to this document.

The "Key Investor Information Document" will be made available to investors in good time at no cost prior to the acquisition of Fund units.

The dissemination of information and issue of statements that deviate from this Sales Prospectus and the "Key Investor Information Document" is prohibited. The Management Company is not liable if and insofar as information is disseminated or statements are issued that deviate from the current Sales Prospectus and the "Key Investor Information Document".

The Sales Prospectus and the "Key Investor Information Document", as well as the annual and semi-annual Fund reports, can be obtained free of charge in a durable medium from the head office of the Management Company, the Custodian, the paying agents and distributors. The Sales Prospectus and "Key Investor Information Documents" can also be found on the website www.alceda.lu. Upon request from the investor, the documents in question will also be provided in paper form. Further information is available from the Management Company at any time during normal office hours.

Notes for Investors Relating to the United States of America

The Management Company can restrict or prohibit the possession of units by any person registered as a taxpayer in the United States of America ("USA"). Natural persons who are taxpayers in the USA include, for example, persons who

- a) were born in the USA or in one of its territories or sovereign territories;
- b) are naturalised citizens (or green card holders);
- c) were born abroad to parents, or to one parent, who is/are (a) US citizen(s);
- d) without being a citizen of the USA, are predominantly resident in the USA;
- e) are married to a citizen of the USA.

Legal entities that are taxpayers in the USA include, for example,

- a) companies or organisations founded under the laws of one of the 50 states or the District of Columbia;
- b) a company or partnership founded under an Act of Congress; or
- c) a pension fund, founded as a US trust.

Sales Prospectus

The investment fund ("the Fund") described in this Sales Prospectus was issued on the initiative of **Aquila Capital Concepts GmbH** and is managed by **Alceda Fund Management S.A.**

Appendices related to the respective Sub-funds and the Fund Management Regulations are enclosed with this Sales Prospectus.

The Fund Management Regulations came into force on 19 October 2007 and have been placed with the Luxembourg Trade and Companies Register. A reference to this was published in the "*Mémorial, Recueil des Sociétés et Associations*", the official gazette of the Grand Duchy of Luxembourg ("Mémorial"), on 15 November 2007.

A final amendment to the Fund Management Regulations came into force on 14 March 2014, and notification of its entry in the Luxembourg Trade and Companies Register was published on 25 April 2014 in the *Mémorial*.

The Sales Prospectus (including appendices) and the Fund Management Regulations form a meaningful unit and complement each other.

Management Company

The Fund Management Company is Alceda Fund Management S.A. (the "Management Company"), a public limited company pursuant to the laws of the Grand Duchy of Luxembourg. Its registered office is located at 5, Heienhaff, L-1736 Senningerberg, Luxembourg. The Company was founded on 9 January 2007 for an indefinite period of time. Its articles of association were published in the *Mémorial* on 27 February 2007. The latest amendment to the Company's articles of association came into effect on 25 September 2012 and was published in the *Mémorial* on 3 October 2012. The Management Company is registered in the Luxembourg Trade and Companies Register under the number R.C.S. Luxembourg B-123356. The Management Company's financial year ends on 31 December of each year. The Management Company's statutory corporate capital amounted EUR 325,000 on 31 December 2013.

The Management Company may manage Undertakings for Collective Investments in Transferable Securities (UCITS) authorised pursuant to Directive 2009/65/EC as amended (hereinafter: Directive 2009/65/EC). In addition, it may manage other Undertakings for Collective Investments (UCI) that do not fall under this directive, in respect of which the Management Company is subject to supervision, but the units of which cannot be sold in other Member States of the European Union in accordance with Directive 2009/65/EC, as well as other Luxembourg-based and foreign investment vehicles (including SICARs).

The Management Company may carry out all activities that are necessary or useful to promote the sale of such units and to manage these UCITS/UCI and SICAR. It may enter into any transactions and take any measures that promote its interests or otherwise serve its purpose, provided that they correspond to Chapter 15 of the Law of 2010.

The Management Company is responsible for the daily administration and management of the Fund. It is entitled to perform all management and administrative operations and exercise all rights directly or indirectly related to the assets of the Fund or Sub-fund.

In pursuing its responsibilities, the Management Company acts independently of the Custodian. The Management Company fulfils its duties with the care of a paid authorised agent.

In addition to the Fund described in this Sales Prospectus, the Management Company also currently manages additional investment funds. A list of the names of these investment funds may be obtained upon request from the Management Company.

In managing the assets of the respective Sub-fund, the Management Company is entitled to appoint a Fund manager and/or investment advisor while itself retaining responsibility and control, with the costs of same being either for its own account or charged to the assets of the respective Sub-fund. In fulfilling its duties, the Fund manager or investment advisor may, at its own expense and under its own responsibility, make use of third parties – whether natural or legal persons – and appoint investment sub-consultants.

The Management Company is also entitled to subcontract services to third parties while retaining its own responsibility for, and control of, such services. Any such transfer of duties must not in any way impair the Management Company's ability to effectively supervise the Fund. In particular, any such transfer of duties must not impede the Management Company's ability to act in the interest of investors.

The Custodian

The Custodian for the Fund is **The Bank of New York Mellon (Luxembourg) S.A.**, with its registered office at 2-4, rue Eugène Ruppert, L-2453 Luxembourg.

The Custodian is a public limited company pursuant to the laws of the Grand Duchy of Luxembourg that operates a banking business. The function of the Custodian is governed by the Law of December 2010, the Custodian Agreement, the Fund Management Regulations (Article 3) and this Sales Prospectus (including appendices). It acts independently of the Management Company and exclusively in the interest of the investors.

Registrar and Transfer Agent

The registrar and transfer agent for the Fund is **The Bank of New York Mellon (Luxembourg) S.A.**, with its registered office at 2-4, rue Eugène Ruppert, L-2453 Luxembourg.

The duties of the registrar and transfer agent consist of processing applications or orders for the subscription, redemption, conversion and transfer of units and in maintaining a register of Fund units.

Central Administration Agent

The Central Administration Agent for the Fund is **The Bank of New York Mellon (Luxembourg) S.A.**, with its registered office at 2-4, rue Eugène Ruppert, L-2453 Luxembourg.

The Central Administration Agent is entrusted with Fund accounting, the calculation of unit values and compilation of the annual report.

While itself retaining responsibility and control, the Central Administration Agent may outsource tasks to third parties.

Investment Advisor

The Fund's investment advisor is **Aquila Capital Concepts GmbH** with its registered office in Valentinskamp 70, D-20355 Hamburg, Germany. The investment advisor's function is to observe the financial markets, analyse the make-up of investments in the respective Sub-funds and to provide the Management Company with recommendations for investment while complying with the principles established for investment policy and the restrictions on the Fund. The Management Company is not bound by recommendations submitted by the investment advisor.

The investment advisor has the right to seek advice from third parties at its own expense. However, the advisor is not authorised to assign the fulfilment of its responsibilities to a third party without the prior written consent of the Management Company. Should the investment advisor be granted such written consent by the Management Company and transfer its responsibilities to third parties, it shall be liable for the ensuing costs.

Legal Status of Investors

The Management Company invests investors' money in the respective Sub-fund in its own name for the joint account of investors based on the principles of risk spreading in securities and/or other permitted assets pursuant to Article 41, Paragraph 1 of the Law of December 2010. The invested funds and the assets acquired herewith represent the respective Sub-fund assets which are held separately from the Management Company's own assets.

Investors co-own the assets of their respective Sub-fund to the extent of their unit holdings. Only registered units of the Fund are issued. Units in the respective Sub-fund shall be issued in the form of certification and denomination designated in the appendix specific to the Sub-fund.

Registered units are entered in the register of unitholders which is administered by the Registrar and Transfer Agent. In this context, confirmation concerning the entry in the register of unitholders is sent to the address stated in the register of unitholders. There is no claim for issuing physical securities.

The Management Company draws the investors' attention to the fact that any investor will only be able to fully exercise their investor rights directly against the UCI or UCITS if the investor is registered himself and in his own name in the unit register of the UCI or UCITS. In the case where an investor has invested in the UCI or UCITS through an intermediary

investing in their own name, but on the behalf of the investor, it may not always be possible for the investor to enforce all investor rights in connection with the UCI or UCITS. It is recommended that investors inform themselves concerning their rights.

Unit Classes

All units in a Sub-fund have, as a matter of principle, the same rights, unless the Management Company decides to issue different unit classes within a Sub-fund in accordance with Article 5 No. 3 of the Fund Management Regulations. From time to time, the Management Company can decide to designate two or more unit classes. In terms of their characteristics and rights, unit classes can be distinguished according to the manner in which revenues are applied, to the fee structure, the use of foreign currency hedging contracts or other specific characteristics and rights. All units participate equally in the earnings, price gains, and in the proceeds of liquidation of their relevant unit class from the day of their issuance. Provided unit classes have been established for the respective Sub-fund, these are detailed in the relevant appendix to the Sales Prospectus, together with details of their specific characteristics and rights.

The use of foreign currency hedging contracts can occur for units whose reference currency, which is given in brackets for a unit class, is not identical with the Fund currency/Sub-fund currency. By using foreign currency hedging contracts, the Management Company tries to hedge the currency risk of the reference currency against the Fund/Sub-fund currency with the Management Company being able to guarantee that a complete hedging of the currency risk can be achieved. In the event of a currency hedging in favour of the reference currency of a unit class, this unit class is appended with an “^h” in the Sub-fund-specific annex. Therefore “CHF^h”, for example, means that the Management Company will try to hedge the currency risk of the reference currency of the unit class (CHF) against Fund/Sub-fund currency fluctuations. The cost of hedging is borne by the corresponding unit class.

Whether or not Sub-fund units are approved for trading on a stock market is indicated in the relevant appendix to the Sales Prospectus.

It is also possible that units in a Sub-fund are traded on other markets (e.g. units are included in unofficial regulated trading on a stock market).

The market price underlying market trading or trading in other markets is not solely determined by the value of assets held in the respective Sub-fund, but also by the principles of supply and demand. Therefore, this market price may vary from the calculated unit price.

General Notes on Trading Sub-Fund Units

Investing in the Sub-fund is seen as a long-term investment. The systematic purchase and sale of units, exploiting time differences and/or possible weaknesses or gaps in the valuation system of the net portfolio value – so-called market timing – can only jeopardise the interests of other investors. The Management Company rejects such arbitrage techniques.

In order to avoid such practises, the Management Company reserves the right to withdraw, to revoke or to suspend an investor's subscription or conversion orders, if there are grounds to suspect that the investor is involved in market timing.

If this is the case, the Management Company shall take appropriate measures to protect the other investors in the respective Sub-fund.

Investment Policy

The goal of the investment policy for the individual Sub-fund is to secure reasonable performance in the respective Sub-fund currency (as defined in Article 6, No. 2 of the Fund Management Regulations). Investment policies for specific Sub-funds are described in the relevant appendix to the Sales Prospectus.

General investment principles and restrictions outlined in Article 4 of the Fund Management Regulations apply to all Sub-funds, unless deviations or additions are contained in the relevant appendix for the respective Sub-fund.

Relevant Sub-fund assets are invested in compliance with the principles of the spread of risk within the meaning of rules provided for in Part I of the Law of December 2010 and in accordance with investment principles described in Article 4 of the Fund Management Regulations as well as within investment restrictions.

Notes on Derivatives

The Management Company may in principle, for the relevant Sub-fund assets and with the aim of hedging or increasing earnings growth in the best interests of the relevant Sub-fund, conclude transactions concerning derivatives traded on stock markets and/or over-the-counter (OTC) derivatives within the framework of the investment objectives, the investment policy and to the extent permitted by law.

In illustration of the general investment policy provisions as described in Article 4 of the Fund Management Regulations, the Management Company can make particular use of the following derivatives for the respective Sub-fund:

1. Options

An option conveys the right to buy ("buy option"/"call") or to sell ("sale option"/"put") a specific asset at a price specified in advance (the strike or exercise price) on a specific date in the future (expiry date) or during a specified period in the future. The price of a call or put option is the option premium.

Both call and put options can be bought or sold for the respective Sub-fund provided that the respective Sub-fund is entitled to invest in the underlying asset in accordance with the investment objectives mentioned in the Fund Management Regulations.

2. Financial futures

Financial futures are unconditionally binding agreements between both contracting parties to buy or sell a specific amount of an underlying asset at a price agreed upon in advance on a specified date (expiry date).

Financial futures can only be concluded for the respective Sub-fund provided the relevant Sub-fund is entitled to invest in the underlying assets in accordance with the investment objectives named in the Fund Management Regulations.

3. Currency futures

The Management Company may enter into contracts for currency futures in relation to the relevant Sub-fund.

Currency futures are unconditional binding agreements between both contracting parties to buy or to sell a specific amount of an underlying currency at a price agreed upon in advance on a specified date, the expiry date.

4. Swaps

General notes

The Management Company is authorised to conclude swap transactions with a counterparty for the account of the relevant Sub-fund within the scope of the investment principles.

A swap is an agreement between two parties that entails exchanging the flow of payments, assets, revenues or risks. As a general rule, a swap is traded over-the-counter, or cleared through a central counterparty. Swaps that can be concluded for the respective Sub-fund include, but are not restricted to, interest, currency, asset, credit default and total return swaps.

An interest swap is a transaction in which two parties exchange flows of payment that are related to fixed or variable interest payments. The transaction can be compared to accepting funds at a fixed rate of interest and the simultaneous lending of funds at a variable rate of interest. The nominal amounts of the assets are not exchanged.

Currency swaps mainly involve an exchange of the nominal amounts of assets. They can be compared to accepting funds in one currency while simultaneously lending funds in another currency.

Asset swaps, often called synthetic securities, are transactions that convert returns from a specific asset to another interest-based rate of return (fixed or variable) or to another currency in which the asset (e.g. bond, floating rate note, bank deposit and mortgage) is combined with an interest or currency swap.

An equity swap is characterised by the exchange of flows of payment, value adjustments and/or revenues from one asset against flows of payment, value adjustments, adjustments and/or revenues from another asset, with at least at one of the exchanged flows of payment, or revenues from an asset classed as a unit or a unit index.

The Management Company may undertake swap business provided the contracting partner is a reputable financial institution specialised in such business and provided that the relevant Sub-fund is entitled to invest in the underlying assets in accordance with the investment objectives named in the Fund Management Regulations.

The Management Company may in particular conclude Total Return Swap Transactions for the account of the relevant Sub-fund within the framework of the investment principles. Total Return Swap Transactions are understood by the market as a transactions, where one contracting party (the total return payer) transfers the economic development of a reference value to the other contracting party (the total return receiver).

Collateral strategy for over-the-counter derivatives

In principle, collateral received will have the following properties:

- a) Liquidity: all collateral received, which is not cash, is highly liquid and is traded at a transparent price on a regulated market or within a multilateral trading system, in order that it may be sold at short notice at a price which is close to the valuation which was determined before the sale. Furthermore, the received collateral fulfils the provisions of Article 48 of the Law of the 17 December 2010.
- b) Valuation: received collateral are assessed at least on each stock market trading day. Assets, which show high volatility in price, will only be accepted as collateral if suitable conservative haircuts are applied.
- c) Creditworthiness of the issuer: the issuer of the collateral which is received has a high degree of creditworthiness.
- d) Correlation: the securities received by one of the Sub-funds are issued by a legal entity, which is independent from the counterparty and does not strongly correlate to the development of the counterparty.
- e) Diversification of collateral (investment concentration): concerning collateral, attention is paid to maintain an appropriate diversification with reference to countries, markets and issuers. The criteria for appropriate diversification regarding issuer concentration is deemed to be fulfilled if the Sub-fund of a counterparty receives a collateral basket during transactions with OTC-derivatives, whose maximum exposure to a certain issuer corresponds to 20% of the net asset value. If a Sub-fund involves different counterparties, the different collateral baskets are aggregated, in order to calculate the 20% limit concerning the exposure to a single issuer.
- f) Risks relating to collateral management, e.g. operational and legal risks, are detected, controlled and minimised by the Management Company's risk management.
- g) In cases of a transfer of rights, the received collateral is held in custody by the depositary institution of the Sub-fund. For other types of collateral agreements, the collateral may be held in custody by a third party, who is subject to prudential supervision and who is not affiliated with the warrantor.
- h) The Management Company may utilise received collateral at any time without reference to the counterparty or approval by the counterparty.
- i) Received non-cash collateral is not sold, reinvested or pledged.

j) Received cash collateral is only

- invested as a demand deposit with legal entities as laid down in Article 50, Sub-paragraph f of the UCITS Directive;
- invested in government bonds of high quality;
- used for reverse repo transactions, provided that the business is carried out with credit institutions, which are subject to prudential supervision and provided that the UCITS may at any time reclaim the full amount of money which has accrued;
- invested in money market funds with a short-term structure as laid down in the definition of the CESR guidelines on a common definition of European money market funds.

Reinvested cash collateral is diversified in accordance with the diversification requirements for non-cash collateral.

Haircut strategy

The Management Company applies a clear haircut strategy regarding the Sub-funds, which is adapted for all types of assets received as collateral. As a general rule, the Management Company aims at accepting only the market-based collateral haircuts.

5. Techniques for managing credit risks

The Management Company is entitled to deploy credit linked notes, viewed as securities within the meaning of Article 4, No. 1 b) of the Fund Management Regulations, for the respective Sub-fund as well as credit default swaps used to render efficient management of the respective Sub-fund, provided that these are issued by reputable financial institutions and are in line with the investment policy of the Sub-fund.

Credit default swaps ("CDS") can be negotiated for each Sub-fund. CDS are the most common and prolific instruments in the credit derivatives market. CDS enable the credit risk to be disassociated from the underlying credit relationship. This separate marketability of default risks extends the range of options for systematic risk and revenue management. With a CDS, the secured party (the protection buyer) can hedge against certain risks arising from a credit relationship for a fixed period by paying one of the periodic premiums calculated on the basis on the nominal amount and transferring the credit risk to the party furnishing security (the protection seller). The premium is partly based on the quality of the underlying reference entity (i.e. the credit risk). Risks to be shifted are defined in advance as credit events. If the credit event does not occur, the CDS buyer does not have to make a payment. Should the credit event occur, the buyer pays the amount defined in advance, e.g. the face value or a cash settlement (an amount equivalent to the difference between the face value of the reference asset and its prevailing market value after the credit event occurred). The buyer then has the right to tender a reference entity's asset defined in the agreement, whereas the buyer's premiums are suspended at this point. The respective Sub-fund is entitled to function as protection buyer or protection seller.

CDS are traded over the counter (OTC), making it possible to take account of the more specific, non-standardised needs of both contracting parties – although this also has an impact on liquidity.

The commitment relating to obligations arising from the CDS should be in the exclusive interest of the Fund and in harmony with its policies. Investment restrictions regulated in Article 4, No. 6 of the Fund Management Regulations are to take account of the bonds underlying the CDS as well as the relevant issuer.

CDS are valued on a regular basis using traceable and transparent methods. Both Management Company and auditor shall supervise the comprehensibility and transparency of the valuation methods and their application. If discrepancies are established, these are to be remedied by the Management Company.

The whole risk in connection with the use of derivatives, including the risk associated with using CDS, may never exceed the net asset value of the respective Sub-fund.

6. Remarks

As new derivative instruments become available on the market, the Management Company may add these to the derivatives mentioned above provided they correspond to investment objectives and provided that the Sub-fund is entitled to use them pursuant to supervisory and legal regulations.

Calculating Unit Value

The net asset value of the Fund is given in euros (EUR) (“reference currency”).

The value of a unit (“unit value”) is given in the currency indicated in the respective appendix to the Sales Prospectus (“Sub-fund currency”) unless an alternative currency is indicated for any other unit classes in the respective appendix to the Sales Prospectus (“unit class currency”).

The unit value is determined by the Management Company or one of their agents under the supervision of the Custodian for each named valuation day (“**valuation day**”) relating to the relevant Sub-fund, if the banks in Luxembourg are open on these days for daily business transactions, except for 24 and 31 December (“**bank working day**”). The calculation of the unit value for any given valuation day takes place on the following bank working day (“**calculation day**”).

The unit value is calculated for each valuation day based on the value of the assets of the respective Sub-fund, minus the obligations of the Sub-fund (“net Sub-fund assets”) and divided by the number of units in circulation on the valuation day. This figure is rounded up to two decimal places. Further details on calculating unit value can be found in Article 6 of the Fund Management Regulations.

Issuance of Units

1. Units are issued on each valuation day at the issue price. The issue price is the unit value as defined in Article 6, No. 4 of the Fund Management Regulations plus a front-end load,

whose recipient and maximum amount is detailed for the respective Sub-fund in the relevant appendix to the Sales Prospectus.

The issue price may increase due to fees or other charges which may be incurred in the countries of distribution.

2. Subscription applications for the purchase of registered units may be submitted to the Management Company, the Registrar and Transfer Agent, any distributor and the paying agent. The office receiving the application is obliged to forward subscription applications to the Registrar and Transfer Agent without delay. The date and time of receipt at the registrar and transfer agent is definitive. These accept subscription applications on behalf of the Management Company.

Complete subscription applications received by the Registrar and Transfer Agent by 3 pm (CET) on a bank working day prior to a valuation day ("**order acceptance deadline**") will be settled on the basis of the value of the unit on the next following valuation day. Complete subscription applications received by the Registrar and Transfer Agent after the order acceptance deadline will be settled on the basis of the value of the unit on the second subsequent valuation day.

The Management Company in every case ensures that the issue of units is settled on the basis of a unit value, which was previously unknown to the investor. Should there nevertheless be concerns that an investor is involved in late trading, the Management Company may refuse to accept the subscription applications until the applicant has removed all doubt in respect of his subscription application.

If the consideration for the subscribed units is unavailable when the complete subscription application is received by the Registrar and Transfer Agent, or should the subscription application be incorrect or incomplete, the application will be deemed accepted by the Registrar and Transfer Agent on the date the consideration for the subscribed units is made available or when the application is received in a proper manner.

The issue price is payable within three working days of the appropriate valuation day in the sub-fund currency or, in the case of several unit classes, in the relevant unit class currency at the Custodian in Luxembourg.

If the equivalent value of the units subscribed ceases to be available to the Fund, in particular due to the cancellation or non-payment of a direct debit or due to other reasons, the Management Company will redeem the units in question in the interest of the Fund. Differences, if any, resulting from the redemption of the units, which have a negative effect on the Fund's assets, have to be borne by the applicant. Revocations made under consumer protection law are excluded from this regulation.

3. Circumstances leading to the issue of units being suspended are described in Article 9 in connection with Article 7 of the Fund Management Regulations.

Redemption and Exchange of Units

1. Investors are entitled to request the redemption of units at unit value at any time in accordance with Article 6, No. 4 of the Fund Management Regulations, where applicable with the deduction of a back-end load ("redemption price"). This redemption is only

effected on a valuation day. If a back-end load is levied, the maximum amount applicable for each Sub-fund is indicated in the relevant appendix to this Sales Prospectus.

The redemption price is reduced in certain countries to pay taxes and other charges which are incurred there. Upon payment of the redemption price, the corresponding unit expires.

2. The payment of the redemption price and other payments, if any, to the investors are carried out via the Custodian and via the paying agents. The Custodian is only obliged to make the payment insofar as legal requirements, for example foreign currency regulations, or other circumstances which cannot be influenced by the Custodian, prohibit the transfer of the redemption price to the country of the applicant.

The Management Company may unilaterally repurchase units against payment of the redemption price, insofar as this is deemed to be necessary in the interest of the investors as a whole or for the protection of the investors or of a Sub-fund.

3. All or some of the units can be converted to units of another Sub-fund based on the reference unit value of the relevant Sub-fund in accordance with Article 6, No. 4 of the Fund Management Regulations. This may be subject to a conversion fee in favour of the recipient and in the amount specified in the appendix to the respective Sub-fund, but not less than in an amount equivalent to the difference between the front-end load of the Sub-fund exchanged and the front-end load of the newly acquired Sub-fund. If no conversion fee is levied, this is mentioned in the relevant appendix to the Sales Prospectus for the respective Sub-fund.

A conversion of units in another Sub-fund or in another unit class is only possible if the investor has fulfilled the conditions for the direct acquisition of units in the respective Fund or in the respective unit class.

If different unit classes within a Sub-fund are offered, units can be converted from one class to another unless otherwise provided for in the relevant appendix to the Sales Prospectus. No conversion fee is levied under these circumstances. The Management Company may reject a conversion request for a Sub-fund, if this is deemed to be in the interest of the Fund or of the Sub-fund or in the interest of the investors.

4. Complete redemption or complete conversion applications for registered units may be submitted to the Management Company, the Registrar and Transfer Agent, a possible distributor or the paying agent. These recipients are obliged to immediately transfer the redemption requests or the conversion requests to the registrar and transfer agents. The date and time of receipt at the registrar and transfer agent is definitive.

A redemption request or a conversion request for the redemption or the conversion of units in registered form is complete as soon as it states the name and the address of the investor and the number or the equivalent value of the units to be redeemed or converted and the name of the Sub-fund and as soon as it is signed by the investor concerned.

Complete redemption and complete conversion applications received by the Registrar and Transfer Agent prior to the order acceptance deadline are settled at the unit value on the subsequent valuation day, less any back-end load or conversion fee. Complete redemption and complete conversion applications received by the Registrar and Transfer Agent after

the order acceptance deadline are settled at the unit value on the second subsequent valuation day, less any back-end load or conversion fee.

The Management Company in every case ensures that the redemption or conversion of units is calculated on the basis of a unit value previously unknown to the investor.

Redemption applications and conversion applications are only deemed received when they are received by the Registrar and Transfer Agent.

The redemption price shall be paid within three bank working days of the appropriate valuation day in the Sub-fund currency or, in given several unit classes, in the respective unit class currency.

In the case of registered units, payment is made to an account indicated by the investor.

5. If the calculation of the unit value has been suspended, the Management Company is obligated to temporarily suspend the redemption of units.

6. With the Custodian's prior authorisation and to ensure the protection of interests of investors, the Management Company is entitled to make substantial redemptions only after corresponding assets of the relevant Sub-fund are sold without delay. In this case, the redemption is effected at the redemption price applicable at that time. This is correspondingly applicable to requests for the conversion of units.

However, the Management Company ensures that sufficient liquid assets are at the disposal each Sub-fund, so that a redemption or conversion of units upon request of investors may be effected immediately under normal circumstances.

Notes on Risks

The Management Company uses a risk management process in compliance with the Law of 17 December 2010 and other applicable regulations in particular the CSSF circular 11/512. With this risk management process, the Management Company records and measures the market risk, liquidity risk, counterparty risk and all other risks, including operational risks that are material to the Fund.

Any investment in this Fund is associated with the following particular risk factors:

Interest Rate Risk

Whenever the Fund maintains direct or indirect interest-bearing assets it is exposed to the risk of interest rates being changed. Should interest rates on the market rise, the value of the interest-bearing assets held by the Fund may fall considerably. This is certainly the case if the Fund also holds interest-bearing assets with long remaining terms and lower nominal interest rates.

Credit Risk

The creditworthiness (the ability and willingness to pay) of the issuer whose securities or money market instruments are held by the Fund may subsequently decline. This tends to lead to a decrease in prices in excess of general market fluctuations.

General Market Risk

To the extent that the Fund directly or indirectly invests in securities and other assets, it is exposed to a variety of general market trends and tendencies, especially on the securities markets, some of which are due to irrational factors.

This may lead to a significant and enduring price decrease affecting the whole market. Securities issued by blue chip companies are just as vulnerable to the general market risk as other securities or money market instruments.

Counterparty Risk

Issuers of securities held by the Fund and/or debtors of a receivable issued by the Fund may become insolvent. As a result of this, corresponding Fund assets can also be rendered financially worthless.

Counterparty Credit Risk

If the fund engages in over-the-counter trading ("OTC trading"), there is the risk – beyond the general counterparty risk – that the contracting party defaults or is not able to meet its obligations in full.

If the Sub-fund's OTC transactions (e.g. non-exchange traded futures and options, forwards, total return swaps) cannot be completed, they are subject to increased credit and counterparty risk, which the Management Company may reduce by entering into contracts for security management (collateral contracts).

The Management Company may enter into transactions for the relevant Sub-fund in the OTC markets that expose the Sub-fund to the risk of default by their counterparties and risk regarding their ability to meet the contract terms. In the event of bankruptcy or insolvency of a counterparty, this may lead to delays for the Sub-fund in position transactions, and may lead to significant losses, including depreciation of the value of the investments made during the period during which the Sub-fund tried to enforce its claims; it may also lead to failure to realise gains during this period and to expenses incurred in connection with the enforcement of these rights. There is also the possibility that the above agreements and derivative techniques will be terminated by bankruptcy, additional illegality or by a change in the tax or accounting laws in force at the time the contract is concluded.

Currency Risk

If the Fund directly or indirectly holds assets in a foreign currency, it is exposed to currency risks (inasmuch as currency items are not hedged). Devaluations of foreign currencies vis-à-vis the Fund currency lead to a decline in the value of foreign currency assets.

Country/Regional Risk

Risk diversification is also reduced if Fund investments focus on specific countries or regions. Consequently, the Fund is particularly constrained by developments in individual or interdependent countries and regions and by companies domiciled and/or operating in such areas.

Concentration Risk

If the Fund focuses on specific markets or investments, the risk cannot be spread across various markets from the outset as would be the case without such a concentration. Consequently, the Fund is particularly constrained by developments in these investments as well as in individual or related markets and/or in companies involved in these investments.

Country and Transfer Risk

Economic or political instability in countries the Fund has invested in, may lead to monies due to the Fund not, or only partially, being paid despite the solvency of the issuer of the respective security. Concerning this, significant factors can be, for instance, foreign currency exchange or transfer restrictions or other legislative changes.

Liquidity Risk

Even smaller orders may lead to significant price changes – both with selling and purchasing transactions – particularly in the case of illiquid (narrow market) securities. If an asset is not liquid, there is the risk that it may not be possible to sell the asset at all, or only at a significantly reduced sales price. When buying, the illiquidity of an asset may lead to a significant increase in its purchase price.

Custody Risk

With respect to investments held in custody, the custody risk describes the risk resulting from the fundamental possibility of having access to the Fund wholly or partially denied to the detriment of the Fund due to the insolvency, or the negligent wilful or fraudulent actions of the Custodian or its agents.

Processing Risk

Particularly when investing in unlisted securities, there is the risk that transfer system processing may not be executed as expected due to delayed payment or delivery, or when payment or delivery are not carried out as agreed.

Risk of changes to the Fund Management Regulations, the investment policy and other basic principles of the Fund

The unitholder is advised that the Fund Management Regulations, the investment policy of a Fund and the other basic principles of the Fund may be amended as permitted. In particular, by changing the investment policy of a compliant Fund within the permissible spectrum of investment, risks related to the Fund may also be subject to change.

Certificates and Structured Products

Certificates and structured products are composite products. Derivatives and/or other techniques and instruments may be embedded in certificates and structured products. The risk criteria of derivatives and other techniques and instruments need to be taken into account in addition to the risk criteria of securities.

Use of Derivatives and Related Risks

The leverage effect of options can have a greater positive or negative impact on the value of the respective Sub-fund assets than is the case when acquiring securities and other assets directly. The use of derivatives is therefore associated with particular risks.

Option warrants are treated as securities provided these option warrants are registered for official trading or are traded on other regulated markets, the underlying is a security and this is actually delivered when the option is exercised. Unlike conventional securities, positive or negative movements in the value of the respective Sub-fund can be considerably more significant due to the accompanying leveraging.

Financial futures deployed for a reason other than hedging also expose the investor to considerable opportunities and risks, since only a fraction of the respective value of the contract (margin) has to be paid immediately.

In addition, there could be greater volatility based on the composition of the portfolio.

Price changes can, therefore, lead to considerable gains or losses. This can increase both the risk and the volatility of the Sub-fund and lead, in certain circumstances, to a total loss.

The Management Company ensures that the relevant risks are covered by the Fund's risk management in a reasonable manner.

Risks Associated with Collateral from OTC Derivatives

In addition, the relevant Sub-fund may suffer losses due to the reinvestment of cash collateral or cash from derivatives. Such a loss can result from a decline in value of the investments made with the cash collateral. Decline in value of investments made with cash collateral has the consequence that the amount of collateral available to the relevant Sub-fund to repay the counterparty upon completion of the transaction. In this case, the relevant Sub-fund is required to pay the difference in value between the original collateral and the amount that is actually available to repay to the counterparty, resulting in a loss to the relevant Sub-fund.

Potential Conflicts of Interest

The interests of the Fund may conflict with the interests of the Management Company, the members of the supervisory board of the Management Company, the Fund manager or investment advisor, the distributors and persons responsible for carrying out sales, and the paying agent and information offices, as well as with the interests of all subsidiaries, affiliated companies, representatives, and agents of the aforementioned offices and persons ("affiliated companies").

The Fund has taken appropriate steps to avoid such conflicts of interest. In the event of unavoidable conflicts of interest, the supervisory board of the Management Company will strive to resolve these in favour of the Fund.

In particular, it has been assured that investments made by the Fund or its Sub-funds in products that have been initiated, administered, issued, or advised by the Management Company, the Fund manager or investment advisor, or their affiliated companies will take place on an arm's length basis.

Taxation on the Fund

In the Grand Duchy of Luxembourg, Fund assets are subject to a subscription tax – the *taxe d'abonnement* – currently rated at 0.05% p.a. Units in unit classes reserved for non-natural persons as defined by Article 174 (2) c) of the Law of December 2010 are subject to a *taxe d'abonnement* of 0.01% p.a. The Management Company shall ensure that unit in this class are only acquired by non-natural persons.

The *taxe d'abonnement* is payable quarterly, based on the relevant net assets and calculated at the end of the quarter for which it is applicable. Insofar as the assets of the Fund are invested in other Luxembourg investment funds which, for their part, are already subject to the *taxe d'abonnement*, this tax does not apply to the portion of the assets of the Fund which is invested in such a Luxembourg investment fund.

Fund income is not subject to any tax in the Grand Duchy of Luxembourg. However, such income generated in countries where Fund assets are invested may be subject to withholding tax. In such cases, neither the Custodian nor the Management Company is obliged to obtain tax certificates.

Taxation of Unitholders' Income from Units in the Investment Fund

In compliance with Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments, (hereinafter, the Directive), a withholding tax has been levied in the Grand Duchy of Luxembourg since 1 July 2005.

This withholding tax relates specific interest income paid to natural persons in Luxembourg who are domiciled for tax purposes in another Member State. Under certain circumstances, this withholding tax can also relate to the interest income of an investment fund.

Under this Directive, EU Member States agreed that all interest payments are subject to taxation in accordance with regulations in place in the country of domicile. In addition, it was agreed that information be automatically exchanged between national taxation authorities. Notwithstanding the above, it was agreed that Luxembourg shall be exempt from such an automatic exchange of information for a transitional period. Instead, a withholding tax on interest income was introduced in Luxembourg. The withholding tax on interest payments is 35% since 1 July 2011. It is paid anonymously to the Luxembourg tax authorities and the investor is issued with an appropriate receipt. This receipt enables taxpayers to fully offset withholding tax paid against any tax liability in the country of domicile of the taxpayer. The deduction of withholding tax can be avoided by mandating the voluntary exchange of information between tax authorities, or by presenting a Certificate for the Non-Deduction of Withholding Tax.

Unitholders not domiciled in the Grand Duchy of Luxembourg, or who do not maintain business premises there, are not subject to tax on income, inheritance or capital gains on their income from units generated in the Grand Duchy of Luxembourg. Such investors are

subject to their respective national tax regulations as well as any tax regulations of the country in which the units of the Fund are kept. If an investor is unclear regarding his tax situation, it is recommended that a legal or tax advisor is consulted.

Since 1 January 2006, natural persons domiciled in the Grand Duchy of Luxembourg, who are not domiciled for tax purposes in any other state, are liable to pay withholding tax pursuant to the Luxembourg law ratifying the Directive on interest income described in the law amounting to 10% on sums above a specified figure. Under certain circumstances, this withholding tax can also relate to the interest income of an investment fund. At the same time, wealth tax was abolished in Luxembourg.

Potential investors should seek information and, where necessary, advice on laws and regulations governing the purchase, ownership and redemption of units.

Publication of Unit Value and Issue and Redemption Prices

In addition to all other information for the investor, currently applicable unit values and issue and redemption prices are available from the Management Company's head office, the Custodian, the paying agents and the distributor. Issue and redemption prices will be published on each exchange trading day on the Management Company's website at www.alceda.lu.

Information for Investors

Information, particularly notices to investors are published, as required by law, in the *Mémorial* and the *Tageblatt* in the Grand Duchy of Luxembourg, as well as in those media appropriate in countries where units are distributed outside the Grand Duchy of Luxembourg.

The following documents are available for inspection free of charge during normal office hours in Luxembourg (not Saturdays) at the Management Company's head office:

- articles of association for the Management Company
- Custodian agreement, Central Administration agreement and Registrar and Transfer Agent agreement.

The Sales Prospectus, the "Key Investor Information Document" as well as the annual and semi-annual reports of the Fund can be downloaded from the website of the Management Company, www.alceda.lu, free of charge. The Sales Prospectus, the "Key Investor Information Document" as well as the annual and semi-annual reports of the Fund are also available from the head office of the Management Company, the Custodian, paying agents and distributors free of charge as a hard copy.

Appendix 1

AC – Risk Parity 7 Fund

The following provisions for the Sub-fund supplement or differ from Article 4 of the Fund Management Regulations.

Investment objectives

The aim of the investment policy of the AC – Risk Parity 7 Fund (the “Sub-fund”) is to achieve the highest possible long-term yield in euros (EUR) in the respective unit class currency with a target average volatility of 7%.

The performance of the Sub-fund is indicated in the “Key Investor Information Document”.

Investment Policy

It is anticipated that the aims of the investment policy will be achieved by investing across the world in high-volume exchange-listed standard futures as well as in OTC swaps. By way of example, these future or swap contracts may relate to recognised indices (bond, equity and commodity indices), bonds, currencies and interest rates on the capital markets.

The indices concerned are recognised indices as defined by Art. 9 of Directive 2007/16/EC of the European Commission dated 19 March 2007 on the implementation of Directive 85/611/EEC of the European Council on the Coordination of Laws, Regulations and Administrative Provisions relating to Undertakings for Collective Investment in Transferable Securities (UCITS) with regard to the explanation of certain definitions and CESR guideline 07-044 (“Eligible Assets Directive”). Examples of recognised indices are the Dax, S&P 500, CAC40, SMI, GSCI, US Small Cap or Russel 2000.

The Sub-fund employs an effective directional multi-asset strategy that aims to increase value. It optimises allocations to four liquid, non-correlated asset classes. The Sub-fund in principle does not take up long positions. Short positions may only be taken up in exceptional circumstances in four term-limited contracts for temporary reduction of the net long position in the stock and bond asset classes. These four contracts deal with futures on the Euros (EUR)toxx 50, the S&P 500, the German Confederation (“*Bunds*”) and the 10-year U.S. Treasuries. However, the resulting net position will never be negative in the stock and bond asset classes. Accordingly, the Sub-fund does not pursue a neutral market strategy. Regarding the counterparty risk, please refer to “Counterparty Risk” which is to be found above in the section “Notes on Risks”. The Fund aims to maintain a low average volatility of 7% with the lowest possible correlation to the unit markets based on a scientifically proven risk management system.

Under certain circumstances it is possible that the Sub-fund is not invested in futures. The Sub-fund may invest up to 100% of its net assets in short-term bank deposits, money market instruments as well as in bonds with a residual term to maturity of up to 2 years. With regard to money market instruments and bonds, Sub-fund assets will only be invested in government bonds issued by Germany, the Netherlands, Finland or France and in bonds issued by German federal states.

Within restrictions determined by Article 4 of the Fund Management Regulations, the Sub-fund may use financial instruments such as swaps (“derivatives”) to hedge and increase the appreciation of net Sub-fund assets. These derivatives may be acquired provided that the underlying assets are securities, money market instruments, financial indices, interest rates, exchange rates or currencies. In making use of derivatives, the Sub-fund will attempt to exploit fluctuations on the respective markets in order to maximise returns. The Sub-fund may enter into financial futures contracts in order to hedge and maximise the appreciation of its net assets.

Units in UCITS or other UCI will not be purchased for the Sub-fund. Furthermore, the Management Company will not enter into any securities lending or repurchase agreements involving the Sub-fund assets.

Precise details of investment restrictions are contained in Article 4 of the Fund Management Regulations.

Past performance does not guarantee future performance. No assurances can be given that investment targets will be achieved.

Risk Profile of the Sub-Fund

Given the circumstances and risks outlined above and with due regard for the defensive, target average volatility of 7%, the opportunities and risks of the Sub-fund can be categorised as moderate compared with other fund types. In the most common five-category risk classifications this corresponds to Class 2 (defensive balanced fund).

Given the orientation of the Sub-fund, it is exposed in particular to the following risks: general market risk, country/region-specific risk, creditworthiness risk, liquidity risk, country and transfer risk, custodial risk, concentration risk, counterparty risk, address default risk and currency risk. Details of other risks can be found in the chapter “Notes on Risks” in the Sales Prospectus.

Among other considerations, it should be stressed that declines in prices, particularly where they affect the overall market, and possibly even significantly more persistent declines, can have a negative impact on the Sub-fund’s assets.

Unlike conventional securities, positive or negative movements in the value of the respective Sub-fund can be considerably more significant due to the accompanying leveraging.

Financial futures deployed for a reason other than hedging also expose the investor to considerable opportunities and risks, since only a fraction of the respective value of the contract (margin) has to be paid immediately.

Further details on derivatives can be found in the “Notes on Derivatives” chapter of the Sales Prospectus.

Specific features concerning total return swap transactions and other derivatives with similar characteristics

Strategy and composition of the investment portfolio or of the indices

The Management Company may enter into swap transactions, in particular into interest rate swaps.

In addition, the Management Company invests in financial indices, including single components, whose effects on the total return of the indices do not exceed the relevant diversification requirements, i.e. 20%/35%; in the case of a leveraged index, the same limits are maintained concerning the effects of one component on the total return of the index while taking into account the leverage.

Indices invested in by the Sub-fund fulfil the provisions of the index criteria as laid down in Article 44 of the Law of 17 December 2010 and Article 9 of the Eligible Assets Directive, including in such a way that the index represents an adequate benchmark for the market to which the index refers:

- a) an index possesses one single clear objective, which is to represent an adequate benchmark for the market;
- b) the selection of index components, and the strategic basis upon which these components are chosen, are clearly identifiable to investors and to the responsible authorities;
- c) in cases where the index strategy is partially based on cash management, this has no effect on the objectivity of the index calculation method.

The Management Company will only invest in financial indices the frequency of adjustment of which may be replicated by investors.

The Management Company will only invest in financial indices which publish information about their constituents and their respective weighting. This information is made available to investors and potential investors free of charge and is easily accessible, e.g. on the internet.

The Management Company only invests in indices whose method for the selection and adjustment of the composition of components is based on a number of predetermined rules and objective criteria.

The Management Company only invests in financial indices whose full calculation method, which allows investors to replicate the financial indices, is disclosed by the index provider.

The Management Company only invests in indices whose methods do not permit any ex post facto amendments to index values already published (backfilling).

The UCITS ensures that the financial index is valued independently.

On behalf of the Sub-fund, total return swap transactions and other derivatives with similar characteristics in particular may be concluded on the following indices:

- USB Bloomberg CMCI Composite USD Excess Return Index (“CMCI Index”) (Bloomberg Ticker: CMCIER Index)

The CMCI Index represents the performance of different commodity classes. The weighting of specific commodity classes is effected by means of a model depending on the liquidity and the economic significance of the specific commodity classes. Information on the calculation method and on the performance of the CMCI index is publicly available at:

www.ubs.com/cmci

- MSCI World Risk Weighted Net USD Index (“MSCI World RW Index”) Bloomberg Ticker: M1WORWGT Index)

The MSCI World RW Index replicates the performance of specific stocks, which are distributed worldwide, in a risk-adjusted manner. Information on the calculation method and on the performance of the MSCI World RW Index is publicly available at:

http://www.msci.com/products/indices/strategy/risk_premia/risk_weighted

Counterparty to total return swap transactions

Counterparty to the Sub-fund’s total return swap transactions may in particular be UBS AG, Bahnhofstrasse 45, 8001 Zurich (Switzerland), via their registered office in 1 Finsbury Avenue, London EC2M 2PP.

Counterparty risk and effects on the returns received by investors

Regarding the counterparty risk, please refer to “Counterparty Risk”, which can be found above in the section “Notes on Risks”. Only in the event that the counterparty risk materialises will it have an effect on the returns received by the investors.

With regard to total return swap transactions, the counterparty risk may not exceed the following rates:

- 10% of the Sub-fund’s net assets if the counterparty is a credit institution within the meaning of Article 41, Section 1, Letter (f) of the Law of 17 December 2010, and
- 5% of the Sub-fund's net assets in all other cases.

If the Management Company has invested more than 5% of the respective Sub-fund’s net assets in market securities and money market instruments of a single issuer, the limitation of 40% of the relevant Sub-fund’s net-assets does not apply to total return swap transactions, which are transacted with financial institutions subject to prudential supervision.

Counterparty influence

The counterparty to the total return swap transactions does not have any influence on the composition or the management of the investment portfolio of the Sub-fund. The

counterparty may, however, influence the underlying assets of the derivatives, e.g. in its role as an index sponsor. However, this is always subject to information barriers. With regard to this, please see the section “Particular Risk Factors” below. Furthermore, the counterparty does not have to approve transactions related to the Sub-fund’s assets.

Special Features Concerning Financial Indices

Adjustment frequency of the index composition related to the CMCI Index

An adjustment of the weighting with regard to the respective target values takes place every month (on the last three business days of each month). The determination of the real economic target weighting is adjusted annually (every July). The determination of the liquidity-based target weighting is adjusted semi-annually (every January and July) by an index committee, which consists of several experts on commodities from UBS and Bloomberg. Every commodity component is incorporated with a maximum weighting of 20% and a minimum weighting of 0.6%. Sub-categories of a commodity component that have a strong correlation (two components should not be deemed strongly correlated if 75% of the correlation observations are below 0.8), are deemed to be individual components. This maximum weight for individual components of commodities, including their strongly correlated sub-categories, may be raised to 35%, if this is required by exceptional market situations.

Effects on costs

The index strategy does not contain any costs which have their origins in the adjustment frequency of the index composition.

Special Risk Factors:

Conflicts of interest

Every division/company of the UBS Group may from time to time take positions, either buying or selling, on their own account or on account of third parties, or act as a market maker or index sponsor with regard to securities, currencies, financial instruments or other assets of the Sub-funds, or may trade with regard to such assets, to which the Fund is exposed. The UBS Group’s trade and/or hedging activities can influence the price of the underlying assets, and may influence the probability that all relevant barriers are overcome. The UBS Group has developed strategies and procedures in order to minimise the risk of managers and employees being influenced by conflicts of interest or that confidential information is distributed or provided in an unauthorised manner.

Information on UBS AG and UBS AG, London Branch

UBS AG, London Branch is a branch of the UBS AG, a company under Swiss law, with its registered office in Bahnhofstrasse 45, Zurich, and Aeschenvorstadt, Basel, Switzerland. Apart from the information contained in this section, UBS AG, London Branch and/or UBS AG have not been involved in drafting this Prospectus. They do not accept responsibility for the Prospectus.

Haircut securities in OTC derivatives	Type of security	Valuation approach
	Liquid funds in Sub-fund currency:	100%

Risk Profile for the Typical Investor

The Sub-fund is directed at investors who wish to fully participate in economic developments on global stock, bond, currency and interest rate markets and who, by investing in this Sub-fund and accepting the target average volatility of 7%, aim to profit from long-term earnings prospects.

The investment period should ideally be at least three to five years.

Risk Management and Expected Leverage

Market risk calculation: Absolute value-at-risk approach

The investment strategy of the AC - Risk Parity 7 Fund (the "Fund") takes the various volatilities of different asset classes into account. Low-risk asset classes are weighted higher than asset classes with a higher risk.

The strategy of the Fund is implemented taking into account the volatilities and correlations of the asset classes. A risk budget in the form of a monthly maximum loss limit of 4 per cent and a target volatility of 7 per cent is firstly drawn up for the Fund. A highly modern risk management system (FundCreator) is used for the Fund. FundCreator ensures the normal distribution of returns on a daily basis. The risk budget is then allocated to the respective asset classes in equal units taking the correlations into account. The asset class correlations in general result in the net leverage (correlation effects are taken into account) always being smaller than the gross leverage (correlation effects are not taken into account) if there is no perfect positive correlation of all asset classes. As the asset correlation of the AC – Risk Parity 7 Fund is optimised with respect to liquid and non-correlated asset classes it can be ensured that net leverage is always lower than gross leverage.

When implementing this strategy, low risk asset classes are geared to a higher volatility level with derivatives whilst high risk asset classes are weighted less.

Risk and return aspects are integral in the selection of asset classes. The equity, bond, commodities and interest rate asset classes are currently used. These are asset classes with an appropriately high compensation for the risk incurred (positive risk premium) and with highly liquid derivatives (future contracts).

Taking the interest rate asset class as an example, this in practice means that, in direct comparison to the other asset classes, the risk per currency unit is significantly lower, resulting in correspondingly significantly lower expected returns. In order to establish an equal weighting of risk between interest rates and the other 3 asset classes, the percentage of the interest rate asset class must be correspondingly increased through the use of derivatives. In this regard, the relatively lower expected return of the interest rate asset class is also indirectly geared. An equal weighting of the expected returns on the

asset classes is aimed for by equally weighting the risk of the asset classes at the level of the entire portfolio. The various asset classes are distributed on the basis of their risk contribution to the portfolio as a whole while adhering to the given risk budget and risk limits. If the fund assets were equally distributed to various assets classes without taking their risks into account, some asset classes, such as commodities for example, would contribute significantly more risk to the portfolio as a whole than other asset classes.

Achieving an equal weighting of risk between various asset classes is the ultimate directive of the Fund. The use of interest rate futures is required for this reason to ensure a balanced risk weighting with other asset classes. The volatilities of interest rate futures contribute fractionally compared to other asset classes. To ensure an equally weighted risk allocation between interest rate futures and other asset classes, the expected gross leverage (before netting and hedging) is approx. 4-5 times the Fund volume in the Fund with respect to exposures to interest rate futures. In combination with the other asset classes, an expected gross leverage of a total of 6-7 times the Fund volume arises in the Fund.

However, the reporting of a leverage of this amount for the fund exaggerates the risk several times over as the correlations between the asset classes are not taken into account and the low volatility of the underlying asset class is not included in the key leverage figure either. Other key risk figures that are based on the actual historical performance of the Fund clarify this issue. For example, the volatility of the Fund in recent years was, as expected, 7 per cent and *correspondingly* was below the desired target volatility; examples from the past (2008, summer 2011) show that a supposedly high leverage nevertheless led to a low and predictable level of risk.

The term leverage – according to CSSF circular 11/512 – is to be understood as the sum of the face values of the derivative financial instruments a Sub-fund holds. For derivatives that do not have a nominal value, UCITS must be based on the market value of the equivalent position of the underlying assets.

In this context, a leverage of 0 is to be considered an unleveraged portfolio.

Based on the calculation method of the leverage the stated leverage may lead to conservative results, because derivatives which are used for risk reduction purposes will be entered into the calculation with their absolute amount and this may lead to an increased leverage risk being shown.

As a result of this, the leverage can be significant (in certain cases) and may not necessarily represent the exact leverage risk that the investor sees himself as facing. The expected leverage is stated in the field above as an absolute value and is based on historical data. The statement of the expected leverage is not a target value, but an expected value that may, as an average estimate, consist of lower and higher leverages. Consequently, the leverage is not an investment restriction and no compensation can be claimed in the event it is disregarded.

Financial futures contracts that are used for purposes other than hedging are also associated with significant opportunities and risks as only a fraction of the actual contract value (invested capital) must be paid resulting in the degree of leverage shown. Furthermore, higher volatility arises from this leverage. Price fluctuations have a significant influence on the gains and losses of the Sub-fund. The risks and volatility of the Sub-fund could rise accordingly.

AC – Risk Parity 7 Fund: Overview of Unit Classes

Unit Class	WKN	ISIN	Initial Issue Price	Initial Unit Value	Currency	Minimum Initial Investment	Initial Subscription Period	Valuation Date	Profit Application
AUD C ^h	A1JK6L	LU0682200414	AUD 105	AUD 100	AUD	AUD 50,000	03.10.11 - 07.10.11	12.10.11	distributing
AUD I ^h	A1T8NF	LU0916843062	AUD 105	AUD 100	AUD	None	15.05.13 - 28.05.13	31.05.13	distributing
CHF A ^h	A1C23F	LU0531218880	CHF 105	CHF 100	CHF	CHF 50,000	30.08.10	01.09.10	accumulating
CHF B ^h	A1C23G	LU0531219003	CHF 105	CHF 100	CHF	CHF 1,000	30.08.10	01.09.10	accumulating
CHF I ^h	A1T8NG	LU0916843146	CHF 105	CHF 100	CHF	CHF 100,000	15.05.13 - 28.05.13	31.05.13	accumulating
CHF R ^h	A1T8NH	LU0916843575	CHF 105	CHF 100	CHF	None	15.05.13 - 28.05.13	31.05.13	accumulating
EUR A	A0M2SJ	LU0326194015	EUR 105	EUR 100	EUR	EUR 50,000	14.01.08 - 01.02.08	05.02.2008	accumulating
EUR B	A0NH4J	LU0355228080	EUR 105	EUR 100	EUR	EUR 1,000	25.04.08 - 16.05.08	20.05.08	accumulating
EUR C	A0YDBW	LU0461003013	EUR 105	EUR 100	EUR	EUR 50,000	29.10.09 - 30.10.09	02.11.09	distributing
EUR D	A1JK6G	LU0682137467	EUR 105	EUR 100	EUR	EUR 1,000	03.10.11 - 07.10.11	12.10.11	distributing
EUR I	A1T8NJ	LU0916843732	EUR 105	EUR 100	EUR	EUR 100,000	15.05.13 - 28.05.13	31.05.13	accumulating
EUR L	A1C8CB	LU0554703917	EUR 105	EUR 100	EUR	EUR 25,000,000	28.10.10	02.11.10	accumulating
EUR R	A1T8NK	LU0916844037	EUR 105	EUR 100	EUR	None	15.05.13 - 28.05.13	31.05.13	accumulating
EUR X	A1T8NP	LU0908804544	EUR 105	EUR 100	EUR	EUR 10,000,000	22.04.13 - 26.04.13	02.05.13	accumulating
GBP A ^h	A0NH4L	LU0355228247	GBP 105	GBP 100	GBP	GBP 50,000	07.07.08 - 18.07.08	22.07.08	accumulating
GBP B ^h	A1JK6H	LU0682140255	GBP 105	GBP 100	GBP	GBP 1,000	03.10.11 - 07.10.11	12.10.11	accumulating
SEK B ^h	A1W4EE	LU0964658230	SEK 105	SEK 100	SEK	SEK 10,000	02.09.13 - 13.09.13	18.09.13	accumulating
SGD A ^h	A1JK6J	LU0682148589	SGD 105	SGD 100	SGD	SGD 50,000	03.10.11 - 07.10.11	12.10.11	accumulating
SGD B ^h	A1JK6K	LU0682175806	SGD 105	SGD 100	SGD	SGD 1,000	03.10.11 - 07.10.11	12.10.11	accumulating
SGD R ^h	A1T8NL	LU0916844201	SGD 105	SGD 100	SGD	None	15.05.13 - 28.05.13	31.05.13	accumulating
USD A ^h	A0NH4K	LU0355228163	USD 105	USD 100	USD	USD 100,000	07.07.08 - 18.07.08	22.07.08	accumulating
USD B ^h	A1C8CA	LU0554703750	USD 105	USD 100	USD	USD 1,000	28.10.10	02.11.10	accumulating
USD I ^h	A1T8NN	LU0916844896	USD 105	USD 100	USD	USD 100,000	15.05.13 - 28.05.13	31.05.13	accumulating
USD R ^h	A1T8NM	LU0916844540	USD 105	USD 100	USD	None	15.05.13 - 28.05.13	31.05.13	accumulating

Currency hedging: Unit classes which are issued in a currency other than that of the Sub-fund currency are marked with a (h) and can be hedged against currency fluctuations.

Euro X units: These units are exclusively reserved for investors who have stipulated a special remuneration agreement with an entity of the Aquila Group or who are in a direct employee relationship with the latter. This is audited by the Management Company before the processing of the subscription request. In this case, the minimum initial subscription amount total does not apply to investors who are in a direct employee relationship with Aquila Group.

"R" and "I" units: These units are exclusively reserved for investors who meet special requirements such as total investment volumes in the AC Fund or holding period, as have been determined by the Management Company. Detailed information concerning the requirements currently in force is available at the Management Company of the Fund.

In general, it is at the Management Company's discretion to also accept low minimum initial investments sums.

Valuation day of the Sub-fund:	Every bank working day in Luxembourg with the exception of the 24 th and 31 st December of each year
Front-end load: (as % of the unit value)	Max. 5%
Payment of issue and redemption price:	Within three bank working days
Fund currency:	euros (EUR)
Sub-fund currency:	euros (EUR)
Certification of the unit certificates:	Registered units, unit register
Denomination:	Up to four decimal places
End of financial year:	31 December
End of the first financial year:	31 December 2008
Reports:	First unaudited semi-annual report 30 June 2008 First audited statement of accounts 31 December 2008
Fund/Sub-fund launched:	19 October 2007
Fund Management Regulations – last publication of the notification of filing in the <i>Mémorial C</i> :	25 April 2014

Costs reimbursed from the Sub-fund's assets

1. Management Company Fees

The Management Company receives a fee of up to 0.37% p.a. in consideration of its management of the Sub-fund based on the average net assets of the Sub-fund as calculated on a daily basis. A fixed monthly Management Company fee of EUR 500.00 per unit class is also charged. These fees are paid monthly in arrears and do not include any VAT, where applicable.

The Management Company receives a fee of 0.228% p.a. in consideration of its management of the Sub-fund, including their central administrative duties, based on the average net assets of the Sub-fund as calculated on a daily basis. This fee is payable monthly in arrears. Compensation for duties undertaken by the Central Administration Agent is included in the administrative fee.

In addition, the Management Company may receive additional performance-based compensation ("performance Fee") from the respective unit classes as described below:

Performance fee for unit class EUR L:

The Management Company also receives a quarterly performance fee equivalent to 25% of the increase in assets exceeding a growth of 2.5% p.a.

Asset growth is determined on the basis of unit price movements, the net assets of the Sub-fund on which these unit price movements are based, and the hurdle rate, taking into account an historical high point during the previous calculation period (high water mark). The calculation period is one calendar quarter. The performance fee is calculated on the valuation day and limited to the amount by which the unit price exceeds the hurdle rate. If the hurdle rate is not exceeded at the end of the previous calculation period, the discrepancy does not need to be made up in the following calculation period.

Performance fee for other unit classes:

The Management Company receives a quarterly performance fee of up to 15% of the increase in assets.

Asset growth is determined on the basis of unit price movements, the net assets of the Sub-fund on which these unit price movements are based, taking into account an historical high point during the previous calculation period (high water mark). The calculation period is one calendar quarter. The performance fee is calculated on the valuation day and limited to the amount by which the unit price exceeds the high water mark.

These fee payments are subject to VAT where applicable.

2. Investment Advisor Fee

The investment advisor receives a total fee of up to 1.20% p.a. based on the average net assets of the Sub-fund as calculated on a daily basis. This fee is payable monthly in arrears.

The investment advisor uses FundCreator, a risk management system with worldwide accreditation, to help him with his investment recommendations. The use of FundCreator is subject to a licence fee of 0.36% p.a. of the net Sub-fund assets. This amount is deducted from the investment advisor's fee.

These fee payments are subject to VAT where applicable.

3. Custodian Fees:

As consideration for the fulfilment of its responsibilities under the Custodian agreement, the Custodian shall receive a fee of up to 0.02% p.a. based on the average net assets of the Sub-fund, including transaction costs, as calculated on a daily basis. This fee is subject to a minimum annual fee of EUR 20,000 and is paid out on a pro rata basis monthly in arrears; it is subject to VAT (if applicable).

4. Registrar and Transfer Agent Fees

For the performance of their duties, the registrar and transfer agent receives a fee of EUR 100 per registered account and transaction costs in the amount of EUR 15 per transaction. Additionally, the Sub-fund assets also bear any other disbursement and costs which are incurred through the registrar and transfer agents' accounting processes, transactions or any other operations relevant to the Sub-funds. Upon request, further information on these fees may be provided by the Management Company of the Fund or understood from the registrar and transfer agent agreement. These fees are paid monthly in arrears and do not include any VAT, where applicable.

5. Distributor Fee

For unit classes in categories "B" and "D", the distributor receives annual compensation for the performance of their duties amounting to up to 0.5% p.a. of the net Sub-fund assets. This fee is based on the average net assets of the Sub-fund as calculated on a daily basis. This above-mentioned fee is paid out on a pro rata basis monthly in arrears and is subject to VAT (if applicable).

The distributor does not currently receive a distributor fee for other unit classes.

6. Other Costs

In addition, Sub-fund assets may be charged with costs listed in Article 11 of the Fund Management Regulations.

Costs Paid by Investors:

Front-end load: (paid to the distributor)	max. 5%
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Back-end load EUR L:	max. 3%
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Back-end load: other unit classes:	none
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Conversion fee:	none
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Application of Profits:

Income of the unit classes “D” and “C” as well as unit class AUD I is distributed. The income is distributed in intervals as determined by the Management Company from time to time. Generally, the distribution shall take place at the end of the Fund’s financial year.

The income of all other unit classes is accumulated.

Appendix 2

AC – Risk Parity 12 Fund

The following provisions for the Sub-fund supplement or differ from Article 4 of the Fund Management Regulations.

Investment objectives

The aim of the investment policy of the AC – Risk Parity 12 Fund (the “Sub-fund”) is to achieve the highest possible long-term yield in euros (EUR) in the respective unit class currency with a target average volatility of 12%.

The performance of the Sub-fund is indicated in the “Key Investor Information Document”.

Investment Policy

It is anticipated that the aims of the investment policy will be achieved by investing across the world in high-volume exchange-listed standard futures and OTC swaps. By way of example, these future or swap contracts may relate to recognised indices (bond, equity and commodity indices), bonds, currencies and interest rates on the capital markets.

The indices concerned are recognised indices as defined by Art. 9 of Directive 2007/16/EC of the European Commission dated 19 March 2007 on the implementation of Directive 85/611/EEC of the European Council on the Coordination of Laws, Regulations and Administrative Provisions relating to Undertakings for Collective Investment in Transferable Securities (UCITS) with regard to the explanation of certain definitions and CESR guideline 07-044 (“Eligible Assets Directive”). Examples of recognised indices are the Dax, S&P 500, CAC40, SMI, GSCI, US Small Cap or Russel 2000.

The Sub-fund employs an effective directional multi-asset strategy that aims to increase value. It optimises allocations to four liquid, non-correlated asset classes. The Sub-fund in principle does not take up long positions. Short positions may only be taken up in exceptional circumstances in four term-limited contracts for temporary reduction of the net long position in the stock and bond asset classes. These four contracts deal with futures on the Euros (EUR)toxx 50, the S&P 500, the German Confederation (“*Bunds*”) and the 10-year U.S. Treasuries. However, the resulting net position will never be negative in the stock and bond asset classes. Accordingly, the Sub-fund does not pursue a neutral market strategy. Regarding the counterparty risk, please refer to “Counterparty Risk” which is to be found above in the section “Notes on Risks”.

The fund aims to maintain a low average volatility of 12% with the lowest possible correlation to the unit markets based on a scientifically proven risk management system.

Under certain circumstances it is possible that the Sub-fund is not invested in futures. The Sub-fund may invest up to 100% of its net assets in short-term bank deposits, money market instruments as well as in bonds with a residual term to maturity of up to 2 years. With regard to money market instruments and bonds, Sub-fund assets will only be invested in government bonds issued by Germany, the Netherlands, Finland or France and in bonds issued by German federal states.

Within restrictions determined by Article 4 of the Fund Management Regulations, the Sub-fund may use financial instruments such as swaps (“derivatives”) to hedge and increase the appreciation of net Sub-fund assets. These derivatives may be acquired provided that the underlying assets are securities, money market instruments, financial indices, interest rates, exchange rates or currencies. In making use of derivatives, the Sub-fund will attempt to exploit fluctuations on the respective markets in order to maximise returns. The Sub-fund may enter into financial futures contracts in order to hedge and maximise the appreciation of its net assets.

Units in UCITS or other UCI will not be purchased for the Sub-fund. Furthermore, the Management Company will not enter into any securities lending or repurchase agreements involving the Sub-fund assets.

Precise details of investment restrictions are contained in Article 4 of the Fund Management Regulations.

Past performance does not guarantee future performance. No assurances can be given that investment targets will be achieved.

Risk Profile of the Sub-Fund

Given the circumstances and risks outlined above and with due regard for the defensive, target average volatility of 12%, the opportunities and risks of the Sub-fund can be categorised as moderate to mild compared with other fund types. In the most common five-category risk classifications this corresponds to Class 3 (dynamic balanced fund).

Given the orientation of the Sub-fund, it is exposed in particular to the following risks: general market risk, country/region-specific risk, creditworthiness risk, liquidity risk, country and transfer risk, custodial risk, concentration risk, counterparty risk, address default risk and currency risk. Details of other risks can be found in the chapter “Notes on Risks” in the Sales Prospectus.

Among other considerations, it should be stressed that declines in prices, particularly where they affect the overall market, and possibly even significantly more persistent declines, can have a negative impact on the Sub-fund’s assets.

Unlike conventional securities, positive or negative movements in the value of the respective Sub-fund can be considerably more significant due to the accompanying leveraging.

Financial futures deployed for a reason other than hedging also expose the investor to considerable opportunities and risks, since only a fraction of the respective value of the contract (margin) has to be paid immediately.

Further details on derivatives as well as techniques and instruments can be found in the “Notes on Derivatives” chapter of the Sales Prospectus.

Specific features concerning total return swap transactions and other derivatives with similar characteristics

Strategy and composition of the investment portfolio or of the indices

The Management Company may enter into swap transactions, in particular into interest rate swaps.

In addition, the Management Company invests in financial indices, including single components, whose effects on the total return of the indices do not exceed the relevant diversification requirements, i.e. 20%/35%; in the case of a leveraged index, the same limits are maintained concerning the effects of one component on the total return of the index while taking into account the leverage.

Indices invested in by the Sub-fund fulfil the provisions of the index criteria as laid down in Article 44 of the Law of 17 December 2010 and Article 9 of the Eligible Assets Directive, including in such a way that the index represents an adequate benchmark for the market to which the index refers:

- d) an index possesses one single clear objective, which is to represent an adequate benchmark for the market;
- e) the selection of index components, and the strategic basis upon which these components are chosen, are clearly identifiable to investors and to the responsible authorities;
- f) in cases where the index strategy is partially based on cash management, this has no effect on the objectivity of the index calculation method.

The Management Company will only invest in financial indices the frequency of adjustment of which may be replicated by investors.

The Management Company will only invest in financial indices which publish information about their constituents and their respective weighting. This information is made available to investors and potential investors free of charge and is easily accessible, e.g. on the internet.

The Management Company only invests in indices whose method for the selection and adjustment of the composition of components is based on a number of predetermined rules and objective criteria.

The Management Company only invests in financial indices whose full calculation method, which allows investors to replicate the financial indices, is disclosed by the index provider.

The Management Company only invests in indices whose methods do not permit any ex post facto amendments to index values already published (backfilling).

The UCITS ensures that the financial index is valued independently.

On behalf of the Sub-fund, total return swap transactions and other derivatives with similar characteristics in particular may be concluded on the following indices:

- USB Bloomberg CMCI Composite USD Excess Return Index (“CMCI Index”) (Bloomberg Ticker: CMCIER Index)

The CMCI Index represents the performance of different commodity classes. The weighting of specific commodity classes is effected by means of a model depending on the liquidity and the economic significance of the specific commodity classes. Information on the calculation method and on the performance of the CMCI index is publicly available at:

www.ubs.com/cmci

- MSCI World Risk Weighted Net USD Index (“MSCI World RW Index”) Bloomberg Ticker: M1WORWGT Index)

The MSCI World RW Index replicates the performance of specific stocks, which are distributed worldwide, in a risk-adjusted manner. Information on the calculation method and on the performance of the MSCI World RW Index is publicly available at:

http://www.msci.com/products/indices/strategy/risk_premia/risk_weighted

Counterparty to total return swap transactions

Counterparty to the Sub-fund’s total return swap transactions may in particular be UBS AG, Bahnhofstrasse 45, 8001 Zurich (Switzerland), via their registered office in 1 Finsbury Avenue, London EC2M 2PP.

Counterparty risk and effects on the returns received by investors

Regarding the counterparty risk, please refer to “Counterparty Risk”, which can be found above in the section “Notes on Risks”. Only in the event that the counterparty risk materialises will it have an effect on the returns received by the investors.

With regard to total return swap transactions, the counterparty risk may not exceed the following rates:

- 10% of the Sub-fund’s net assets if the counterparty is a credit institution within the meaning of Article 41, Section 1, Letter (f) of the Law of 17 December 2010, and
- 5% of the Sub-fund's net assets in all other cases.

If the Management Company has invested more than 5% of the respective Sub-fund’s net assets in market securities and money market instruments of a single issuer, the limitation of 40% of the relevant Sub-fund’s net-assets does not apply to total return swap transactions, which are transacted with financial institutions subject to prudential supervision.

Counterparty influence

The counterparty to the total return swap transactions does not have any influence on the composition or the management of the investment portfolio of the Sub-fund. The

counterparty may, however, influence the underlying assets of the derivatives, e.g. in its role as an index sponsor. However, this is always subject to information barriers. With regard to this, please see the section “Particular Risk Factors” below. Furthermore, the counterparty does not have to approve transactions related to the Sub-fund’s assets.

Special Features Concerning Financial Indices

Adjustment frequency of the index composition related to the CMCI Index

An adjustment of the weighting with regard to the respective target values takes place every month (on the last three business days of each month). The determination of the real economic target weighting is adjusted annually (every July). The determination of the liquidity-based target weighting is adjusted semi-annually (every January and July) by an index committee, which consists of several experts on commodities from UBS and Bloomberg. Every commodity component is incorporated with a maximum weighting of 20% and a minimum weighting of 0.6%. Sub-categories of a commodity component that have a strong correlation (two components should not be deemed strongly correlated if 75% of the correlation observations are below 0.8), are deemed to be individual components. This maximum weight for individual components of commodities, including their strongly correlated sub-categories, may be raised to 35%, if this is required by exceptional market situations.

Effects on costs

The index strategy does not contain any costs which have their origins in the adjustment frequency of the index composition.

Special Risk Factors:

Conflicts of interest

Every division/company of the UBS Group may from time to time take positions, either buying or selling, on their own account or on account of third parties, or act as a market maker or index sponsor with regard to securities, currencies, financial instruments or other assets of the Sub-funds, or may trade with regard to such assets, to which the Fund is exposed. The UBS Group’s trade and/or hedging activities can influence the price of the underlying assets, and may influence the probability that all relevant barriers are overcome. The UBS Group has developed strategies and procedures in order to minimise the risk of managers and employees being influenced by conflicts of interest or that confidential information is distributed or provided in an unauthorised manner.

Information on UBS AG and UBS AG, London Branch

UBS AG, London Branch is a branch of the UBS AG, a company under Swiss law, with its registered office in Bahnhofstrasse 45, Zurich, and Aeschenvorstadt, Basel, Switzerland. Apart from the information contained in this section, UBS AG, London Branch and/or UBS AG have not been involved in drafting this Prospectus. They do not accept responsibility for the Prospectus.

Haircut securities in OTC derivatives	Type of security	Valuation approach
	Liquid funds in Sub-fund currency:	100%

Risk Profile for the Typical Investor

The Sub-fund is directed at investors who wish to fully participate in economic developments on global stock, bond, currency and interest rate markets and who, by investing in this Sub-fund and accepting the target average volatility of 12%, aim to profit from long-term earnings prospects.

In this case, the investor should be aware of the specific risks that arise through the use of selected financial market instruments, as well as the leverage of the Fund as described below.

The investment period should ideally be at least five years.

Risk Management and Expected Leverage

Market risk calculation: Absolute value-at-risk approach

The investment strategy of the AC - Risk Parity 12 Fund (the "Fund") takes the various volatilities of different asset classes into account. Low-risk asset classes are weighted higher than asset classes with a higher risk.

The strategy of the Fund is implemented taking into account the volatilities and correlations of the asset classes. A risk budget in the form of a monthly maximum loss limit of 7 per cent and a target volatility of 12 per cent is firstly drawn up for the Fund. A highly modern risk management system (FundCreator) is used for the Fund. FundCreator ensures the normal distribution of returns on a daily basis. The risk budget is then allocated to the respective asset classes in equal units taking the correlations into account. The asset class correlations in general result in the net leverage (correlation effects are taken into account) always being smaller than the gross leverage (correlation effects are not taken into account) if there is no perfect positive correlation of all asset classes. As the asset correlation of the AC – Risk Parity 12 Fund is optimised with respect to liquid and non-correlated asset classes it can be ensured that net leverage is always lower than gross leverage.

When implementing this strategy, low risk asset classes are geared to a higher volatility level with derivatives whilst high risk asset classes are weighted less.

Risk and return aspects are integral in the selection of asset classes. The equity, bond, commodities and interest rate asset classes are currently used. These are asset classes with an appropriately high compensation for the risk incurred (positive risk premium) and with highly liquid derivatives (future contracts).

Taking the interest rate asset class as an example, this in practice means that, in direct comparison to the other asset classes, the risk per currency unit is significantly lower,

resulting in correspondingly significantly lower expected returns. In order to establish an equal weighting of risk between interest rates and the other 3 asset classes, the percentage of the interest rate asset class must be correspondingly increased through the use of derivatives. In this regard, the relatively lower expected return of the interest rate asset class is also indirectly geared. An equal weighting of the expected returns on the asset classes is aimed for by equally weighting the risk of the asset classes at the level of the entire portfolio. The various asset classes are distributed on the basis of their risk contribution to the portfolio as a whole while adhering to the given risk budget and risk limits. If the fund assets were equally distributed to various asset classes without taking their risks into account, some asset classes, such as commodities for example, would contribute significantly more risk to the portfolio as a whole than other asset classes.

Achieving an equal weighting of risk between various asset classes is the ultimate directive of the Fund. The use of interest rate futures is required for this reason to ensure a balanced risk weighting with other asset classes. The volatilities of interest rate futures contribute fractionally compared to other asset classes. To ensure an equally weighted risk allocation between interest rate futures and other asset classes, the expected gross leverage (before netting and hedging) is approx. 5-7 times the Fund volume in the Fund with respect to exposures to interest rate futures. In combination with the other asset classes, an expected gross leverage of a total of 8-10 times the Fund volume arises in the Fund.

However, the reporting of a leverage of this amount for the fund exaggerates the risk several times over as the correlations between the asset classes are not taken into account and the low volatility of the underlying asset class is not included in the key leverage figure either. Other key risk figures that are based on the actual historical performance of the Fund clarify this issue. For example, the volatility of the Fund in recent years was, as expected, 12 per cent and *correspondingly* was below the desired target volatility; examples from the past (2008, summer 2011) show that a supposedly high leverage nevertheless led to a low and predictable level of risk.

The term leverage – according to CSSF circular 11/512 – is to be understood as the sum of the face values of the derivative financial instruments a Sub-fund holds. For derivatives that do not have a nominal value, UCITS must be based on the market value of the equivalent position of the underlying assets.

In this context, a leverage of 0 is to be considered an unleveraged portfolio.

Based on the calculation method of the leverage the stated leverage may lead to conservative results, because derivatives which are used for risk reduction purposes will be entered into the calculation with their absolute amount and this may lead to an increased leverage risk being shown.

As a result of this, the leverage can be significant (in certain cases) and may not necessarily represent the exact leverage risk that the investor sees himself as facing. The expected leverage is stated in the field above as an absolute value and is based on historical data. The statement of the expected leverage is not a target value, but an expected value that may, as an average estimate, consist of lower and higher leverages. Consequently, the leverage is not an investment restriction and no compensation can be claimed in the event it is disregarded.

Financial futures contracts that are used for purposes other than hedging are also associated with significant opportunities and risks as only a fraction of the actual contract value (invested capital) must be paid resulting in the degree of leverage shown. Furthermore, higher volatility arises from this leverage. Price fluctuations have a significant influence on the gains and losses of the Sub-fund. The risks and volatility of the Sub-fund could rise accordingly.

AC – Risk Parity 12 Fund: Overview of Unit Classes

Unit Class	WKN	ISIN	Initial Issue Price	Initial Unit Value	Currency	Minimum Initial Investment	Initial Subscription Period	Valuation Date	Profit Application
AUD C ^h	A1JK6S	LU0682222814	AUD 105	AUD 100	AUD	AUD 50,000	03.10.11 - 07.10.11	12.10.11	distributing
AUD I ^h	A1T8NQ	LU0916845190	AUD 105	AUD 100	AUD	None	15.05.13 - 28.05.13	31.05.13	distributing
CHF A ^h	A1C8CC	LU0554704139	CHF 105	CHF 100	CHF	CHF 50,000	28.10.10	02.11.10	accumulating
CHF B ^h	A1C8CD	LU0554704212	CHF 105	CHF 100	CHF	CHF 1,000	28.10.10	02.11.10	accumulating
CHF I ^h	A1T8NR	LU0916845430	CHF 105	CHF 100	CHF	CHF 100,000	15.05.13 - 28.05.13	31.05.13	accumulating
CHF R ^h	A1T8NS	LU0916845604	CHF 105	CHF 100	CHF	None	15.05.13 - 28.05.13	31.05.13	accumulating
EUR A	A0Q578	LU0374107992	EUR 105	EUR 100	EUR	EUR 50,000	20.08.08 - 03.09.08	05.09.08	accumulating
EUR B	A0RNQ5	LU0430218775	EUR 105	EUR 100	EUR	EUR 1,000	18.05.09 - 26.05.09	28.05.09	accumulating
EUR C	A1JK6M	LU0682206882	EUR 105	EUR 100	EUR	EUR 50,000	03.10.11 - 07.10.11	12.10.11	distributing
EUR D	A1JK6N	LU0682218119	EUR 105	EUR 100	EUR	EUR 1,000	03.10.11 - 07.10.11	12.10.11	distributing
EUR I	A1T8NT	LU0916845869	EUR 105	EUR 100	EUR	EUR 100,000	15.05.13 - 28.05.13	31.05.13	accumulating
EUR R	A1T8NU	LU0916845943	EUR 105	EUR 100	EUR	None	15.05.13 - 28.05.13	31.05.13	accumulating
EUR X	A0Q579	LU0374108883	EUR 105	EUR 100	EUR	EUR 10,000,000	20.08.08 - 03.09.08	05.09.08	accumulating
GBP A ^h	A1C23H	LU0531219185	GBP 105	GBP 100	GBP	GBP 50,000	30.08.10	01.09.10	accumulating
GBP B ^h	A1JK6P	LU0682219430	GBP 105	GBP 100	GBP	GBP 1,000	03.10.11 - 07.10.11	12.10.11	accumulating
SEK B ^h	A1W4EF	LU0964661887	SEK 105	SEK 100	SEK	SEK 10,000	02.09.13 - 13.09.13	18.09.13	accumulating
SGD A ^h	A1JK6Q	LU0682220792	SGD 105	SGD 100	SGD	SGD 50,000	03.10.11 - 07.10.11	12.10.11	accumulating
SGD B ^h	A1JK6R	LU0682221683	SGD 105	SGD 100	SGD	SGD 1,000	03.10.11 - 07.10.11	12.10.11	accumulating
SGD R ^h	A1T8NV	LU0916846081	SGD 105	SGD 100	SGD	None	15.05.13 - 28.05.13	31.05.13	accumulating
USD A ^h	A0Q58A	LU0374108537	USD 105	USD 100	USD	USD 100,000	20.08.08 - 03.09.09	05.09.08	accumulating
USD B ^h	A1C8B9	LU0554704055	USD 105	USD 100	USD	USD 1,000	28.10.10	02.11.10	accumulating
USD R ^h	A1T8NW	LU0916846248	USD 105	USD 100	USD	None	15.05.13 - 28.05.13	31.05.13	accumulating
USD I ^h	A1T8NX	LU0916846321	USD 105	USD 100	USD	USD 100,000	15.05.13 - 28.05.13	31.05.13	accumulating

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"R" and "I" units: These units are exclusively reserved for investors who meet special requirements such as total investment volumes in the AC Fund or holding period, as have been determined by the Management Company. Detailed information concerning the requirements currently in force is available at the Management Company of the Fund.

In general, it is at the Management Company's discretion to also accept low minimum initial investments sums.

Valuation day of the Sub-fund:	Every bank working day in Luxembourg with the exception of the 24 th and 31 st December of each year
Front-end load: (as % of the unit value)	Max. 5%
Payment of issue and redemption price:	Within three bank working days
Fund currency:	euros (EUR)
Sub-fund currency:	euros (EUR)
Certification of the unit certificates:	Registered units, unit register
Denomination:	Up to four decimal places
End of financial year:	31 December
End of the first financial year:	31 December 2008
Reports:	First unaudited semi-annual report 30 June 2008 First audited statement of accounts 31 December 2008
Sub-fund launched:	20 August 2008
Fund Management Regulations – last publication of the notification of filing in the <i>Mémorial C</i> :	25 April 2014

Costs reimbursed from the Sub-fund's assets

1. Management Company Fees

The Management Company receives a fee of up to 0.37% p.a. in consideration of its management of the Sub-fund based on the average net assets of the Sub-fund as calculated on a daily basis. A fixed monthly Management Company fee of EUR 500.00 per unit class is also charged. These fees are paid monthly in arrears and do not include any VAT, where applicable.

The Management Company receives a fee of 0.228% p.a. in consideration of its management of the Sub-fund, including their central administrative duties, based on the average net assets of the Sub-fund as calculated on a daily basis. This fee is payable monthly in arrears. Compensation for duties undertaken by the Central Administration Agent is included in the administrative fee.

In addition to this fixed administration fee, the Management Company also receives a quarterly performance fee equivalent of up to 15% of the increase in assets.

Asset growth is determined on the basis of unit price movements, the net assets of the Sub-fund on which these unit price movements are based, taking into account an historical high point during the previous calculation period (high water mark). The calculation period is one calendar quarter. The performance fee is calculated on the valuation day and limited to the amount by which the unit price exceeds the high water mark.

These fee payments are subject to VAT where applicable.

2. Investment Advisor Fee

The investment advisor receives a total fee of up to 1.35% p.a. based on the average net assets of the Sub-fund as calculated on a daily basis. This fee is payable monthly in arrears.

The investment advisor uses FundCreator, a risk management system with worldwide accreditation, to help him with his investment recommendations. The use of FundCreator is subject to a licence fee of 0.36% p.a. of the net Sub-fund assets. This amount is deducted from the investment advisor's fee.

These fee payments are subject to VAT where applicable.

3. Custodian Fees:

As consideration for the fulfilment of its responsibilities under the Custodian agreement, the Custodian shall receive a fee of up to 0.02% p.a. based on the average net assets of the Sub-fund, including transaction costs, as calculated on a daily basis. This fee is subject to a minimum annual fee of EUR 20,000 and is paid out on a pro rata basis monthly in arrears. This fee is subject to value added tax.

4. Registrar and Transfer Agent Fees

For the performance of their duties, the registrar and transfer agent receives a fee of EUR 100 per registered account and transaction costs in the amount of EUR 15 per transaction. Additionally, the Sub-fund assets also bear any other disbursement and costs which are incurred through the registrar and transfer agents' accounting processes, transactions or any other operations relevant to the Sub-funds. Upon request, further information on these fees may be provided by the Management Company of the Fund or understood from the registrar and transfer agent agreement. These fees are paid monthly in arrears and do not include any VAT, where applicable.

5. Distributor Fee

For unit classes in categories "B" and "D", the distributor receives annual compensation from the net Sub-fund assets for the performance of their duties amounting to up to 0.5% p.a. of the net Sub-fund assets. This fee is based on the average net assets of the Sub-fund as calculated on a daily basis. This above-mentioned fee is paid out on a pro rata basis monthly in arrears and is subject to VAT (if applicable).

The distributor does not currently receive a distributor fee for other unit classes.

8. Other Costs

In addition, Sub-fund assets may be charged with costs listed in Article 11 of the Fund Management Regulations.

Costs to be Paid by Investors

Front-end load: (paid to the distributor)	max. 5%
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Redemption surcharge:	none
Conversion fee:	none

Application of profits

Sub-fund income is accumulated.

Income of the unit classes "D" and "C" as well as unit class AUD I is distributed. The income is distributed in intervals as determined by the Management Company from time to time. Generally, the distribution shall take place at the end of the Fund's financial year.

Appendix 3

AC – Risk Parity 17 Fund

The following provisions for the Sub-fund supplement or differ from Article 4 of the Fund Management Regulations.

Investment objectives

The aim of the investment policy of the AC – Risk Parity 17 Fund (the “Sub-fund”) is to achieve the highest possible long-term yield in euros (EUR) in the respective unit class currency with a target average volatility of 17%.

The performance of the Sub-fund is indicated in the “Key Investor Information Document”.

Investment Policy

It is anticipated that the aims of the investment policy will be achieved by investing across the world in high-volume exchange-listed standard futures and OTC swaps. By way of example, these future or swap contracts may relate to recognised indices (bond, equity and commodity indices), bonds, currencies and interest rates on the capital markets.

The indices concerned are recognised indices as defined by Art. 9 of Directive 2007/16/EC of the European Commission dated 19 March 2007 on the implementation of Directive 85/611/EEC of the European Council on the Coordination of Laws, Regulations and Administrative Provisions relating to Undertakings for Collective Investment in Transferable Securities (UCITS) with regard to the explanation of certain definitions and CESR guideline 07-044 (“Eligible Assets Directive”). Examples of recognised indices are the Dax, S&P 500, CAC40, SMI, GSCI, US Small Cap or Russel 2000.

The Sub-fund employs an effective directional multi-asset strategy that aims to increase value. It optimises allocations to four liquid, non-correlated asset classes. The Sub-fund in principle does not take up long positions. Short positions may only be taken up in exceptional circumstances in four term-limited contracts for temporary reduction of the net long position in the stock and bond asset classes. These four contracts deal with futures on the Euros (EUR)toxx 50, the S&P 500, the German Confederation (“*Bunds*”) and the 10-year U.S. Treasuries. However, the resulting net position will never be negative in the stock and bond asset classes. Accordingly, the Sub-fund does not pursue a neutral market strategy. Regarding the counterparty risk, please refer to “Counterparty Risk” which is to be found above in the section “Notes on Risks”.

The Fund aims to maintain an average volatility of 17% with the lowest possible correlation to the unit markets based on a scientifically proven risk management system.

Under certain circumstances it is possible that the Sub-fund is not invested in futures. The Sub-fund may invest up to 100% of its net assets in short-term bank deposits, money market instruments as well as in bonds with a residual term to maturity of up to 2 years. With regard to money market instruments and bonds, Sub-fund assets will only be invested in government bonds issued by Germany, the Netherlands, Finland or France and in bonds issued by German federal states.

Within restrictions determined by Article 4 of the Fund Management Regulations, the Sub-fund may use financial instruments such as swaps (“derivatives”) to hedge and increase the appreciation of net Sub-fund assets. These derivatives may be acquired provided that the underlying assets are securities, money market instruments, financial indices, interest rates, exchange rates or currencies. In making use of derivatives, the Sub-fund will attempt to exploit fluctuations on the respective markets in order to maximise returns. The Sub-fund may enter into financial futures contracts in order to hedge and maximise the appreciation of its net assets.

Units in UCITS or other UCI will not be purchased for the Sub-fund. Furthermore, the Management Company will not enter into any securities lending or repurchase agreements involving the Sub-fund assets.

Precise details of investment restrictions are contained in Article 4 of the Fund Management Regulations.

Past performance does not guarantee future performance. No assurances can be given that investment targets will be achieved.

Risk Profile of the Sub-Fund

Given the circumstances and risks outlined above and with due regard for the defensive, target average volatility of 17%, the opportunities and risks of the Sub-fund can be categorised as moderate to high compared with other fund types. In the most common five-category risk classifications this corresponds to Class 4 (offensive balanced fund).

Given the orientation of the Sub-fund, it is exposed in particular to the following risks: general market risk, country/region-specific risk, creditworthiness risk, liquidity risk, country and transfer risk, custodial risk, concentration risk, counterparty risk, address default risk and currency risk. Details of other risks can be found in the chapter “Notes on Risks” in the Sales Prospectus.

Among other considerations, it should be stressed that declines in prices, particularly where they affect the overall market, and possibly even significantly more persistent declines, can have a negative impact on the Sub-fund’s assets.

Unlike conventional securities, positive or negative movements in the value of the respective Sub-fund can be considerably more significant due to the accompanying leveraging.

Financial futures deployed for a reason other than hedging also expose the investor to considerable opportunities and risks, since only a fraction of the respective value of the contract (margin) has to be paid immediately.

Further details on derivatives as well as techniques and instruments can be found in the “Notes on Derivatives” chapter of the Sales Prospectus.

Specific features concerning total return swap transactions and other derivatives with similar characteristics

Strategy and composition of the investment portfolio or of the indices

The Management Company may enter into swap transactions, in particular into interest rate swaps.

In addition, the Management Company invests in financial indices, including single components, whose effects on the total return of the indices do not exceed the relevant diversification requirements, i.e. 20%/35%; in the case of a leveraged index, the same limits are maintained concerning the effects of one component on the total return of the index while taking into account the leverage.

Indices invested in by the Sub-fund fulfil the provisions of the index criteria as laid down in Article 44 of the Law of 17 December 2010 and Article 9 of the Eligible Assets Directive, including in such a way that the index represents an adequate benchmark for the market to which the index refers:

- g) an index possesses one single clear objective, which is to represent an adequate benchmark for the market;
- h) the selection of index components, and the strategic basis upon which these components are chosen, are clearly identifiable to investors and to the responsible authorities;
- i) in cases where the index strategy is partially based on cash management, this has no effect on the objectivity of the index calculation method.

The Management Company will only invest in financial indices the frequency of adjustment of which may be replicated by investors.

The Management Company will only invest in financial indices which publish information about their constituents and their respective weighting. This information is made available to investors and potential investors free of charge and is easily accessible, e.g. on the internet.

The Management Company only invests in indices whose method for the selection and adjustment of the composition of components is based on a number of predetermined rules and objective criteria.

The Management Company only invests in financial indices whose full calculation method, which allows investors to replicate the financial indices, is disclosed by the index provider.

The Management Company only invests in indices whose methods do not permit any ex post facto amendments to index values already published (backfilling).

The UCITS ensures that the financial index is valued independently.

On behalf of the Sub-fund, total return swap transactions and other derivatives with similar characteristics in particular may be concluded on the following indices:

- USB Bloomberg CMCI Composite USD Excess Return Index (“CMCI Index”) (Bloomberg Ticker: CMCIER Index)

The CMCI Index represents the performance of different commodity classes. The weighting of specific commodity classes is effected by means of a model depending on the liquidity and the economic significance of the specific commodity classes. Information on the calculation method and on the performance of the CMCI index is publicly available at:

www.ubs.com/cmci

- MSCI World Risk Weighted Net USD Index (“MSCI World RW Index”) Bloomberg Ticker: M1WORWGT Index)

The MSCI World RW Index replicates the performance of specific stocks, which are distributed worldwide, in a risk-adjusted manner. Information on the calculation method and on the performance of the MSCI World RW Index is publicly available at:

http://www.msci.com/products/indices/strategy/risk_premia/risk_weighted

Counterparty to total return swap transactions

Counterparty to the Sub-fund’s total return swap transactions may in particular be UBS AG, Bahnhofstrasse 45, 8001 Zurich (Switzerland), via their registered office in 1 Finsbury Avenue, London EC2M 2PP.

Counterparty risk and effects on the returns received by investors

Regarding the counterparty risk, please refer to “Counterparty Risk”, which can be found above in the section “Notes on Risks”. Only in the event that the counterparty risk materialises will it have an effect on the returns received by the investors.

With regard to total return swap transactions, the counterparty risk may not exceed the following rates:

- 10% of the Sub-fund’s net assets if the counterparty is a credit institution within the meaning of Article 41, Section 1, Letter (f) of the Law of 17 December 2010, and
- 5% of the Sub-fund’s net assets in all other cases.

If the Management Company has invested more than 5% of the respective Sub-fund’s net assets in market securities and money market instruments of a single issuer, the limitation of 40% of the relevant Sub-fund’s net-assets does not apply to total return swap transactions, which are transacted with financial institutions subject to prudential supervision.

Counterparty influence

The counterparty to the total return swap transactions does not have any influence on the composition or the management of the investment portfolio of the Sub-fund. The

counterparty may, however, influence the underlying assets of the derivatives, e.g. in its role as an index sponsor. However, this is always subject to information barriers. With regard to this, please see the section “Particular Risk Factors” below. Furthermore, the counterparty does not have to approve transactions related to the Sub-fund’s assets.

Special Features Concerning Financial Indices

Adjustment frequency of the index composition related to the CMCI Index

An adjustment of the weighting with regard to the respective target values takes place every month (on the last three business days of each month). The determination of the real economic target weighting is adjusted annually (every July). The determination of the liquidity-based target weighting is adjusted semi-annually (every January and July) by an index committee, which consists of several experts on commodities from UBS and Bloomberg. Every commodity component is incorporated with a maximum weighting of 20% and a minimum weighting of 0.6%. Sub-categories of a commodity component that have a strong correlation (two components should not be deemed strongly correlated if 75% of the correlation observations are below 0.8), are deemed to be individual components. This maximum weight for individual components of commodities, including their strongly correlated sub-categories, may be raised to 35%, if this is required by exceptional market situations.

Effects on costs

The index strategy does not contain any costs which have their origins in the adjustment frequency of the index composition.

Special Risk Factors:

Conflicts of interest

Every division/company of the UBS Group may from time to time take positions, either buying or selling, on their own account or on account of third parties, or act as a market maker or index sponsor with regard to securities, currencies, financial instruments or other assets of the Sub-funds, or may trade with regard to such assets, to which the Fund is exposed. The UBS Group’s trade and/or hedging activities can influence the price of the underlying assets, and may influence the probability that all relevant barriers are overcome. The UBS Group has developed strategies and procedures in order to minimise the risk of managers and employees being influenced by conflicts of interest or that confidential information is distributed or provided in an unauthorised manner.

Information on UBS AG and UBS AG, London Branch

UBS AG, London Branch is a branch of the UBS AG, a company under Swiss law, with its registered office in Bahnhofstrasse 45, Zurich, and Aeschenvorstadt, Basel, Switzerland. Apart from the information contained in this section, UBS AG, London Branch and/or UBS AG have not been involved in drafting this Prospectus. They do not accept responsibility for the Prospectus.

Haircut securities in OTC derivatives	Type of security	Valuation approach
	Liquid funds in Sub-fund currency:	100%

Risk Profile for the Typical Investor

The Sub-fund is directed at investors who wish to fully participate in economic developments on global stock, bond, currency and interest rate markets and who, by investing in this Sub-fund and accepting the target average volatility of 17%, aim to profit from long-term earnings prospects.

In this case, the investor should be aware of the specific risks that arise through the use of selected financial market instruments, as well as the leverage of the Fund as described below.

The investment period should ideally be at least five years.

Risk Management and Expected Leverage

Market risk calculation: Absolute value-at-risk approach

The investment strategy of the AC - Risk Parity 17 Fund (the "Fund") takes the various volatilities of different asset classes into account. Low-risk asset classes are weighted higher than asset classes with a higher risk.

The strategy of the Fund is implemented taking into account the volatilities and correlations of the asset classes. A risk budget in the form of a monthly maximum loss limit of 10 per cent and a target volatility of 17 per cent is firstly drawn up for the Fund. A highly modern risk management system (FundCreator) is used for the Fund. FundCreator ensures the normal distribution of returns on a daily basis. The risk budget is then allocated to the respective asset classes in equal units taking the correlations into account. The asset class correlations in general result in the net leverage (correlation effects are taken into account) always being smaller than the gross leverage (correlation effects are not taken into account) if there is no perfect positive correlation of all asset classes. As the asset correlation of the AC – Risk Parity 17 Fund is optimised with respect to liquid and non-correlated asset classes it can be ensured that net leverage is always lower than gross leverage.

When implementing this strategy, low risk asset classes are geared to a higher volatility level with derivatives whilst high risk asset classes are weighted less.

Risk and return aspects are integral in the selection of asset classes. The equity, bond, commodities and interest rate asset classes are currently used. These are asset classes with an appropriately high compensation for the risk incurred (positive risk premium) and with highly liquid derivatives (future contracts).

Taking the interest rate asset class as an example, this in practice means that, in direct comparison to the other asset classes, the risk per currency unit is significantly lower,

resulting in correspondingly significantly lower expected returns. In order to establish an equal weighting of risk between interest rates and the other 3 asset classes, the percentage of the interest rate asset class must be correspondingly increased through the use of derivatives. In this regard, the relatively lower expected return of the interest rate asset class is also indirectly geared. An equal weighting of the expected returns on the asset classes is aimed for by equally weighting the risk of the asset classes at the level of the entire portfolio. The various asset classes are distributed on the basis of their risk contribution to the portfolio as a whole while adhering to the given risk budget and risk limits. If the fund assets were equally distributed to various asset classes without taking their risks into account, some asset classes, such as commodities for example, would contribute significantly more risk to the portfolio as a whole than other asset classes.

Achieving an equal weighting of risk between various asset classes is the ultimate directive of the Fund. The use of interest rate futures is required for this reason to ensure a balanced risk weighting with other asset classes. The volatilities of interest rate futures contribute fractionally compared to other asset classes. To ensure an equally weighted risk allocation between interest rate futures and other asset classes, the expected gross leverage (before netting and hedging) is approx. 10-13 times the Fund volume in the Fund with respect to exposures to interest rate futures. In combination with the other asset classes, an expected gross leverage of a total of 14-18 times the Fund volume arises in the Fund.

However, the reporting of a leverage of this amount for the fund exaggerates the risk several times over as the correlations between the asset classes are not taken into account and the low volatility of the underlying asset class is not included in the key leverage figure either. Other key risk figures that are based on the actual historical performance of the Fund clarify this issue. For example, the volatility of both similar Sub-funds, AC – Risk Parity 7 Fund and AC – Risk Parity 12 Fund, in recent years was below the desired target volatility; examples from the past (2008, summer 2011) show that a supposedly high leverage nevertheless led to a low and predictable level of risk.

The term leverage – according to CSSF circular 11/512 – is to be understood as the sum of the face values of the derivative financial instruments a Sub-fund holds. For derivatives that do not have a nominal value, UCITS must be based on the market value of the equivalent position of the underlying assets.

In this context, a leverage of 0 is to be considered an unleveraged portfolio.

Based on the calculation method of the leverage the stated leverage may lead to conservative results, because derivatives which are used for risk reduction purposes will be entered into the calculation with their absolute amount and this may lead to an increased leverage risk being shown.

As a result of this, the leverage can be significant (in certain cases) and may not necessarily represent the exact leverage risk that the investor sees himself as facing. The expected leverage is stated in the field above as an absolute value and is based on historical data. The statement of the expected leverage is not a target value, but an expected value that may, as an average estimate, consist of lower and higher leverages. Consequently, the leverage is not an investment restriction and no compensation can be claimed in the event it is disregarded.

Financial futures contracts that are used for purposes other than hedging are also associated with significant opportunities and risks as only a fraction of the actual contract value (invested capital) must be paid resulting in the degree of leverage shown. Furthermore, higher volatility arises from this leverage. Price fluctuations have a significant influence on the gains and losses of the Sub-fund. The risks and volatility of the Sub-fund could rise accordingly.

AC – Risk Parity 17 Fund: Overview of Unit Classes

Unit Class	WKN	ISIN	Initial Issue Price	Initial Unit Value	Currency	Minimum Initial Investment	Initial Subscription Period	Valuation Date	Profit Application
CHF A ^h	A1J6VL	LU0842544362	CHF 105	CHF 100	CHF	CHF 100,000	22.11.2012 - 28.11.2012	03.12.2012	accumulating
EUR A	A1JT8B	LU0748083010	EUR 105	EUR 100	EUR	EUR 500,000	16.07.2012 - 27.07.2012	01.08.2012	accumulating
EUR B	A1JT8C	LU0748083101	EUR 105	EUR 100	EUR	EUR 100,000	16.07.2012 - 27.07.2012	01.08.2012	accumulating
EUR C	A1JT8D	LU0748083366	EUR 105	EUR 100	EUR	EUR 500,000	16.07.2012 - 27.07.2012	01.08.2012	distributing
EUR D	A1JT8E	LU0748083440	EUR 105	EUR 100	EUR	EUR 100,000	16.07.2012 - 27.07.2012	01.08.2012	distributing
EUR X	A1JT8F	LU0748083796	EUR 105	EUR 100	EUR	EUR 10,000,000	16.07.2012 - 27.07.2012	01.08.2012	accumulating
GBP A ^h	A1JT8G	LU0748083952	GBP 105	GBP 100	GBP	GBP 100,000	16.07.2012 - 27.07.2012	01.08.2012	accumulating
SDG A ^h	A1J6VK	LU0842543984	SGD 105	SGD 100	SGD	SGD 100,000	22.11.2012 - 28.11.2012	03.12.2012	accumulating
USD A ^h	A1J6VJ	LU0842543711	USD 105	USD 100	USD	USD 100,000	22.11.2012 - 28.11.2012	03.12.2012	accumulating

Currency hedging: Unit classes which are issued in a currency other than that of the Sub-fund currency are marked with an ^(h) and can be hedged against currency fluctuations.

EUR-X units: These units are reserved for investors who have stipulated a special remuneration agreement with an entity of the Aquila Group or who are in a direct employee relationship with the latter. This is audited by the Management Company before the processing of the subscription request.

*: These amounts must be met by the investor upon initial purchase of units in the AC – Risk Parity 17 Fund, though this does not apply for subsequent investments. It is at the Management Company's discretion to accept minimum initial investment sums ranging from 100,000 and the amount specified. However, in no case may a minimum initial investment sum amount to less than 100,000.

Valuation day of the Sub-fund:	Every bank working day in Luxembourg with the exception of the 24 th and 31 st December of each year
Front-end load: (as % of the unit value)	Max. 5%
Payment of issue and redemption price:	Within three bank working days
Fund currency:	euros (EUR)
Sub-fund currency:	euros (EUR)
Certification of the unit certificates:	Registered units, unit register
Denomination:	Up to four decimal places
End of financial year:	31 December
End of the first financial year with this Sub-fund:	31 December 2012
Reports (with this Sub-fund):	First unaudited semi-annual report 30 June 2013 First audited statement of accounts 31 December 2012
Sub-fund launched:	16 July 2012
Fund Management Regulations – last publication of the notification of filing in the <i>Mémorial C</i> :	25 April 2014

Costs reimbursed from the Sub-fund's assets

1. Management Company Fees

The Management Company receives a fee of up to 0.37% p.a. in consideration of its management of the Sub-fund based on the average net assets of the Sub-fund as calculated on a daily basis. A fixed monthly Management Company fee of up to EUR 2,500.00 per unit class is also charged. These fees are paid monthly in arrears and do not include any VAT, where applicable.

The Management Company receives a fee of up to 0.228% p.a. in consideration of its management of the Sub-fund, including their central administrative duties, based on the average net assets of the Sub-fund as calculated on a daily basis. This fee is payable monthly in arrears. Compensation for duties undertaken by the Central Administration Agent is included in the administrative fee.

In addition to this fixed administration fee, the Management Company also receives a quarterly performance fee equivalent of up to 15% of the increase in assets.

Asset growth is determined on the basis of unit price movements, the net assets of the Sub-fund on which these unit price movements are based, taking into account an historical high point during the previous calculation period (high water mark). The calculation period is one calendar quarter. The performance fee is calculated on the valuation day and limited to the amount by which the unit price exceeds the high water mark.

These fee payments are subject to VAT where applicable.

2. Investment Advisor Fee

The investment advisor receives a total fee of up to 1.60% p.a. based on the average net assets of the Sub-fund as calculated on a daily basis. This fee is payable monthly in arrears.

The investment advisor uses FundCreator, a risk management system with worldwide accreditation, to help him with his investment recommendations. The use of FundCreator is subject to a licence fee of 0.36% p.a. of the net Sub-fund assets. This amount is deducted from the investment advisor's fee.

These fee payments are subject to VAT where applicable.

3. Custodian Fees:

As consideration for the fulfilment of its responsibilities under the Custodian agreement, the Custodian shall receive a fee of up to 0.02% p.a. based on the average net assets of the Sub-fund, including transaction costs, as calculated on a daily basis. This fee is subject to a minimum annual fee of EUR 20,000 and is paid out on a pro rata basis monthly in arrears. This fee is subject to value added tax.

4. Registrar and Transfer Agent Fees

For the performance of their duties, the registrar and transfer agent receives a fee of EUR 100 per registered account and transaction costs in the amount of EUR 15 per transaction. Additionally, the Sub-fund assets also bear any other disbursement and costs which are incurred through the registrar and transfer agents' accounting processes, transactions or any other operations relevant to the Sub-funds. Upon request, further information on these fees may be provided by the Management Company of the Fund or understood from the registrar and transfer agent agreement. These fees are paid monthly in arrears and do not include any VAT, where applicable.

5. Distributor Fee

For unit classes EUR B and EUR D, the distributor receives annual compensation from the net Sub-fund assets for the performance of their duties amounting to up to 0.80% p.a. of the net Sub-fund assets. This fee is based on the average net assets of the Sub-fund as calculated on a daily basis. This above-mentioned fee is paid out on a pro rata basis monthly in arrears and is subject to VAT (if applicable).

For all other unit classes there is currently no distributor fee.

6. Other Costs

In addition, Sub-fund assets may be charged with costs listed in Article 11 of the Fund Management Regulations.

Costs to be Paid by Investors

Front-end load: (paid to the distributor)	max. 5%
Redemption surcharge:	none
Conversion fee:	none

Application of profits

The proceeds of unit classes EUR C, EUR D are distributed. The income is distributed in intervals as determined by the Management Company from time to time. Generally, the distribution shall take place at the end of the Fund's financial year.

The income of all other unit classes is accumulated.

Fund Management Regulations

The contractual rights and obligations of the Management Company, the Custodian and of the investor in relation to the Fund are determined according to the Management Regulations which are set out in below. The Fund Management Regulations came into force on 19 October 2007. A reference to this was published in the Luxembourg Trade and Companies Register, the “*Mémorial, Recueil des Sociétés et Associations*”, the official gazette of the Grand Duchy of Luxembourg (“*Mémorial*”), on 15 November 2007. A final amendment to the Fund Management Regulations came into force on 14 March 2014, and notification of its entry in the Luxembourg Trade and Companies Register was published on 25 April 2014 in the *Mémorial*.

Article 1 The Fund

1. The AC Fund (“Fund”) is a legally dependent investment fund (*fonds commun de placement*) for securities and other assets (“fund assets”) administered for the joint account of unitholders (“investors”) and taking into account the principle of the diversification of risk. The Fund is made up of one or more Sub-funds pursuant to Article 181 of the Law of 17 December 2010 relating to Undertakings for Collective Investment (“Law of December 2010”). The aggregate of the Sub-funds produces the Fund. The investors participate in the Fund by contribution to a Sub-fund corresponding to the amount of their units.

2. Contractual rights and obligations of investors, the Management Company and the custodian are regulated in these Management Regulations, the current version of which, together with any amendments have been filed with the Luxembourg Trade and Companies Register with notification of the deposit published in the *Mémorial*. By purchasing a unit, the investor recognises the Management Regulations and all approved changes of the Management Regulations and all changes of the Management Regulations which are published by a notice of deposit.

3. Furthermore, the Management Company issues a Sales Prospectus (including appendices) according to the regulations of the Grand Duchy of Luxembourg.

4. The net asset value (i.e. the product of all assets, less all fund liabilities) must reach EUR 1,250,000 within six months of fund approval being approved. This figure refers to the net asset value of the entire Fund resulting from the sum of all net Sub-fund assets.

5. The Management Company is entitled to create other Sub-funds at any time. In this event, a corresponding appendix shall be added to the Sales Prospectus. Sub-funds may be established for an indefinite period.

6. Each Sub-fund is considered a separate fund in the relationship between the investors among themselves. The rights and obligations of the investors in a Sub-fund are separated from the rights and obligations of investors in the other Sub-funds. As against third parties, the assets of each individual Sub-fund are only available to satisfy the obligations which have been entered into by that Sub-fund.

7. The calculation of the unit value is carried out separately for each Sub-fund, according to the rules set forth in Article 6 of these Management Regulations.

Article 2 The Management Company

1. The Fund Management Company is **Alceda Fund Management S.A.** (the “Management Company”), a public limited company pursuant to the laws of the Grand Duchy of Luxembourg. Its registered office is located at 5, Heienhaff, L-1736 Senningerberg, Luxembourg. The Company was founded on 9 January 2007 for an indefinite period of time.

2. The Management Company is represented by its board of directors. The board may entrust one or several of its members and/or employees of the Management Company with the everyday management and other persons with the execution of management functions and/or the daily investment policy.

3. The Management Company manages the Fund, independent of the Custodian, in its own name but exclusively in the interest of, and for the joint account of, the investors in compliance with these Fund Management Regulations. Its administrative powers extend to exercising all rights directly or indirectly associated with the Fund’s assets or the assets of its Sub-funds.

4. The Management Company determines the investment policy of the Fund taking the legal and contractual investment restrictions into consideration. In accordance with provisions listed in these Fund Management Regulations and in the appendix to the Sales Prospectus for the respective Sub-fund, the Management Company is authorised to invest relevant Sub-fund assets and otherwise to conduct all business activities necessary to manage Sub-fund assets.

5. The Management Company is obligated to employ a risk management process that enables it to monitor and measure the market risk, liquidity risk and counterparty risk associated with its investment positions and its particular contribution to the investment portfolio’s overall risk profile at any time, as well as all other risks, including operational risks necessary for the Fund; furthermore, with regard to OTC derivatives, it must employ a process that enables an accurate and independent assessment of the value of OTC derivatives.

The Management Company ensures that the overall risk exposure related to derivatives does not exceed the relevant Sub-fund’s net assets. In calculating this risk, the market value of underlying asset is considered, along with the counterparty default risk, future market fluctuations and the amount of time needed for the liquidation of the positions.

In accordance with these procedures set up for this Fund, the Management Company has to be able to regularly inform the Luxembourg supervisory authorities of the nature of the derivatives in the Fund, the risks associated with the respective underlying assets, of investment restrictions and the methods applied to measure risks associated with derivative trading.

6. The Management Company is entitled to appoint a Fund manager and/or investment advisor while itself retaining responsibility and control, with the costs of same being either for its own account or charged to the assets of the respective Sub-fund.

The management of the Fund may only be transferred to a company that holds a permit or approval for asset management; the transfer of the management of the Fund must be in accordance with the conditions laid out in the Management Company's investment guidelines.

Furthermore, the Management Company may be advised by an investment committee, the composition of which is determined by the Management Company.

7. For the fulfilment of its tasks, the Fund manager and/or the investment advisor may, with the prior consent of the Management Company, and under its own responsibility and at its own expense, consult third parties, being individuals or legal entities and consult sub-investment advisors.

Article 3 The Custodian

1. The Custodian for the Fund is **The Bank of New York Mellon (Luxembourg) S.A.**, a public limited company pursuant to the laws of the Grand Duchy of Luxembourg, with its registered office at 2-4, rue Eugène Ruppert, L-2453 Luxembourg.

The function of the Custodian is governed by the Law of December 2010, the Custodian agreement, the Fund Management Regulations and this Sales Prospectus (including appendices).

2. The Custodian carries out all transactions connected to on-going administration of the Fund assets. In carrying out its duties, the Custodian must act independently of the Management Company and exclusively in the interest of the investors. However, the Custodian will follow the instructions of the Management Company unless such instructions are against the law or in breach of the Management Regulations.

3. The Custodian is tasked with the safekeeping of the Sub-fund's assets.

a) the Custodian shall safe-keep all securities, other legally permitted assets and liquid funds that form Fund assets in blocked accounts or blocked securities accounts to which it only has access when it complies with the provisions of the Custodian agreement, the Sales Prospectus (including appendices and the Fund Management Regulations) ("Sales Prospectus") and the law.

b) the Custodian may delegate the safekeeping of the Fund's assets to third parties under its supervision, while retaining its responsibility.

4. Insofar as legally permitted, the Custodian is entitled and obliged to:

a) assert claims of the investors in its own name against the Management Company or against a former Custodian;

b) object to and take action against execution measures by third parties, if a Sub-fund's assets are executed against pursuant to a claim, for which the Sub-fund's assets are not liable.

The regulation under Letter a) does not exclude the direct assertion of claims by the investors against organs of the Management Company or the Custodian.

5. The Management Company is entitled and obliged to assert claims in its own name against the Custodian. This does not exclude the possibility of investors asserting their own claims against the Custodian directly, should the Management Company not react within three months of receiving written correspondence from one or more investor(s).

6. The Custodian pays the Management Company only the remuneration and expenses set forth in these Management Regulations and the relevant applicable Sales Prospectus (including appendices) from the blocked accounts or the blocked portfolios of the Sub-fund in question.

The Custodian has a claim for remuneration assigned to it in accordance with these Fund Management Regulations, the relevant Sales Prospectus (including appendices) and the Custodian agreement and withdraws this from the blocked accounts for the respective Sub-funds only following approval by the Management Company.

Furthermore, the Custodian shall ensure that third-party costs are only charged to Sub-fund assets in accordance with the Fund Management Regulations, the Sales Prospectus (including appendices) and the Custodian agreement.

Article 4 General Provisions of the Investment Policy

The goal of the investment policy for the individual Sub-fund is to secure reasonable performance in the respective Sub-fund currency (as defined in Article 6, No. 2 of these Fund Management Regulations in combination with the relevant appendix to the Sales Prospectus). Investment policies for specific Sub-funds are described in the relevant appendix to the Sales Prospectus.

Only assets, the prices of which correspond to the valuation criteria of Article 6 of these Management Regulations, may be purchased and sold for each Sub-fund.

General investment principles and restrictions apply to all Sub-funds, unless variations or amendments are provided for in the relevant appendix to the Sales Prospectus for the respective Sub-fund.

Relevant Sub-fund assets are invested in compliance with the principles of the spread of risk within the meaning of rules provided for in Part I of the Law of December 2010 and in accordance with, investment principles described below and within the investment restrictions.

1. Definitions:

a) Regulated market

A regulated market is a market for financial instruments within the meaning of Article 4, No. 14 of Directive 2004/39/EC of the European Parliament and of the Council, dated 21 April 2004 concerning the market for financial instruments, as amendment to Directive 85/611/EEC and 93/6/EEC of the Council and Directive 93/6/EEC of the European Parliament and the Council, and the repeal of Directive 93/22/EEC.

b) Securities

ba) Securities include:

- units and other equity-related securities (“units”);
- debenture bonds and other certificated debt securities (“debt securities”);
- any other marketable securities that carry the right of acquisition through subscription or exchange. The techniques and instruments specified in Article 42 of the Law of December 2010 are exempt from this.

bb) The concept of securities also comprises option warrants on securities if these option warrants are registered for official trading or are traded on other regulated markets and if the underlying value of this security is actually delivered when the option is exercised.

c) Money Market Instruments.

Money market instruments describe instruments that are normally traded on the money market, that are liquid and whose value can be determined precisely at any time.

d) Undertakings for collective investment in transferable securities (“UCITS”)

For every UCITS that is made up of several Sub-funds, each Sub-fund shall be regarded as an individual UCITS for the purposes of applying investment restrictions.

2. Exclusively, the Fund

a) acquires securities and money market instruments that are registered or traded on a regulated market;

b) acquires securities and money market instruments that are traded on another regulated market in a European Union member state (“member state”), which is recognised, open to the public and which functions according to an accepted set of rules;

c) securities and money market instruments which are officially listed on a stock exchange of a third country or on another regulated market of a third country, which is recognised, open to the public and operates regularly;

d) new issues of securities and money market instruments, provided that the terms of issue include an obligation that an application will be made for admission to official listing on a stock exchange or on another regulated market, which is recognised, open to the public and operates regularly, and that such admission is obtained within a year of issuance;

Securities and money market instruments mentioned under No. 2 c) and d) above shall be officially listed or traded within North America, South America, Australia (including Oceania), Africa, Asia and/or Europe.

e) units acquired in undertakings for collective investment in transferable securities (“UCITS”) that have been approved in accordance with Directive 2009/65/EC and/or other undertakings for collective investment (“UCI”) within the meaning of the first and second

indent of Article 1, Paragraph 2 of Directive 2009/65/EC, irrespective of whether they are located in a Member State or a non-EU country, provided

- these UCI are registered according to legal regulations that are subject to supervision, which in the opinion of the Luxembourg supervisory authorities are equivalent to those under EU law and which provide sufficient guarantees for collaboration between the relevant authorities (currently the United States of America, Canada, Switzerland, Hong Kong, Japan, Norway and Liechtenstein);
- the level of protection for investors for such UCIs is equivalent to that provided for investors in a UCITS and in particular that the rules on segregated asset custody, borrowing, lending and uncovered sales of securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;
- the business of the UCIs is reported in semi-annual and annual reports to enable an assessment to be made of the assets and liabilities, income and transactions over the reporting period;
- the UCITS and other UCI – whose units are to be acquired – are not entitled, either according to their contractual conditions or their articles of association to hold more than 10% of their assets in units of other UCITS or UCI.

f) operates sight deposits or terminable deposits with a term not exceeding 12 months at banks, provided that the bank concerned is headquartered in an EU member state, an OECD and FATF member state or, if the bank is headquartered elsewhere that it is subject to supervisory regulations that are subject to equivalent to those under EU law in the opinion of the Luxembourg supervisory authorities;

g) derivative financial instruments ("derivatives"), including equivalent cash-settled instruments, acquired, traded on one of the regulated markets referred to in Paragraphs a), b) or c) and/or derivative financial instruments that are not traded on a stock exchange ("OTC derivatives"), provided that

- regarding underlying instruments, they are instruments within the scope of Article 41, Paragraph 1 of the Law of December 2010, or financial indices, interest rates, exchange rates or currencies, into which the Fund may invest in accordance with its investment objectives as stated in the Fund Management Regulations;
- that the counterparties in transactions with OTC derivatives are subject to supervision, are first-class institutions for the categories, are registered with the Luxembourg supervisory authorities and are specialised in this type of business;
- the OTC derivatives are subject to reliable and verifiable daily valuation and can, at any time and on the initiative of the Fund, be sold at a reasonable value, liquidated or evened up in business;

h) acquires money market instruments that are not traded on a regulated market and that fall under the definition of Article 1 of the Law of December 2010 provided the issue or issuer of these instruments are already subject to regulations governing deposit and investor protection, and provided that they are

- a member of, are endorsed by or guaranteed by a central, regional or local authority or central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-EU country or, in the case of a federal state, a member state of the federation, or at least a member state of an international institution subject to public law or
- issued by a company whose securities are traded on regulated markets described under letters a), b) or c) of this Article above;
- issued or guaranteed by an institution that is subject to supervision according to criteria determined in EU law, or an institution that is subject to, and complies with, supervisory regulations that are at least as strict as those under EU law as noted by the regulatory authority in Luxembourg, or
- issued by other issuers of a category registered by the Luxembourg supervisory authorities, provided regulations are in place for investor protection related to these instruments that are equivalent to the three points above, and provided that the issuer is either a company with unitholder equity of at least EUR 10 million, that its year-end accounts are compiled and published in accordance with regulations contained in Directive 2013/34/EU, or a legal entity within a corporate group comprising one or more quoted companies that is responsible for the financial affairs of the group, or a legal entity that finances the securitisation of debt by using a credit limit granted by a bank.

3. However, up to 10% of the respective net Sub-fund assets may be invested in securities and money market instruments other than those mentioned in No. 2 of this Article.

4. Techniques for efficient portfolio management

Given the conditions and restrictions prescribed by the Luxembourg supervisory authorities, the respective net Sub-fund assets may use techniques for efficient portfolio management, provided such use is made with the intention of securing more efficient management of the respective Sub-fund.

Furthermore, the Fund is not entitled to deviate from investment objectives described in the sales prospectus and in these Fund Management Regulations when using such techniques for efficient portfolio management.

In particular, techniques for efficient portfolio management include (a) securities and (b) repurchase agreements.

a) Securities lending

For all existing and future Sub-funds, no use was made of the legal options for securities lending.

b) Repurchase agreements

For all existing and future Sub-funds, no use was made of the legal options for repurchase agreements.

5. Derivatives

Each Sub-fund may use derivatives for investment and hedging purposes against currency, interest rate and exchange rate risks and to cover other risks.

The conditions and limits must particularly conform to the provisions of the above No. 2 g), No. 6 and No. 4 of this section. Particular consideration should be taken of the risk management provisions regarding derivatives.

Such transactions include the sale and purchase of call and put options, and the sale and purchase of futures and swap contracts for currency, securities, indices, interest and other authorised financial instruments.

The Fund must ensure that the global risk exposure connected to Derivatives does not exceed the total net value of its portfolios.

In the calculation of the risk, the market value of the underlying assets, the risk of default, future market fluctuations and the time necessary to liquidate the positions are taken into account. This also applies to the subsequent two paragraphs.

As part of its investment policy and within the legal framework of Article 43, Paragraph 5 of the Law of December 2010, the Fund may invest in derivatives to the extent that the total risk of the underlying assets does not exceed the investment restrictions provided by Article 43 of the Law of December 2010. If the Fund does invest in index-based derivatives, these investments will not be considered when calculating the investment restrictions of Article 43 of the Law of December 2010.

In the event that a derivative is embedded in a security or in a money market instrument, it has to be reviewed with reference to compliance with the provisions of Article 42 of the Law of December 2010.

6. Collateral and Reinvestment of Collateral

In connection with the OTC derivative transactions, the Management Company may receive collateral under the conditions of the strategy laid down in this section to reduce their counterparty risk. The following section defines the strategy for the management of collateral used by the Management Company for the relevant Sub-fund.

In principle, collateral received will have the following properties:

- k) Liquidity: all collateral received, which is not cash, is highly liquid and is traded at a transparent price on a regulated market or within a multilateral trading system, in order that it may be sold at short notice at a price which is close to the valuation which was determined before the sale. Furthermore, the received collateral fulfils the provisions of Article 48 of the Law of the 17 December 2010.

- l) Valuation: received collateral are assessed at least on each stock market trading day. Assets, which show high volatility in price, will only be accepted as collateral if suitable conservative haircuts are applied.
- m) Creditworthiness of the issuer: the issuer of the collateral which is received has a high degree of creditworthiness.
- n) Correlation: the securities received by one of the Sub-funds are issued by a legal entity, which is independent from the counterparty and does not strongly correlate to the development of the counterparty.
- o) Diversification of collateral (investment concentration): concerning collateral, attention is paid to maintain an appropriate diversification with reference to countries, markets and issuers. The criteria for appropriate diversification regarding issuer concentration is deemed to be fulfilled if the Sub-fund of a counterparty receives a collateral basket during transactions with OTC-derivatives, whose maximum exposure to a certain issuer corresponds to 20% of the net asset value. If a Sub-fund involves different counterparties, the different collateral baskets are aggregated, in order to calculate the 20% limit concerning the exposure to a single issuer.
- p) Risks relating to collateral management, e.g. operational and legal risks, are detected, controlled and minimised by the Management Company's risk management.
- q) In cases of a transfer of rights, the received collateral is held in custody by the depositary institution of the Sub-fund. For other types of collateral agreements, the collateral may be held in custody by a third party, who is subject to prudential supervision and who is not affiliated with the warrantor.
- r) The Management Company may utilise received collateral at any time without reference to the counterparty or approval by the counterparty.
- s) Received non-cash collateral is not sold, reinvested or pledged.
- t) Received cash collateral is only
 - invested as a demand deposit with legal entities as laid down in Article 50, Sub-paragraph f of the UCITS Directive;
 - invested in government bonds of high quality;
 - used for reverse repo transactions, provided that the business is carried out with credit institutions, which are subject to prudential supervision and provided that the UCITS may at any time reclaim the full amount of money which has accrued;
 - invested in money market funds with a short-term structure as laid down in the definition of the CESR guidelines on a common definition of European money market funds.

Reinvested cash collateral is diversified in accordance with the diversification requirements for non-cash collateral.

Haircut strategy

The Management Company applies a clear haircut strategy regarding the Sub-funds, which is adapted for all types of assets received as collateral. As a general rule, the Management Company aims at accepting only the market-based collateral haircuts. The applicable collateral haircut for each Sub-fund is described in the relevant annex of the Sales Prospectus.

7. Risk Diversification

a) The Sub-fund may invest up to 10% of its net assets in securities or money market instruments issued by a single issuer. The Sub-fund may not invest more than 20% of its net assets in deposits issued by a single issuer.

The risk of default concerning transactions of the Fund with OTC-Derivatives may not exceed the following levels:

- 10% of the Sub-funds' net-assets if the counterparty is a credit institution within the meaning of Article 41, Paragraph 1, Letter f) of the Law of December 2010, and
- 5% of the Sub-fund's net assets in all other cases.

b) The total value of the securities and money market instruments of issuers in whom the Management Company has invested more than 5% of the respective Sub-fund's net assets may not exceed 40% of the respective Sub-fund's net assets. This limitation is not applied to deposits and OTC-Derivative transactions which are carried out with financial institutions which are subject to prudential supervision.

Despite the individual upper limits listed in a) above, the Management Company may invest up to 20% of the respective Sub-fund's net assets with a single facility in a combination of

- securities or money market instruments issued by this institution and/or and/or
- deposits with this body and/or
- OTC-Derivatives acquired by this body

c) The investment limit of 10% of the Sub-fund's net assets mentioned under No. 7, Letter a), Sentence 1 above may increase to 35% for net Sub-fund assets where the securities or money market instruments to be acquired are issued or guaranteed by a Member State, its authorities, a non-EU country or other international organisations subject to public law to which one or more Member States belong.

d) The investment limit of 10% of the Sub-fund's net assets mentioned under No. 7, Letter a), Sentence 1 above may increase to 25% for net Sub-fund assets if the debenture bonds to be acquired are issued by a bank headquartered in an EU member state that is subject

to special public supervision under law, which protects the holder of the debenture bond. In particular, the proceeds from the issuance of debenture bonds must legally be invested in assets that sufficiently cover the liabilities arising throughout the term of the debenture bond and, in the event of default by the issuer in repaying the principal and paying the current interest rate, must be available by means of an overriding security interest.

If more than 5% of the net Sub-fund assets are invested in debenture bonds issued by such an issuer, the total value of investments in such debenture bonds may not exceed 80% of the net assets of the relevant Sub-fund.

e) The restriction on the total value at 40% of the relevant net Sub-fund assets specified in No. 7, Letter b), Sentence 1 of this article do not apply in cases specified by Letters c) and d).

f) The investment restrictions of 10%, 35% and 25% of the respective Sub-fund's net assets stipulated in 7 a) to d) of this article are not intended to be cumulative, rather a total of only a maximum of 35% of net Sub-fund assets in securities and money market instruments may be invested in a single institution or in its capital contributions or derivatives.

Companies belonging to the same group of corporations, with regard to the preparation of consolidated financial statements are to be regarded as a single entity when calculating the investment limits prescribed by No. 7, Letters a) to f) of this article within the scope of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (register L 182 from 29 June 2013, p. 1), or in accordance with international accounting standards. The Sub-fund in question may invest 20% of its net assets in securities and money market instruments issued by a single corporate group.

g) Notwithstanding the investment restrictions set out in Article 48 of the Law of December 2010, the Management Company may invest up to 20% of its net assets in units and debt instruments issued by a single facility if the goal of the investment policy for the respective Sub-fund is to replicate a unit and debt instrument index recognised by the Luxembourg supervisory authorities. The conditions for this, however, include the following:

- the composition of the index is sufficiently diversified;
- the index represents an adequate benchmark for the market to which it refers; and
- the index is published in an appropriate manner.

The investment restrictions mentioned above increase to 35% of the Sub-fund's net assets when exceptional market conditions justify it, particularly on regulated markets that are strongly dominated by certain securities or money market instruments. This investment limit is only applicable for investment with a single issuer. Whether or not the Management Company makes use of these options for the respective Sub-fund can be found in the relevant appendix to the Sales Prospectus.

h) notwithstanding the details provided in Article 43 of the Law of December 2010, without prejudicing the principle of the spread of risk up to 100% of the respective Sub-fund's net assets can be invested in securities and money market instruments issued or guaranteed by a member state, its national authorities, an OECD member state or by international undertakings to which one or more member state(s) belong(s). In each case, the securities contained in the respective Sub-fund's net assets have to stem from six various issues, whereby the value of the securities stemming from a single issue shall not exceed 30% of the respective Sub-fund's net assets.

i) Not more than 10% of the net assets of a Sub-fund are invested in UCITS or in UCIs on behalf of a Sub-fund within the meaning of No. 2, Letter e) of this article, unless the appendix to the Sales Prospectus provides otherwise for an individual Sub-fund. To the extent to which the investment policy of an individual Sub-fund provides for an investment of more than 10% of the net assets of the Sub-fund in UCITS or UCIs within the meaning of No. 2, Letter e) of this article, the following letters j) and k) are applicable.

j) Not more than 20% of the respective Sub-fund's net assets may be invested in units of a single UCITS or a single UCI in accordance to Article 41, Paragraph 1, Letter e) of the Law of December 2010. Within the meaning of Article 41, Paragraph 1, Letter e) of the Law of December 2010 each Sub-fund of an UCITS or UCI, comprising several Sub-funds in which assets exclusively guarantee claims of investors in this Sub-fund towards creditors, whose receivables have arisen with the founding, the term or the liquidation of the Sub-fund, are regarded as independent UCITS or UCIs.

k) Not more than 30% of the respective Sub-funds net assets may be invested in other UCI. In these cases, investment restrictions pursuant to Article 43 of the Law of December 2010 with respect to assets of UCITS and UCI that can be acquired as units do not have to be complied with.

l) where a UCITS acquires units in other UCITS and/or other UCI that are managed directly or as a result of a transfer by the same Management Company or by a company to which the administrator is linked through joint management or control or a significant direct or indirect holding, the Management Company or the other company may not charge fees (including front-end and back-end loads) through the UCITS for the subscription or redemption of units in such other UCITS and/or UCI. Generally, the acquisition of units in target Funds may lead to management fees being charged at the target fund level. The Fund shall therefore not invest in target funds that are subject to a management fee of more than 3%. The Fund's annual report will contain information concerning the individual Sub-funds and how high the maximum unit of the management fee is that the Sub-funds and the target funds have to bear.

m) A Sub-fund of an umbrella fund may invest in other Sub-funds of the same umbrella fund. In addition to the conditions for investments in target funds already mentioned, the following conditions apply to investments in target funds that are simultaneously Sub-funds of the same umbrella fund:

- cross investments are not permitted. This means that the target Sub-fund may not invest in the Sub-fund of the same umbrella fund that is invested in the target Sub-fund.

- the Sub-fund of an umbrella fund that is acquired from another Sub-fund of the same umbrella fund may invest a maximum total of 10% of its special assets in units of other target Sub-funds of the same umbrella fund in accordance with its Fund Management Regulations or articles of association.
- voting rights from holding units in target funds that are simultaneously Sub-funds of the same umbrella fund are suspended as long as these units are held by a Sub-fund of the same umbrella fund. The regulation does not affect appropriate recording in the accounting records and periodic reports.
- as long as a Sub-fund holds units of another Sub-fund of the same umbrella fund, the units of the target Sub-fund are not taken into account in the calculation of the net asset value if the calculation serves to determine the achievement of the legal minimum capital of the umbrella fund.
- if a Sub-fund acquires the units of another Sub-fund of the same umbrella fund, the management, subscription or redemption fees may not be doubled for the Sub-fund that has invested in the target Sub-fund of the same umbrella fund.

n) Pursuant to Part I of the Law of December 2010 the Management Company is not permitted to use the UCITS it manages to acquire voting rights units that enable it to exercise considerable influence on the management of an issuer.

o) Furthermore, the Management Company may acquire for the Fund:

- up to 10% of non-voting units in a single issuer;
- up to 10% of debenture bonds issued by a single issuer;
- not more than 25% of unit issued by a single UCITS and or UCI; and
- not more than 10% of money market instruments from a single issuer.

p) The restrictions described in No. 7, Letters n) and o) do not apply insofar as

- securities and money market instruments are issued or guaranteed by an EU Member State or its regional authorities or by a non-EU country;
- the assets acquired are securities and money market instruments issued by an international body resembling a public corporation to which one or more member state(s) belongs;
- the assets acquired are units held by the respective Sub-fund in the capital of a company headquartered in a non-EU member state that invests a major part of its assets in the securities of issuers domiciled in that country and when, as a result of the laws of that country, this form of investment represents the only option for the respective Sub-fund to invest in securities from issuers in that country.

This exception only applies if the investment policy of this non-EU based company complies with the restrictions pursuant to Articles 43, 46 and 48, Paragraphs 1 and 2 of the Law of December 2010. Article 49 of the Law of December 2010 applies if the limits named in Articles 43 and 46 of the Law of December 2010 are exceeded.

8. Liquid Assets

Part of the Sub-fund's net assets may be held as liquid funds provided these are accessory in nature.

9. Loans and Prohibition of Encumbrances

a) The respective Sub-fund's assets may not be bonded or otherwise encumbered, be transferred or assigned for collateral, unless funds are borrowed within the meaning of Section b) below, or as security relating to the processing of transactions in financial instruments.

b) The respective Sub-fund is only entitled to take out loans in the short term and only up to a maximum of 10% of the value of the Sub-fund's net assets. The acquisition of foreign currency through "back-to-back" loans is exempt from this.

c) Neither loans may be granted nor guarantees for third parties be agreed at the expense of the relevant Sub-fund where this precludes securities, money market instruments or other financial instruments that have not yet been fully paid in accordance with Article 41, Paragraph 1, Letters e), g) and h) of the Law of December 2010.

10. Other Investment Guidelines

a) Short-selling of Securities is not permitted.

b) The assets of a Sub-fund may not be invested in real estate, precious metals or certificates on such precious metals, precious metals contracts, commodities or commodity contracts.

c) No obligations can be entered into for the respective Sub-fund that exceed, together with loans pursuant to Article 9 b), 10% of the relevant Sub-fund's net assets.

10. The investment restrictions laid down in this Article refer to the time of acquisition of the securities. If the percentages are subsequently exceeded due to price developments or for reasons other than additional purchases, the Management Company will immediately seek to return to the prescribed levels taking the investors' interests into consideration.

Article 5 Units

1. Units are units in the individual Sub-funds. Only registered units of the Fund are issued. Registered units are entered in the register of unitholders which is administered by the registrar and transfer agent. In this context, confirmation concerning the entry in the register of unitholders is sent to the address stated in the register of unitholders. No entitlement exists to receive delivery of physical units.

2. All units in a Sub-fund enjoy the same fundamental rights, unless the administrator decides to issue different classes of units within a Sub-fund in accordance with No. 3 of this Article.

3. From time to time, the Management Company can decide to designate two or more unit classes. The unit classes may differ in their features and in the rights related to the use of their earnings, in their fee structure or in other specific features and rights.

All units participate equally in the earnings, price gains, and in the proceeds of liquidation of their relevant unit class from the day of their issuance. Provided unit classes have been established for the respective Sub-fund, these are detailed in the relevant appendix to the Sales Prospectus, together with details of their specific characteristics and rights.

Article 6 Calculation of Unit Values

1. The net asset value of the Fund is given in euros (EUR) (“reference currency”).

2. The value of a unit (“unit value”) is given in the currency indicated in the respective appendix to the Sales Prospectus (“Sub-fund currency”) unless an alternative currency is indicated for any other unit classes in the respective appendix to the Sales Prospectus (“unit class currency”).

3. The unit value is determined by the Management Company or one of their agents under the supervision of the Custodian for each named valuation day (“**valuation day**”) relating to the relevant Sub-fund, if the banks in Luxembourg are open on these days for daily business transactions, except for 24 and 31 December (“**bank working day**”). The calculation of the unit value for any given valuation day takes place on the following bank working day (“**calculation day**”).

However, the Management Company can decide to calculate the unit value for 24 and 31 December of a year without the calculation representing the unit value on a valuation day within the meaning of Sentence 1 of Number 3 here. Thus, the investors may not request an issuance, redemption and/or conversion of unit on the basis of a unit value which is calculated on 24 December and/or 31 December of that year.

4. The unit value is calculated for each valuation day based on the value of the assets of the respective Sub-fund, minus the obligations of the Sub-fund (“net Sub-fund assets”) and divided by the number of units in circulation on the valuation day. This figure is rounded up to two decimal places.

5. Insofar as information about the situation of the Fund’s assets of the Fund in total has to be given in annual and semi-annual reports and other financial statistics, due to legal requirements or according to the provisions of these Management Regulations, the assets of the relevant Sub-fund are converted into the reference currency. The respective Sub-fund’s net assets are calculated in accordance with the following principles:

a) securities and money market instruments which are quoted or dealt with on a stock exchange will be valued at the last available publicised closing price on the valuation day. If a security is quoted on several stock exchanges, the last available publicised closing price on the valuation day for that stock exchange which is normally the principal market for the security is decisive.

b) securities and money market instruments that are not officially quoted on a stock market but are traded on a regulated market are valued at a rate that may not be below the bid quotation and not above the asked quotation at the time of the valuation and which the Management Company maintains to be the best possible rate the security can be sold for.

c) the value of futures, or options, traded on exchanges or other regulated markets shall be traded on the basis of the last available price calculated on the valuation day for those contracts on exchanges or regulated markets in which such futures or options of the relevant Fund; if a future or an option cannot be liquidated on a day designated for the net asset value, the valuation basis for such a contract shall be determined by the Supervisory Board in a fair and reasonable manner.

d) the value of futures or options not traded on stock markets or other regulated markets (OTC derivatives), corresponds to the respective net liquidation value on the valuation day, as determined on the basis applied consistently for all types of contracts in accordance with the Management Company's guidelines. Swaps are valued at their market value. In the case of interest swaps, with reference to the underlying interest trend.

e) UCITS and UCI are valued at their latest available redemption price that exists on the respective valuation day. Investment units, where redemption has been suspended or for which no redemption price has been determined, are valued as all other assets at their respective market value as determined in good faith by the Management Company on the basis of generally accepted valuation principles verifiable by auditors.

f) if the respective prices are not in line with market conditions and if no prices can be determined for securities other than those named in a) and b) above, these securities shall be valued at their respective market value – as with all other legally registered assets – determined in good faith by the Management Company on the basis of their reasonably foreseeable sales prices.

g) liquid funds are valued at their face value, less interest.

h) the market value of securities and other investments quoted in currencies other than the respective Sub-fund currency is converted to the corresponding Sub-fund currency based on the last available middle market price. Gains and losses arising from foreign exchange transactions are added or deducted as applicable.

The net assets of the respective Sub-fund are reduced by dividends, paid where applicable to the investor in the relevant Sub-fund.

6. The calculation of the unit value is carried out separately for each Sub-fund according to the criteria laid down above. However, insofar as unit classes have been established within a Sub-fund, the calculation of the unit value within the relevant Sub-fund which results thereof is carried out separately for each unit class according to the criteria laid down above. Assets are always compiled and allocated for each Sub-fund.

Article 7 Suspending the Calculation of Unit Values

1. The Management Company may temporarily suspend the calculation of the unit value if, and as long as, circumstances make this necessary and if the suspension is justified in the interest of the investors. This particularly applies if:

a) a principal stock market or other regulated market on which a substantial proportion of the assets are quoted or traded is closed for public or bank holidays, or when dealings therein are restricted or suspended;

b) the calculation of Fund units in which the respective Sub-fund assets have been invested has been suspended and no current valuation of the Fund units is available;

c) in emergency situations the Management Company cannot access Sub-fund investments, or it is not possible to transfer the equivalent of investment purchases or sales freely or to calculate the unit value duly and properly.

2. Investors and/or applicants who have submitted an application for the subscription, redemption or conversion of units shall be informed of the suspension of the calculation of the net value and its resumption without delay.

3. In the event of the suspension of the calculation of the unit value up to the publication of the resumption of the calculation applications for the subscription, redemption or conversion of units may be revoked.

Article 8 Issuing Units

1. Units are issued on each valuation day at the issue price. The issue price is the unit value as defined in Article 6, No. 4 of these Fund Management Regulations plus a front-end load whose recipient and maximum amount are detailed for the respective Sub-fund in the relevant appendix to the Sales Prospectus. The issue price may increase due to fees or other charges which may be incurred in the countries of distribution.

2. Subscription applications for the purchase of registered units may be submitted to the Management Company, the Registrar and Transfer Agent, a distributor and the paying agents. The office receiving the application is obliged to forward subscription applications to the Registrar and Transfer Agent without delay. The date and time of receipt at the registrar and transfer agent is definitive. These accept subscription applications on behalf of the Management Company.

Complete subscription applications received by the Registrar and Transfer Agent by 3 pm (CET) on a bank working day prior to a valuation day ("order acceptance deadline") will be settled on the basis of the value of the unit on the next valuation day.

Complete subscription applications received by the Registrar and Transfer Agent after the order acceptance deadline will be settled on the basis of the value of the unit on the second subsequent valuation day.

The Management Company in every case ensures that the issue of units is settled on the basis of a unit value, which was previously unknown to the investor. Should there nevertheless be concerns that an investor is involved in late trading, the Management Company may refuse to accept the subscription applications until the applicant has removed all doubt in respect of his subscription application.

If the consideration for the subscribed units is unavailable when the complete subscription application is received by the Registrar and Transfer Agent, or should the subscription application be incorrect or incomplete, the application will be deemed accepted by the

Registrar and Transfer Agent on the date the consideration for the subscribed units is made available or when the application is received in a proper manner.

The Management Company may either distribute revenue generated in a Sub-fund to investors in the Sub-fund or may reinvest such revenues in the respective Sub-fund. This option is detailed in the relevant appendix to the Sales Prospectus for the respective Sub-fund.

If the equivalent value of the units subscribed ceases to be available to the Fund, in particular due to the cancellation or non-payment of a direct debit or due to other reasons, the Management Company will redeem the units in question in the interest of the Fund. Differences, if any, resulting from the redemption of the units, which have a negative effect on the Fund's assets, have to be borne by the applicant. Revocations made under consumer protection law are excluded from this regulation.

Article 9 Limitation and Suspension of Issuing Units

1. The Management Company is entitled, at its own discretion and without providing reasons, to reject a subscription application or temporarily restrict, defer or finally suspend the issue of units or to buy back units against payment of a redemption price at any time, if this appears necessary in the interest of the investors, of the public or to protect the Fund and/or the respective Sub-fund, in particular if:

- a) it is suspected that the individual unitholder is involved in market timing, late trading or other market techniques in the acquisition of the units that could be to the detriment of all investors,
- b) investors do not meet the requirements for acquiring the units, or
- c) the units are sold in a country or acquired by a person in a country in which the Fund is not permitted to be sold or acquired by such persons.

2. In this case, the registrar and transfer agent will immediately refund without interest payments received on subscription requests which have not already been processed.

Article 10 Redemption and Conversion of Fund Units

1. Investors are entitled to request the redemption of units at unit value at any time in accordance with Article 6, No. 4 of these Fund Management Regulations, where applicable with the deduction of a back-end load ("redemption price"). This redemption is only effected on a valuation day. If a back-end load is levied, the maximum amount applicable for each Sub-fund is stipulated in the relevant appendix to this Sales Prospectus. The redemption price is reduced in certain countries to pay taxes and other charges which are incurred there. Upon payment of the redemption price, the corresponding unit expires.

2. The payment of the redemption price and other payments, if any, to the investors are carried out via the Custodian and via the paying agents. The Custodian is only obliged to make the payment insofar as legal requirements, for example foreign currency regulations, or other circumstances which cannot be influenced by the Custodian, prohibit the transfer of the redemption price to the country of the applicant. The Management Company may unilaterally repurchase units against payment of the redemption price, insofar as this is

deemed to be necessary in the interest of the investors as a whole or for the protection of the investors or of a Sub-fund.

3. Units or parts thereof can be converted to units of another Sub-fund based on the reference unit value of the relevant Sub-fund in accordance with Article 6 No. 4 of these Fund Management Regulations. This may be subject to a conversion fee in favour of the recipient and in the amount specified in the appendix to the respective Sub-fund, but at least an amount representing the difference between the front-end load of the Sub-fund exchanged and the front-end load of the acquired Sub-fund. If no conversion fee is levied, this is mentioned in the relevant appendix to the Sales Prospectus for the respective Sub-fund.

A conversion of units in another Sub-fund or in another unit class is only possible if the investor has fulfilled the conditions for the direct acquisition of units in the respective Fund or in the respective unit class.

If different unit classes within a Sub-fund are offered, units are converted from one class to another unless otherwise provided for in the relevant appendix to the Sales Prospectus, providing that the investor has fulfilled the conditions for direct investment in this unit class. No conversion fee is levied under these circumstances.

The Management Company may reject a conversion request for a Sub-fund, if this is deemed to be in the interest of the Fund or of the Sub-fund or in the interest of the investors.

4. Complete redemption or complete conversion applications for registered units may be submitted to the Management Company, the Registrar and Transfer Agent, a distributor or the paying agent. These recipients are obliged to immediately transfer the redemption requests or the conversion requests to the registrar and transfer agents. The date and time of receipt at the registrar and transfer agent is definitive.

A redemption request or a conversion request for the redemption or the conversion of units in registered form is complete as soon as it states the name and the address of the investor and the number or the equivalent value of the units to be redeemed or converted and the name of the Sub-fund and as soon as it is signed by the investor concerned.

Complete redemption and complete conversion applications received by the Registrar and Transfer Agent prior to the order acceptance deadline are settled at the unit value on the subsequent valuation day, less any back-end load or conversion fee.

Complete redemption and complete conversion applications received by the Registrar and Transfer Agent after the order acceptance deadline are settled at the unit value on the second subsequent valuation day, less any back-end load or conversion fee.

The Management Company in every case ensures that the redemption or conversion of units is calculated on the basis of a unit value previously unknown to the investor. Redemption applications and conversion applications are only deemed received when they are received by the Registrar and Transfer Agent.

The redemption price shall be paid within three bank working days of the appropriate valuation day in the Sub-fund currency or, in given several unit classes, in the respective

unit class currency. In the case of registered units, payment is made to an account indicated by the investor.

5. The Management Company is entitled to temporarily suspend the redemption or the conversion of units due to a suspension of the calculation of the unit value.

6. With the Custodian's prior authorisation and to ensure the protection of interests of investors, the Management Company is entitled to make substantial redemptions only after corresponding assets of the relevant Sub-fund are sold without delay. In this case, the redemption is effected at the redemption price applicable at that time. This is correspondingly applicable to requests for the conversion of units. However, the Management Company ensures that sufficient liquid assets are at the disposal each Sub-fund, so that a redemption or conversion of units upon request of investors may be effected immediately under normal circumstances.

Article 11 Costs

Each Sub-fund bears the following costs in so far as they arise in connection with its assets:

1. For the daily management of the relevant Sub-fund, the Management Company receives compensation from the respective Sub-fund assets at a maximum of 0.40% p.a. of the net Sub-fund assets. The amount, calculation and payment information are listed for the relevant Sub-Fund in the relevant appendix to this Sales Prospectus.

To the extent that the Management Company has a claim to trailer fees in connection with the investment of Fund assets in target funds, these generally become part of Fund assets as other income. However, pursuant to Article 11, No. 8 a) of these Fund Management Regulations, such trailers fees may be subject to processing charges in an amount equivalent to 30 basis points of the invested Fund volume, particularly for the creation, invoicing, settlement and on-going administration of such trailer fees, which accordingly reduces the unit of trailer fees accruing for the benefit of the Fund.

For the day-to-day administration of the relevant Sub-fund, including performing central administrative duties, the Management Company receives administrative compensation, the amount of which, its calculation and manner of payment are listed in the respective appendix to the Sales Prospectus.

In addition, a Performance Fee may be paid to the Management Company from the assets of the relevant Sub-fund, pursuant to the terms of the Sales Prospectus.

These fee payments are subject to VAT where applicable.

2. Any investment advisor shall receive remuneration either from the Management Company fee or out of the assets of the relevant Sub-fund. If such remuneration is taken from the assets of the relevant Sub-fund, its amount, calculation and payment are stipulated for the relevant Sub-fund in the appendix to the precise fee, its calculation and manner of payment are listed in the respective appendix to the Sales Prospectus. These fee payments are subject to VAT where applicable.

3. Any Fund manager shall receive remuneration either from the Management Company fee or out of the assets of the relevant Sub-fund. If such remuneration is taken from the assets of the relevant Sub-fund, its amount, calculation and payment are stipulated for the relevant Sub-fund in the appendix to the precise fee, its calculation and manner of payment are listed in the respective appendix to the Sales Prospectus. These fee payments are subject to VAT where applicable.

In addition, a performance fee can be paid to the Management Company and/or any investment advisor and/or any Fund manager from the assets of the relevant Sub-fund, pursuant to the terms of the Sales Prospectus. These fee payments are subject to VAT where applicable.

4. As consideration for the fulfilment of its responsibilities under the custodian agreement, the custodian shall receive a fee customary for the banking industry in the Grand Duchy of Luxembourg. The amount, calculation, and payment of the central administration fee is set forth in the appendix to the Sales Prospectus. These fee payments are subject to VAT where applicable.

5. For the performance of their duties, the registrar and transfer agent receives a customary registrar and transfer agent fee. The amount, calculation, and payment of the register and transfer agent fee is detailed in the relevant appendix to the Sales Prospectus. These fee payments are subject to VAT where applicable.

6. The distributor(s) can receive a fee from the respective Sub-fund assets. The precise fee, its calculation and the manner of payment is detailed in the relevant appendix to the Sales Prospectus for the respective Sub-fund. These fee payments are subject to VAT where applicable.

7. In addition to the costs described above, the following costs are borne by the respective Sub-funds and unit classes insofar as these arise in connection with its assets:

a) costs incurred in the acquisition, custody and sale of assets, in particular for standard banking charges for transactions in securities and other assets and the rights of the Fund and/or Sub-fund and their safe-keeping, the standard banking charges for safe-keeping international investment units abroad;

b) all external management and custodial fees charged by other corresponding banks and clearing facilities (e.g. Clearstream Banking S.A.) for the assets of the respective Sub-fund, and all external processing, postage and insurance expenses incurred in connection with the securities of the respective Sub-fund in Fund units;

c) transaction costs incurred in issuing and redeeming units;

d) furthermore, the Custodian, the Central Administration Agent, the Management Company, the transfer office and the registrar are to be reimbursed expenses and other costs incurred in connection with the respective Sub-fund as well as expense and other costs incurred in calling on the services of third parties. In addition, standard banking expenses shall be reimbursed to the Custodian;

e) taxes levied on fund and/or Sub-fund assets, its income and expenses and charged to the respective Sub-fund;

f) legal fees arising to the Management Company or the Custodian when acting in the interest of investors in the respective Sub-fund;

g) auditor's costs;

h) costs of compiling, preparing, filing, publishing and updating the printing and mailing of all Fund documents, in particular the Sales Prospectus, the "Key Investor Information Document", the annual and semi-annual reports, statements of assets, messages to investors, convening notifications, any unit certificates and coupon sheet renewals, distribution notices or requests for authorisation in countries in which the units of the Fund or Sub-fund will be marketed and correspondence with the relevant regulatory authorities. With regard to the "Key Investor Information Document", both the Management Company costs and the costs of third parties commissioned by the Management Company necessary for the initial compilation, planned and unplanned updating, translation, distribution, SRRI monitoring or other actions required for the implementation of EU Directive 583/2010 are included.

i) administration fees payable to authorities on behalf of the Fund/Sub-fund, in particular to the Luxembourg supervisory authorities and other supervisory authorities in other countries, and fees charged for filing Fund documents;

j) costs incurred in connection with any stock market listing;

k) advertising costs and costs incurred in direct connection with offering and selling units (e.g. compilation and updating of fact sheets);

l) insurance costs;

m) remuneration, expenses and other costs incurred by the paying agents, the distributor and other offices needing to be set up abroad that are connected to the respective Sub-fund;

n) interest on borrowings pursuant to Article 4 of the Fund Management Regulations;

o) expenses of an investment committee, where applicable;

p) supervisory board expenses;

q) costs of establishing the Fund and/or individual Sub-funds and the initial issue of units;

r) general operating costs of the Fund;

s) other administration costs, which can be collected as part of a lump-sum fee of up to 0.30% p.a. of the net Sub-fund assets in favour of the Management Company, with particular regard to (i) the performance of coordination duties in connection with the authorisation of the Fund and individual Sub-Fund and the distribution and the offering of units in other countries, (ii) the examination of specific marketing materials, and (iii) any further activities above and beyond the standard administrative duties, as well as other operating expenses.

t) other administration costs, including costs of associations;

- u) costs for performance attribution;
- v) costs incurred on behalf of the Fund or the Sub-funds in connection with the implementation, use and maintenance of an automated order management system or other IT systems used for the Fund or Sub-funds (including hardware and software);
- w) costs incurred in obtaining credit ratings for the Fund and/or Sub-funds from nationally and internationally recognised credit rating agencies;
- x) costs relating to currency hedging; and
- y) reasonable costs for risk control and risk management.

All costs, fees and expenses described above are subject to VAT where applicable.

All costs are initially credited against income, capital gains and finally to the respective Sub-fund assets.

Costs of establishing the Fund (which can include the following costs, among others: structuring and coordination of Fund documentation and Fund-specific documents, outside advice and counsel, coordination with appropriate service providers in the meeting of legal prerequisites and foreign authorisations in the first year of the Fund) and of the initial issue of units are depreciated over the first five financial years and expensed to the assets of Sub-funds that exist when the Fund was established. The costs of establishing the Fund and the costs described above that are not exclusively allocated to a specific Sub-fund are spread on a pro rata basis across the respective Sub-fund assets by the Management Company.

The costs of establishing the Fund and the costs described above that are not exclusively allocated to a specific Sub-fund are spread on a pro rata basis across the respective Sub-fund assets by the Management Company.

Costs arising in connection with the establishment of other Sub-funds are written down over a maximum period of five years after the Sub-fund's establishment, and are expensed to the respective Sub-fund to which they are allocated.

Article 12 Application of Revenues

1. The Management Company may distribute the earnings generated in a Sub-fund to the investors of the Sub-fund or accumulate these returns in the Sub-fund. This option is detailed in the relevant appendix to the Sales Prospectus for the respective Sub-fund.
2. Dividends may include ordinary net revenues as well as gains realised. Furthermore, non-realised gains and other assets can also be included in dividends provided the net asset value of the Fund does not fall below EUR 1,250,000 because of the dividend.
3. Distributions are paid out on the outstanding units on the day of distribution.

Distributions may be made in whole or in part in the form of bonus units. Remaining fractions, if any, may be paid out in cash. Earnings, which have not been claimed five years

after the publication of a distribution notice, will be forfeited and revert to the relevant Sub-fund.

4. Generally, dividends due to holders of registered units are reinvested to the benefit of the unitholder. However, if the unitholder so wishes, the dividend can be paid to the holder's account provided a request is submitted with the Registrar and Transfer Agent within 10 days of the receipt of the announcement regarding the dividend.

Article 13 Financial year - Audit

1. The financial year for the fund starts on 1 January of each year and ends on 31 December of the same year.

2. The annual accounts of the Fund are checked by the auditor who is appointed by the Management Company.

3. The Management Company shall publish an audited annual report in accordance to law and regulations of the Grand Duchy of Luxembourg at the latest four months after the end of a financial year.

4. The Management Company shall publish an unaudited half-yearly statement, two months after completion of the first half of the financial year. Insofar as required for the entitlement to distribute units in other countries, further audited and unaudited interim reports may be compiled.

Article 14 Announcements

1. Unit values, issue and redemption prices and all other information can be obtained from the Management Company, the Custodian, each paying agent and the distributor. They are in addition published in the required media of each country where the units are sold.

2. The Sales Prospectus, "Key Investor Information Document" as well as the annual and half-yearly reports of the Fund can be found on the Management Company's website, www.alceda.lu, and may be downloaded free of charge. The current Sales Prospectus, "Key Investor Information Document" and the annual and half-yearly reports of the Fund are also available from the head office of the Management Company, the Custodian, at each paying agent and distributor as a hard copy free of charge. The relevant applicable Custodian agreement, the articles of association of the Management Company and the principle administration agreement can be inspected at the relevant head offices of the Management Company, the paying agents, and the distributor.

Article 15 Merger of the Fund and Sub-funds

1. In accordance with the provisions described below, the supervisory board of the Management Company may decide to merge the Fund or a Sub-fund with another Undertaking for Collective Investment in Transferable Securities ("UCITS") managed by the Management Company or by another management company. The merger may be decided upon in particular in the following cases:

- insofar as the net assets of the Fund or the net assets of one of the Sub-funds has fallen under an amount on a valuation day, which is deemed to be the minimum amount to manage the Fund or the Sub-fund in a rational economic manner. The Management Company has set this limit at EUR 5 million.
- insofar as it no longer seems rational to manage the Fund or the Sub-fund, due to a substantial change in the economic or political environment or due to reasons of economic profitability.

If the Fund ceases to exist as a result of the merger, the effectiveness of the merger must be certified by a notary.

2. The supervisory board of the Management Company may also decide to include in the Fund or Sub-fund another Fund or Sub-fund that is managed by the same or another management company.

3. Mergers are possible between two Luxembourg Funds or Sub-funds (domestic merger) as well as between Funds or Sub-funds that are domiciled in two different member states of the European Union (cross-border merger).

4. Such a merger is only enforceable if the investment policy of the new Fund or Sub-fund does not infringe against the investment policy of the existing UCITS.

5. The merger is carried out by liquidating the transferring Fund or Sub-fund and simultaneously transferring all assets to the receiving Fund or Sub-fund. Investors in the transferring Fund receive units of the receiving Fund, the number of which is based on the ratio of the net asset values per unit of the Funds involved at the time of the absorption, with a provision for settlement of fractions if necessary.

6. Both the receiving Fund or Sub-fund and the transferring Fund or Sub-fund must inform investors appropriately regarding the planned merger by publishing a notice in a Luxembourg newspaper and in accordance with the regulations of the respective countries in which units in the receiving or transferring Fund or Sub-fund are distributed.

7. Investors in the receiving and transferring Fund or Sub-fund have the right for a period of thirty days to request the repurchase of all or some of their units without additional costs at the reference unit value or, insofar as possible, request the conversion to units of another Fund with a similar investment policy that is managed by the same Management Company or another company with which the Management Company is associated by way of joint management or control or a significant direct or indirect unitholding. This right will become effective from the time that the unitholders of the transferring and receiving Funds are informed of the planned merger and expires five bank working days before the date of the calculation of the conversion ratio.

8. For a merger between two or more Funds or Sub-funds, the affected Funds or Sub-funds may suspend the subscription, redemption or conversion of units from time to time if such suspension is justified for reasons of unitholder protection.

9. The execution of the merger is audited and confirmed by an independent auditor. A copy of the auditor's report shall be made available to the investors of the transferring and

receiving Funds or Sub-funds as well as the competent supervisory authority upon request free of charge.

10. Details provided above also apply equally to mergers of two Sub-funds within a Fund as well as the merger of unit classes within a Sub-fund.

Article 16 Dissolution of the Fund and/or Sub-fund

1. The Fund is established for an indefinite period. Notwithstanding this, the Fund and/or one or more Sub-fund(s) may be liquidated at any time by the Management Company, particularly if significant economic and/or political changes have occurred since the Fund and/or Sub-fund was established.

2. The dissolution of the Fund is compulsory in the following cases:

a) if the appointment of the Custodian is terminated without a new Custodian being appointed within two months;

b) if insolvency proceedings are opened concerning the Management Company and no other Management Company agrees to take over the Fund or if the Management Company is liquidated;

c) if Fund assets remain below EUR 312,500 for a period of more than six months;

d) in other cases prescribed by the Law of December 2010.

3. If circumstances arise which lead to the dissolution of the Fund or of a Sub-fund, the issuance and redemption of units is terminated. The Custodian shall distribute the liquidation proceeds, less costs and fees, among investors in the respective Sub-fund in proportion to their claim according to instructions issued by the Management Company or by liquidators appointed by the Management Company itself or by the Custodian in mutual agreement with the supervisory authorities. Net liquidation proceeds which have not been collected by investors by the end of the liquidation process will be deposited by the Custodian for the account of authorised investors with the Caisse de Consignation in the Grand Duchy of Luxembourg. These amounts lapse if claims are not made within the legally established time-scale.

4. The investors, their heirs, creditors or legal successors may neither request the premature dissolution nor the splitting of the Fund or a Sub-fund.

5. The dissolution of the Fund pursuant to this article shall be published in accordance to legal provisions by the Management Company in the *Mémorial* and in at least two national daily newspapers, including the *Tageblatt*.

6. The dissolution of a Sub-fund shall be published in a manner prescribed in “Information for Investors” in the Sales Prospectus.

Article 17 Expiry of Claims and Presentation Period

Investors' claims against the Management Company or the Custodian shall cease to be valid 5 years after the date of the occurrence giving rise to the claim. The rule contained in Article 16, No. 3 of these Fund Management Regulations remains unaffected.

The presentation period for dividend coupons amounts to 5 years from the publication of the relevant dividend statement. Distribution amounts not claimed within this period are forfeited and revert to the Fund.

Article 18 Applicable Law, Jurisdiction and Reference Language

1. The Management Regulations of the Fund are subject to the law of the Grand Duchy of Luxembourg, as are the legal relations between the investors, the Management Company and the Custodian unless, independent thereof, unless the laws of another jurisdiction make these legal relations subject to particular regulations. In particular, the regulations of the Law of December 2010 supplement the rules provided by these Fund Management Regulations. The Management Regulations are deposited at the Luxembourg Commercial Registry. Every legal dispute between investors, the Management Company and the Custodian is subject to the jurisdiction of the competent court in the judicial district of Luxembourg in the Grand Duchy of Luxembourg. The Management Company and the Custodian are entitled to submit themselves and the Fund to the jurisdiction and the law of each distribution country, insofar as claims of those unitholders are concerned who have their domicile in the country concerned and in relation to matters which refer to the Fund or Sub-fund.

2. In the case of a lawsuit, the German text of these Management Regulations shall prevail. The Management Company and the Custodian may declare as binding, for itself and for the Fund, translations which have been drawn up in the languages of non-German speaking countries, in which units of the Fund are sold to investors and in which such units may legally be publicly distributed.

3. If terms that are not defined by the Management Regulations should require interpretation, the provisions of the Law of December 2010 apply. This particularly applies to the terms defined in Article 1 of the Law of December 2010.

Article 19 Amendments to the Fund Management Regulations

1. With the consent of the Custodian, the Management Company may change these Management Regulations, in whole or in part, at any time.

2. Changes to these Fund Management Regulations are lodged with the Luxembourg Trade and Companies Register and come into effect on the date they are signed, unless otherwise specified. A reference concerning this deposit is published in the *Mémorial*.

Article 20 Effective Date

Unless otherwise specified, these Fund Management Regulations shall come into effect on the date of their execution.