

BB Entrepreneur Switzerland

Contractual Investment Fund under Swiss Law
(Type: "Securities Fund")

Prospectus with
integrated fund contract

April 2011

BB Entrepreneur Switzerland was issued by Wegelin Fondsleitung AG as fund management company and Wegelin & Co., Private Bankers, Partners Bruderer, Hummler, Tolle & Co. as custodian bank on behalf of Bellevue Asset Management AG.

**Translation of the German original –
in case of discrepancies the German original prevails.**

PART 1 – PROSPECTUS

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

Only the information contained in the prospectus, the simplified prospectus or in the fund contract will be deemed to be valid.

1. Information on the investment fund

1.1 General information on the investment fund

BB Entrepreneur Switzerland (“the fund”) is an investment fund under Swiss law of the “securities funds” type pursuant to the Swiss Federal Act on Collective Investment Schemes of 23 June 2006. The fund contract was drawn up by **Wegelin Fund Management Ltd**, St. Gallen, as fund management company and, with the consent of **Wegelin & Co. Private Bankers**, Partners Bruderer, Hummler, Tolle & Co., St. Gallen, as custodian bank, was submitted to the Swiss Federal Banking Commission and was first approved by it on 23 December 2005. The first accounting year was from 3 April 2006 to 31 December 2006.

The investment fund is based upon a collective investment agreement (fund contract), under which the fund management company undertakes to provide the investor¹ with a stake in the investment fund in proportion to the fund units acquired by the said investor, and to manage this fund at its own discretion and for its own account in accordance with the provisions of the law and the fund contract. The custodian bank is party to the fund contract in accordance with the tasks conferred upon it by the law and the fund contract.

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

The investment fund is currently not divided into unit classes.

1.2 Investment objective and investment policy of the fund

The investment fund’s main objective is capital appreciation.

In accordance with the risk diversification principle, BB Entrepreneur Switzerland invests its assets mainly in shares of owner-managed enterprises listed on the SIX Swiss Exchange which are either (i) domiciled in Switzerland, (ii) domiciled outside of Switzerland, but carry on business mainly in Switzerland or (iii) as holding companies mainly hold stakes in companies domiciled in Switzerland.

“Owner-managed” are those enterprises which satisfy the definition of owner-managed in § 8, clause 2 lit. aa. of the fund contract.

The fund management buys and sells the assets which the fund contract and the law authorise a securities fund to hold and does same in accordance with its assessment of the development of the economic, currency and investment markets.

¹ For the sake of simplicity, the masculine form is used throughout this document, but should be taken to include the feminine.

The significant risks associated with this investment fund include changes in the price of the securities, together with risks due to fluctuations in exchange rates for those instruments not denominated in the unit of account.

Investments in shares tend to involve a higher risk than investments in fixed-income instruments from good issuers. Changes in economic conditions or conditions prevailing on the stock markets may result in considerable price fluctuations.

In the case of fixed-income securities (including uncertified securities), any price changes that may occur are also dependent on the terms to maturity of the fixed-income investments held for the fund. Fixed-income investments with shorter terms generally entail lower price risks than fixed-income securities with longer terms.

An increase in the overall interest level may cause the price of fixed-income instruments to fall, whereas declining interest rates may trigger price increases.

The credit risk involved in an investment, i.e. the risk of financial default by debtors, cannot be entirely ruled out despite careful selection of the instruments to be acquired.

No guarantee can be given that the investment objective will be attained. Accordingly, increases as well as reductions in the value of the units and their income are possible. It is even possible that investors may get back less than the amount invested.

The fund management company uses derivatives with a view to efficient management of the fund's assets. However, even under extraordinary market conditions this must not result in the fund management company deviating from the fund's investment objectives or to a change in the fund's investment character. Based on its envisaged use of derivatives, this investment fund qualifies as a "simple securities fund". The Commitment Approach (II) (extended procedure) will be applied for the assessment of risk.

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

According to the fund contract, the use of derivatives may have a leverage effect on the fund's assets or may correspond to a short sale. The total exposure in derivatives may be up to 100% of the net fund assets and the total exposure of the fund may thus be up to 200% of its net fund assets.

At the current time, derivatives are not systematically employed to establish exposure. Instead, if at all, derivatives are used as collateral security. First and foremost, standardised, publicly traded options (e.g. warrants, put warrants) and futures (e.g. SMI Futures) are used. OTC derivatives and credit derivatives are not used. The possibility of using derivatives to achieve leverage, as provided for in the fund contract, is also not used at the current time.

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

1.3 Profile of the typical investor

The investment fund is suitable for investors who have a long-term investment horizon of at least five years, who are seeking long-term capital growth and who are interested in having an actively managed portfolio. Investors have to be able to accept greater fluctuations and a long-term decrease in the asset value of the fund units. They are familiar with the main risks involved in share investment.

1.4 Tax regulations relevant to the investment fund

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

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

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

Distributions of income made by the investment fund to investors domiciled in Switzerland are subject to Swiss federal withholding tax (source tax) at 35%. Any capital gains paid on a separate coupon are not subject to withholding tax.

Investors domiciled in Switzerland may reclaim the deducted withholding tax via their tax returns or by submitting a separate withholding tax refund application.

Distributions of income to investors domiciled abroad are not subject to Swiss withholding tax if at least 80% of the income from the investment fund derives from foreign sources. For this, a letter from a bank confirming that it holds the relevant units in a security account for an investor domiciled abroad and that the income will be credited to his account (declaration of domicile or affidavit) is needed. No guarantee can be given that at least 80% of the investment fund's income derives from foreign sources.

If withholding tax is deducted from an investor domiciled abroad because he has not provided a declaration of domicile, he may under Swiss law claim a tax refund from the federal tax authorities in Berne.

The income distributed and/or the interest realised on the sale or redemption of units may be subject in Switzerland to EU savings tax. Based on the provisions of the directive issued by the Council of the European Union in respect of taxation of interest income, and under the terms of the agreement reached between Switzerland and the EU as part of bilateral negotiations, Switzerland has undertaken to retain tax on certain interest payments made by investment funds, both in the case of distributions of income and the sale or redemption of fund units, in respect of natural persons whose tax domicile is in an EU member state. This tax is retained at 35%. Subject to explicit instructions by the recipient of the interest payment, recipients may make a voluntary disclosure to the fiscal authorities in their tax domicile instead of being subject to this tax retention.

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

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

2. Information on the fund management company

2.1 General information on the fund management company

Wegelin Fund Management Ltd (“the fund management company”) is responsible for the management of the fund. The fund management company, which has its registered office and administrative headquarters in St. Gallen, has been active in the fund business since its formation as an *Aktiengesellschaft* (joint-stock company) on 24 September 1998. The subscribed share capital of the fund management company as at 31 December 2010 is CHF 5 million. The share capital is divided into 1,000 registered shares of CHF 5,000.00 each and is 100% paid up. The fund management company is a 100%-owned subsidiary of Wegelin & Co. Private Bankers, Partners Bruderer, Hummler, Tolle & Co., having its registered office in St. Gallen.

The board of directors of the fund management company comprises the following persons:

- Dr. Jörg Schoch, attorney, St. Gallen, Chairman;
- Dr. Magne Ormland, Managing Partner of Wegelin & Co., St. Gallen, Vice Chairman;
- Dr. Konrad Hummler, Managing Partner of Wegelin & Co., St. Gallen;
- Dr. Marco Duss, Partner of the Dr. Altorfer, Dr. Duss & Dr. Beilstein trust company, Zurich;
- Prof. Dr. Peter Meier, Head of the Center for Alternative Investments & Risk Management, Zurich University of Applied Sciences, Zurich
- Reto Sonderegger, Member of the Board of Directors, Wegelin & Co., St. Gallen.

The executive managers are Jelmer van der Meulen and Dr. André Pfoertner.

As at 31 December 2010, the fund management company managed a total of 23 collective investment schemes in Switzerland, and the total assets under management as at 31 December 2010 was CHF 1,849 billion.

In addition to the management of the Swiss funds of Wegelin & Co., Private Bankers and of private label partners, the fund management company represents foreign collective investment schemes in Switzerland and provides administrative services for collective investment schemes.

The address of the fund management company is: Wegelin Fund Management Ltd, Bahnhofstrasse 8, 9001 St. Gallen.

Its internet address is: www.wegelinfunds.ch

2.2 Delegation of investment decisions

The fund management company has delegated the fund's investment decisions to Bellevue Asset Management AG, having its registered office in Küsnacht (ZH) as the asset manager. Bellevue Asset Management AG stands out due to its many years of experience in asset management. The fund managers are Birgitte Olsen and Frank Rauber. Detailed information on Wegelin & Co. Private Bankers is given in clause 3 below. The precise manner in which this mandate is to be executed is stipulated by an asset management contract concluded between the fund management company and the asset manager. The asset manager's compensation is paid by the fund management company.

Bellevue Asset Management AG is a subsidiary of Bank am Bellevue AG, having its registered office in Küsnacht (ZH) and has been appointed asset manager. It forms its opinions independently and thus has the prerequisites for objective investment decisions. It takes an analytical approach, which is actively supported by internal financial analyses. Bellevue Asset Management AG pursues a bottom-up, stockpicking approach in a clearly defined share universe. As a rule, its investment

strategy is based on the value approach. It focuses on well-managed companies with favourable ratings that have a healthy balance sheet, free cash flow and a strong market position. Investments are made with a medium- to long-term investment horizon.

The asset manager's address is: Bellevue Asset Management AG, Seestrasse 16, 8700 Küsnacht.

Its internet address is: www.bellevue.ch

2.3 Delegation of specific tasks

The fund management company has assigned the technical handling of data processing to the custodian bank. The details are stipulated in a service agreement concluded between the fund management company and the custodian bank.

2.4 Exercising of membership and creditors' rights

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

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

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

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

3. Information on the custodian bank

Wegelin & Co. Private Bankers, Partners Bruderer, Hummler, Tolle & Co., St. Gallen ("the custodian bank"), established in 1741, acts as the custodian bank. It is a limited partnership ("Kommanditgesellschaft") governed by Swiss law and is the oldest private bank in Switzerland.

The custodian bank's principal activity is asset management.

The custodian bank may delegate the safekeeping of the fund's assets to third-party custodians and collective securities depositories in Switzerland or abroad. It is liable for applying due diligence when choosing and instructing such parties, as well as for monitoring constant compliance with the selection criteria.

As a consequence of safekeeping by third-party custodians and collective securities depositories, the fund management company is no longer sole owner but only co-owner of the deposited securities.

4. Information about third parties

4.1 Paying agents

The paying agents are:

Wegelin & Co. Private Bankers,
Partners Bruderer, Hummler, Tolle & Co.
Bohl 17, PO Box
9004 St. Gallen, Switzerland
Telephone +41 (0)71 242 50 00
Fax +41 (0)71 242 50 50

4.2 Distributors

Distribution of the fund is handled by Bank am Bellevue, Seestrasse 16, 8700 Küsnacht, and by other distributors appointed by the fund management company.

4.3 Auditing company

Bankrevisions- und Treuhand AG, of Zurlindenstrasse 134, 8036 Zurich, acts as the auditing company.

5. Further information

5.1 Useful data

Securities number (*Valoren-Nummer*) 2.324.436

ISIN number CH0023244368

Listing The units are not listed (quoted) on a stock exchange.

Financial year 1 January to 31 December

First issue price CHF 100.00

Minimum participation 1 unit

Unit of account Swiss franc (CHF)

Units Bearer securities

Appropriation of income Income distributed by the end of April each year

5.2 Terms for the issue and redemption of fund units

Fund units are issued or redeemed on every day which is a bank working day in both St. Gallen and Zurich. No redemptions will be paid out and no issues will be processed on bank holidays in the aforementioned places (Easter, Whitsun, Christmas, New Year, 1 August, etc.), or on days

when the stock exchanges and markets in the fund's main investment countries are closed. In the event of exceptional circumstances as defined in § 17, clause 4, of the fund contract, payment of redemptions and processing of issues shall be deferred.

Subscription and redemption orders received by the custodian bank by 14.00 hours at the latest on a given bank working day (order day) will be settled on the next bank working day (valuation day) on the basis of the asset value. The NAV to be used for settlement is therefore unknown when the order is placed (forward pricing). It is calculated on the valuation day on the basis of the closing prices on the order day.

The NAV of a unit is determined by the market value of the fund's assets, minus any of the investment fund's liabilities, divided by the number of units in circulation. It will be rounded up to the next CHF 0.01

The issue price is based on the NAV on the valuation day, plus the issue commission. The amount of the issue commission is stated in clause 5.3 below.

The redemption price is based on the NAV on the valuation day.

The incidental costs for the purchase and sale of investments (standard brokerage fees, commissions, taxes, etc.) incurred by the investment fund due to the investment of the amount paid in or the sale of a portion of the investments corresponding to the redeemed unit(s) are charged to the fund assets.

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

5.3 Fees and incidental costs

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

Issuing commission accruing to the fund management company, custodian bank and/or distributors in Switzerland and abroad max. 5.0% of the NAV

If coupons (which were detached from a certificate delivered to the unit holder) are physically submitted for redemption to the custodian bank or another paying agent, the custodian bank will charge a coupon-redemption fee, which is currently CHF 50.00 for each redemption.

For paying out the proceeds of liquidation in the event that the investment fund is dissolved, the custodian bank shall charge a fee of 0.50% of the gross proceeds of liquidation.

Fees and incidental costs charged to the fund's assets (excerpt from § 19 of the fund contract): The fund management company is entitled to a maximum fee of 2% p.a. of the NAV of the fund assets for administration, asset management and distribution of the investment fund. The currently applicable rate is stated in the respective annual or semi-annual report.

The custodian bank's fee for the safekeeping of the fund assets, arranging payment transactions and the other tasks referred to in § 4 of the fund contract will be a maximum of 0.13% p.a. of the NAV of the fund assets. The rate actually applicable is stated in the respective annual or semi-annual report.

The investment fund will not be charged for the distribution of annual income to the investors.

Furthermore, the fees and incidental costs listed under § 19 of the fund contract may also be charged to the investment fund.

The fund management company may pay reimbursements from the management fee to the following institutional investors who, from the commercial perspective, hold the fund units for third parties:

- Life insurance companies
- Pension funds and other retirement provision institutions
- Investment foundations
- Swiss fund management companies
- Foreign fund management companies and providers
- Investment companies.

The fund management company may also pay trailer fees from the management fee to the following distributors and sales partners:

- Authorised distributors
- Fund management companies, banks, securities dealers, Swiss Post and insurance companies
- Distributors who place fund units exclusively with institutional investors with professional treasury facilities
- Asset managers

Total expense ratio (TER) and portfolio turnover rate (PTR)

The coefficient of the total costs charged to the fund's assets on an ongoing basis (total expense ratio, TER) was:

- 2007: 1.43%
- 2008: 1.41%
- 2009: 1.44%
- 2010: 1.42%

The portfolio turnover rate (PTR) was:

- 2007: 155.58%
- 2008: 128.08%
- 2009: 85.84%
- 2010: 72.11%

Investments in related collective investment schemes

In the case of investments in other collective investment schemes that are managed directly or indirectly by the fund management company itself or by a company with which it is affiliated by virtue of common management or control or by way of a material direct or indirect stake of more than 10% of the capital or voting rights, no issuing and redemption commissions are charged and no management fees pursuant to § 19, clause 9, of the fund contract.

Fee-splitting agreements and non-pecuniary benefits ("soft commissions")

The fund management company has not entered into any fee-splitting agreements.

The fund management company has not concluded any agreements in respect of "soft commissions".

5.4 Buying into current income

In respect of the investment fund, the fund management company applies the method of buying into current income (also known as the “income equalisation method”). This entails the following procedure: income earned during the financial year (insofar as it is not appropriated in order to cover costs) which the investor must pay as part of the issue price, and which is refunded to the vendor of units as part of the redemption price, is offset on an ongoing basis. The purpose of this method is to compensate for fluctuations in the ratio of income to other assets caused by the net inflow or outflow of funds, due to the issuance or redemption of units. Otherwise, every net inflow of liquid funds would reduce the proportion of income in the value of the fund’s assets and every outflow would increase it.

The result of this method is that the amount distributed per unit is not influenced by changes in the number of units in circulation.

Investors who, for example, acquire units shortly before the distribution date, are reimbursed for the portion of the unit price accounted for by income in the form of a distribution. Withholding tax may be deducted from this distribution although the issue price paid by the investors in question did not play a part in the generation of the income.

5.5 Investment accounts

Investment accounts are also managed for fund units. Interested investors are advised to contact the custodian bank directly.

5.6 Publications by the investment fund

Further information on the investment fund may be found in the latest annual or semi-annual report. The latest information can also be found on the internet at www.bellevue.ch.

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

In the event of a change to the fund contract, a change in the fund management company or the custodian bank, as well the dissolution of the investment fund, a notice will be published by the fund management company in the “Schweizerisches Handelsamtsblatt” [“Swiss Official Gazette of Commerce”] (www.shab.ch) and on the electronic platforms of Swiss Fund Data AG (www.swissfunddata.ch) and of fundinfo AG (www.fundinfo.com).

Prices will be published for each day on which issues and redemptions of fund units take place, but at least twice per month, on the first and third Saturday of the month, in the “Neue Zürcher Zeitung” (NZZ), “Finanz und Wirtschaft”, and on the electronic platforms of Swiss Fund Data AG (www.swissfunddata.ch) and of fundinfo AG (www.fundinfo.com). Further prices will be published in the price information systems of Telekurs Financial (www.tkfweb.com), for which charges are payable, and at www.bellevue.ch.

5.7 Sales restrictions

With respect to the issue and redemption of units of this investment fund outside Switzerland, the regulations valid in the country in question apply.

- a) The fund has been authorised for sale in the following countries:
Switzerland and the Principality of Liechtenstein
- b) Units of this investment fund may not be offered, sold or delivered within the United States.

5.8 Detailed regulations

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

Information for investors in the Principality of Liechtenstein

Representatives and paying agents

Banque Pasche (Liechtenstein) SA
Austrasse 61, PO Box
9490 Vaduz
Tel. +423 239 33 33
Fax +423 239 33 00
pasche.liechtenstein@pasche.li; www.pasche.li

This prospectus together with integrated fund contract, the simplified prospectus and the annual or semi-annual report are available free of charge in German from the above-mentioned paying agents.

Notices and other amendments to the prospectus and fund contract will be published in a Liechtenstein daily newspaper.

The issue and redemption prices of the investment fund units will be published at least twice each month in a Liechtenstein daily newspaper.

The place of performance is Vaduz and the courts of Vaduz will have jurisdiction.

Part 2 – Fund contract

I. Basic principles

§ 1 Name of the fund; name and registered office of the fund management company and the custodian bank

1. A contractual investment fund of the type “securities fund” has been established under the name of **BB Entrepreneur Switzerland** (hereinafter referred to as “the investment fund”) in accordance with Art. 25ff. in conjunction with Art. 53ff. of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA).
2. The fund management company is Wegelin Fund Management Ltd, St. Gallen.
3. The custodian bank is Wegelin & Co. Private Bankers, Partners Bruderer, Hummler, Tolle & Co., St. Gallen.

II. Rights and obligations of the parties to the contract

§ 2 The fund contract

The legal relationship between the investors² on the one hand and the fund management company and the custodian bank on the other shall be governed by the present fund contract and the applicable provisions of the legislation on collective investment schemes.

§ 3 The fund management company

1. The fund management company manages the fund at its own discretion and in its own name, but for the account of the investors. It decides in particular on the issue of units, the investments and their valuation. It calculates the NAV and determines the issue and redemption prices of units as well as distributions of income. It exercises all rights associated with the investment fund.
2. The fund management company and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organisational measures that are necessary for proper management. They ensure the provision of transparent financial statements and provide appropriate information on this investment fund.
3. The fund management company can delegate investment decisions as well as specific tasks, provided that this is in the interests of efficient management. It shall commission only persons who are qualified to execute the task properly, and shall ensure the provision of instructions as well as monitoring and controlling in respect of the tasks. The fund management company shall be liable for the actions of its agents as if they were its own actions.
4. The fund management company may, with the consent of the custodian bank, submit a change to the present fund contract to the supervisory authority for approval (cf. § 26).
5. The fund management company can merge the investment fund with other investment funds pursuant to the provisions set down under § 24 and can dissolve the investment fund pursuant to the provisions set down under § 25.

² For the sake of simplicity, the masculine form is used throughout this document, but should be taken to include the feminine.

6. The fund management company is entitled to receive the fees stipulated in §§ 18 and 19. It is further entitled to be released from the liabilities assumed in the proper execution of its tasks, and to be reimbursed for expenses incurred in connection with meeting such liabilities.

§ 4 The custodian bank

1. The custodian bank is responsible for the safekeeping of the fund's assets. It handles the issue and redemption of fund units as well as payments on behalf of the investment fund.
2. The custodian bank and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organisational measures that are necessary for proper management. They ensure the provision of transparent financial statements and provide appropriate information on this investment fund.
3. The custodian bank may delegate the safekeeping of the fund's assets to third-party custodians and collective securities depositories in Switzerland or abroad. It is liable for applying due diligence when choosing and instructing the third parties, as well as for monitoring constant compliance with the selection criteria. The prospectus shall contain information on the risks involved.
4. The custodian bank ensures that the fund management company complies with the law and the fund contract. It checks whether the calculation of the NAV as well as the issue and redemption prices of the units and the investment decisions are in compliance with the law and the fund contract, and whether the income is appropriated in accordance with the fund contract. The custodian bank is not responsible for the choice of investments which the fund management company makes in accordance with the investment regulations.
5. The custodian bank is entitled to receive the fees stipulated in §§18 and 19. It is further entitled to be released from the liabilities assumed in the proper execution of its tasks, and to be reimbursed for expenses incurred in connection with meeting such liabilities.

§ 5 The investors

1. On concluding the contract and making a payment in cash, the investor acquires a claim against the fund management company in respect of a participation in the investment fund's assets and income. The investor's claim is evidenced in the form of fund units.
2. The investors are only obliged to remit payment for the units of the fund they subscribe. They shall not be held personally liable for the liabilities of the investment fund.
3. Investors may at any time request that the fund management company supply them with the necessary information regarding the basis on which the NAV per unit is calculated. If investors express an interest in more detailed information on specific business transactions effected by the fund management company, such as the exercising of membership and creditors' rights, they must be given such information by the fund management company at any time. The investors may request at the courts of the registered office of the fund management company that the auditors or another expert investigate the matter which requires clarification and furnish the investors with a report.
4. The investors may terminate the fund contract at any time and demand that their share in the investment fund be paid out in cash.
5. The fund management company in conjunction with the custodian bank must make an enforced redemption of the units of an investor at the current redemption price if:
 - a) this is necessary to safeguard the reputation of the jurisdiction as a financial centre, specifically to combat money laundering;

- b) the investor no longer meets the statutory or contractual requirements for participation in this investment fund.
6. The fund management company, in conjunction with the custodian bank, can also make an enforced redemption of the units of an investor at the current redemption price if:
- a) the participation of the investor in the investment fund is such that it could have a significant detrimental impact on the economic interests of the other investors, in particular if the participation could result in tax disadvantages for the investment fund in Switzerland or abroad;
 - b) investors have acquired or hold their units in violation of provisions of a law to which they are subject either in Switzerland or abroad, of the present fund contract or the prospectus;
 - c) there is a detrimental impact on the economic interests of the investors, in particular in cases where individual investors seek by way of systematic subscriptions and immediate redemptions to achieve a pecuniary gain by exploiting the time differences between the setting of the closing prices and the valuation of the fund's assets (market timing).

§ 6 Units and unit classes

1. The fund management company can establish different unit classes and can also merge or dissolve unit classes at any time subject to the consent of the custodian bank and the approval of the supervisory authority. All unit classes embody an entitlement to a share in the undivided assets of the fund, which are not segmented. This share may differ due to class-specific costs or distributions or class-specific income, and the various classes may therefore have different NAVs per unit. Class-specific costs are covered by the assets of the investment fund as a whole.
2. Notification of the establishment, dissolution or merger of unit classes shall be published in the media of publication. Only mergers shall be deemed a change to the fund contract pursuant to § 26.
3. The various unit classes may differ from one another in terms of their cost structure, reference currency, currency hedging, policy with regard to distribution or reinvestment of income, the minimum investment required and investor eligibility.

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

4. The investment fund is not divided into unit classes.
5. Units shall not take the form of actual certificates but shall exist purely as book entries. The investors are not entitled to demand delivery of a unit certificate.

III. Investment policy guidelines

A. Investment principles

§ 7 Compliance with investment regulations

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

§ 8 Investment objective and policy

1. The fund management company may invest the assets of this investment fund in the following investments. The risks involved in these investments must be disclosed in the prospectus.
 - a) Securities, i.e. securities issued in large quantities and non-securitised rights with the same function (uncertified securities) that are traded on a stock exchange or another regulated market open to the public, and that embody a participation right or claim or the right to acquire such securities and uncertified securities by way of subscription or exchange, for example warrants.

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

- b) Derivatives, if (i) the underlying securities are securities pursuant to lit. a, derivatives pursuant to lit. b, units in collective investment schemes pursuant to lit. c, money-market instruments pursuant to lit. d, financial indices, interest rates, exchange rates, credits or currencies, and (ii) the underlying securities are permitted as investments under the fund contract. Derivatives are either traded on a stock exchange or another regulated market open to the public, or are traded OTC.

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

- c) Units of other collective investment schemes (target funds), provided that (i) their documents restrict investments for their part in other target funds to a total of 10%; (ii) these target funds are subject to provisions equivalent to those pertaining to securities funds in respect of the purpose, organisation, investment policy, investor protection, risk diversification, asset segregation, borrowing, lending, short-selling of securities and money-market instruments, the issuing and redemption of fund units and the content of the semi-annual and annual reports; and (iii) these target funds are authorised as collective investment schemes in their country of domicile and are subject there to supervision which is equivalent to that in Switzerland and which serves to protect investors, and that international legal assistance is ensured.

- d) Money-market instruments, provided these are liquid, can be readily valued and are traded on an exchange or other regulated market open to the public; money-market instruments which are not traded on an exchange or other regulated market open to the public may only be acquired if the issue or the issuer is subject to provisions regarding creditor or investor protection and if the money-market instruments are issued or guaranteed by issuers pursuant to Art. 74, para. 2, CISO.
 - e) Sight or time deposits with terms to maturity not exceeding twelve months with banks domiciled in Switzerland or in a member state of the European Union or in another country provided that the bank is subject to supervision in such country which is equivalent to the supervision in Switzerland.
 - f) Investments other than those specified in lit. a to e above up to a total of 10% of the fund's assets. The following are not permitted: (i) investments in precious metals, precious-metal certificates, commodities and commodity certificates as well as (ii) short-selling of investments pursuant to lit. a to d above.
2. a) After deduction of the liquid assets, the fund management company shall invest at least two-thirds of the fund's assets in:
- aa) Securities and rights (shares, trust preferred securities, participation certificates and similar) from enterprises which (i) are domiciled in Switzerland (ii) domiciled outside of Switzerland, but carry on business mainly in Switzerland or (iii) as holding companies mainly hold stakes in companies domiciled in Switzerland, and which are listed on the SWX Swiss Exchange and qualify as "owner-managed".

An enterprise will be considered "owner-managed" if one or more shareholders exercise executive functions and same directly or indirectly together hold at least 20% but no more than 80% of the voting rights. For the purposes of calculating the voting rights, reference is only made to the company's share capital registered in the commercial register. Potential voting rights based on acquisition or conversion rights will not be considered.

Shareholders exercise an executive function if they have leading operative or strategic positions in the company irrespective of whether they are registered in the commercial register as supervisory board members, managing directors or deputy managing directors;
 - ab) Units of other collective investment schemes which according to their documents invest their assets in accordance with the guidelines of the present investment fund or parts thereof
 - ac) Derivatives (including warrants) on the investment instruments specified above
 - ad) Structure products denominated in a freely convertible currency such as certificates from issuers worldwide
- In the case of investments in other collective investment schemes pursuant to lit. ab above and structured products pursuant to lit. ad above, the fund management company shall ensure that at least two-thirds of the fund's assets are invested in investments pursuant to lit. aa above, on a consolidated basis.
- b) In addition, subject to lit. c, the fund management company may, after deduction of the liquid assets, also invest up to a maximum of one third of the fund's assets in:
- ba) Securities and rights (shares, trust preferred securities, participation certificates and similar) from enterprises which do not meet the requirements of lit. aa;
 - bb) bonds, convertible bonds, convertible notes, bonds with warrants and notes as well as other fixed- or variable-interest debt instruments (including uncertified

- securities) denominated in a freely convertible currency issued by private and public borrowers worldwide;
- bc) money-market instruments denominated in a freely convertible currency, from domestic and foreign issuers;
 - bd) derivatives (including warrants) on the investment instruments specified above;
 - be) units in other collective investment schemes that do not meet the requirements specified in clause 2, lit. ab;
 - bf) sight or time deposits pursuant to clause 1 lit. e of the fund contract.
- c) Investments in other collective investment schemes pursuant to lit. ab and be may amount to a maximum of 10% of the entire fund assets.
3. Subject to the provisions of § 19, the fund management company may acquire units of target funds that are managed directly or indirectly by the fund management company itself or a company with which it is affiliated by virtue of common management or control or by way of a direct or indirect stake of more than 10% of the capital or the voting rights.

§ 9 Liquid assets

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

B. Investment techniques and instruments

§ 10 Securities lending

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

§ 11 Securities repurchase agreements

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

§ 12 Derivative financial instruments

1. The fund management company may make use of derivatives with a view to efficient management of the fund's assets. It shall ensure that the economic effect of the use of derivatives, even in exceptional market conditions, does not result in any deviations from the investment objectives stated in this fund contract, in the prospectus and the simplified prospectus or in any change to the investment character of the investment fund. The underlyings on which the derivatives are based must also be permitted as investments pursuant to this fund contract.

The collective investment schemes legislation stipulates three risk assessment processes for the use of derivatives: Commitment Approaches I and II for "simple securities funds" and the Model Approach combined with stress tests for "complex securities funds".

Commitment Approach I is a simplified process whose defining characteristic is that the use of derivatives may not have a leverage effect on the fund's assets or correspond to short selling. Commitment Approach II is an extended process. Both leverage and short selling are permitted. The overall exposure of an investment fund may thus be up to 200% of the net fund assets (and, taking account of borrowing, this figure may even reach 210%). In the case of the Model Approach, risk is measured daily as the value-at-risk (VaR) with a confidence interval of 99% and a holding period of 20 trading days, however the risk may not exceed

twice the VaR of a derivative-free benchmark portfolio. Stress tests are also to be carried out periodically.

2. Based on its intended use of derivatives, this investment fund qualifies as a “simple securities fund”. For the assessment of risk, Commitment Approach II applies. The overall derivative-associated exposure of this investment fund may therefore not exceed 100% of its net assets, and the overall exposure may not exceed a total of 200% of its net assets. Taking account of the possibility of temporary borrowing amounting to no more than 10% of the net fund assets pursuant to § 13, clause 2, the overall exposure of the investment fund may amount to 210% of the net fund assets.

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

3. The fund management company may in particular use basic forms of derivatives such as call or put options whose value at maturity is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price, and is zero if the difference is preceded by the opposite algebraic sign, Credit Default Swaps (CDS), swaps whose payments are dependent on the value of the underlying or on an absolute amount in both a linear and a path-independent manner; and also future and forward transactions whose value is linearly dependent on the value of the underlying. It may also use combinations of basic forms of derivatives as well as derivatives whose economic mode of operation cannot be described by a basic form of derivative or a combination of basic forms of derivatives (exotic derivatives).
4.
 - a) The derivatives shall be assigned by the fund management company to the three risk categories of market risk, credit risk and currency risk. If a derivative entails risks in different categories, it shall be included in each of the corresponding risk categories with its equivalent underlying. In the case of futures, forwards and swaps, the equivalent underlying is determined by taking the product of the number of contracts and the contract value. In the case of options, it is determined by taking the product of the number of contracts, the contract value and the delta (provided that one is calculated).
 - b) Counter-positions in derivatives of the same underlying and in investments in such underlying may be netted with one another.
 - c) Counter-positions of different underlyings may only be netted with one another if they are similar in terms of market risk, credit risk and currency risk, and if they exhibit high correlation.
 - d) Call options sold and put options purchased may only be included in the netting process if their delta has been calculated.
 - e) For each risk category, the absolute amounts of the equivalent underlyings of the derivatives shall be added together, subject to any netting in accordance with lit. b to d. In none of the three risk categories may the sum of the underlying equivalents ever exceed the net fund assets.
 - f) Payment obligations in respect of derivatives must at all times be covered by near-money assets, debt securities (including uncertified securities) or equities that are traded on an exchange or other regulated market open to the public, in accordance with collective investment schemes legislation. These near-money assets and investments may be used to cover several derivative positions at the same time, provided these contain exposure to a market risk or credit risk and are based on the same underlyings.

- g) Physical delivery obligations in respect of derivatives must at all times be covered by the corresponding underlyings or by other investments, provided that the associated risks, such as market risks, currency risks and interest risks, are similar to those of the underlying being delivered, that the investments and the underlyings exhibit high correlation, that the investments and the underlyings are highly liquid and, should delivery be requested, that they may be purchased or sold at any time. Underlyings can be used as cover for several derivative positions at the same time, provided that these contain exposure to a market risk, credit risk or currency risk and are based on the same underlyings.
5. The fund management company may use both standardised and non-standardised derivatives. It may conclude transactions in derivatives on an exchange or another regulated market open to the public or in OTC (Over-the-Counter) trading.
6. a) The fund management company may conclude OTC transactions only with regulated financial intermediaries which specialise in transactions of this type, and which ensure proper execution of the transaction. If the counterparty is not the custodian bank, the former or the guarantor must meet the minimum credit-rating requirements laid down in collective investment schemes legislation as per Art. 33, CISO-FINMA.
- b) It must be possible to reliably and verifiably value an OTC derivative on a daily basis and to sell, liquidate or close out the derivative by means of an opposite position at any time.
- c) If no market price is available for an OTC-traded derivative, it must be possible to determine the price at any time using appropriate valuation models that are recognised in practice, based on the market value of the underlyings. Moreover, before the conclusion of such transactions, specific offers must be obtained from at least two potential counterparties and the most favourable offer must be accepted, giving due consideration to the price, credit rating, risk diversification and the range of services offered by the counterparties. The conclusion of the transaction and pricing shall be clearly documented.
7. For the purpose of compliance with the statutory and contractual investment restrictions (maximum and minimum limits), derivatives shall be considered in accordance with the legislation on collective investment schemes.
8. The prospectus contains additional information:
- on the importance of derivatives within the investment strategy;
 - on the impact of the use of derivatives on the investment fund's risk profile;
 - on counterparty risks of derivatives;
 - on the increased volatility resulting from the use of derivatives and the increased overall exposure (leverage);
 - on credit derivatives.

§ 13 Taking up and extending loans

1. The fund management company may not grant loans for the account of the investment fund.
2. The fund management company may borrow the equivalent of up to 10% of the net fund assets on a temporary basis.

§ 14 Encumbrance of the fund's assets

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

C. Investment restrictions

§ 15 Risk diversification

1. The regulations on risk diversification pursuant to § 15 shall include the following:
 - a) Investments pursuant to § 8, with the exception of index-based derivatives, provided that the index is sufficiently diversified, is representative of the market to which it relates and is published in an appropriate manner;
 - b) liquid assets pursuant to § 9;
 - c) claims against counterparties arising from OTC transactions.
2. Companies which form a group in accordance with international accounting regulations are deemed to be a single issuer.
3. Including derivatives, the fund management company may invest up to a maximum of 10% of the fund's assets in securities and money-market instruments issued by the same issuer. The total value of the securities and money-market instruments of issuers in which more than 5% of the fund's assets are invested may not exceed 40% of the fund's assets. The foregoing is subject to the provisions of clauses 4 and 5.
4. The fund management company may invest up to a maximum of 20% of the fund's assets in sight and term deposits with the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 shall be included in this limit.
5. The fund management company may invest up to a maximum of 5% of the fund's assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union, or in another country where it is subject to supervision equivalent to that in Switzerland, this limit shall be increased to 10% of the fund's assets.
6. Investments, deposits and claims pursuant to clauses 3 to 5 above relating to the same issuer/borrower may not in total exceed 20% of the fund's assets, with the exception of the higher limits pursuant to clause 12 below.
7. Investments pursuant to clause 3 above in the same group of companies may not in total exceed 20% of the fund's assets, with the exception of the higher limits pursuant to clause 12 below.
8. The fund management company may invest a maximum of 20% of the fund's assets in units of the same target fund.
9. The fund management company must not acquire participation rights equivalent to a total of more than 10% of the voting rights, or which allow it to exert a material influence over the management of an issuer, subject to exceptions approved by the supervisory authority.
10. The fund management company may acquire, for the fund's assets, up to a maximum of 10% of the non-voting equity, debt instruments and/or money-market instruments of the

same issuer, as well as a maximum of 25% of the units of other collective investment schemes.

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

11. The restrictions in clauses 9 and 10 above shall not apply in the case of securities and money-market instruments that are issued or guaranteed by a country or a public-law entity in the OECD or by an international public-law organisation to which Switzerland or a member state of the European Union belongs.
12. The limit in clause 3 above is increased from 10% to one-third if the securities or money-market instruments are issued or guaranteed by an OECD country, by a public-law entity in the OECD, or by international public-law organisations to which Switzerland or a member state of the European Union belongs. The aforementioned securities or money-market instruments will not be taken into account in the application of the 40% limit pursuant to clause 3. However, the individual limits specified in clauses 3 and 5 may not be added together with the existing limit of one-third.

The following are approved as issuers or guarantors: the member states of the OECD or public-law entities from the OECD and the following international organisations: the Council of Europe, the International Bank for Reconstruction and Development (World Bank), the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the Asian Development Bank and EUROFIMA (the European Company for the Financing of Railroad Rolling Stock).

IV. Calculation of the NAV and the issue and redemption of units

§ 16 Calculation of the NAV

1. The NAV is calculated at the market value as of the end of the financial year and for each day on which issues and redemptions of fund units take place, in the unit of the Swiss franc. Issue and redemption day is every banking day in both St. Gallen and in Zurich. No issues or redemptions will occur on bank holidays in the places named or on days when the stock exchanges/markets in the fund's main investment countries are closed or if extraordinary events within § 17, clause 6 of the fund contract exist.
2. Investment instruments traded on a stock exchange or another regulated market open to the public shall be valued at the current prices paid on the main market. Other investments or investments for which no current market prices are available shall be valued at the price which would probably be obtained in a diligent sale at the time of the valuation. In such cases, the fund management company shall use appropriate valuation models and principles which are recognised in practice in order to determine the market value.
3. Open-ended collective investments are valued at their redemption price or NAV. If they are regularly traded on a stock exchange or another regulated market open to the public, the fund management company may value them in accordance with clause 2.
4. The value of money-market instruments that are not traded on a stock exchange or another regulated market open to the public is determined as follows: the valuation price of such investments is successively adjusted in line with the repayment price, taking the net purchase price as the basis and ensuring that the investment returns calculated in this manner are kept constant. If there are significant changes in market conditions, the valuation principles for the individual investments will be adjusted in line with the new market returns. If there is no current market price in such instances, the calculations are, as a rule, based on

the valuation of money-market instruments with the same characteristics (quality and domicile of the issuer, issuing currency, term to maturity).

5. Bank deposits are valued on the basis of the amount due plus accrued interest. If there are significant changes in market conditions or the credit rating, the valuation principles for time deposits at banks will be adjusted in line with the new circumstances.
6. The NAV of a unit is determined by the the market value of the fund's assets, minus any of the investment fund's liabilities, divided by the number of units in circulation.

§ 17 Issue and redemption of units

1. Subscription and redemption orders for units are accepted up to a certain cut-off time specified in the prospectus on the day the orders are placed (order day). The definitive price of the units for the issues and redemptions is determined at the earliest on the bank working day following the day the order is placed (valuation day). This is referred to as "forward pricing". The detailed modalities are set down in the prospectus.
2. The issue and redemption price of units is based on the NAV per unit calculated on the valuation day as per § 16, on the basis of the closing prices for the previous day. In the case of the issue and redemption of units an issue fee pursuant to § 18 can be added to the NAV or, as the case may be, a redemption fee pursuant to § 18 can be deducted from the NAV.

The incidental costs for the purchase and sale of investments (standard brokerage fees, commissions, taxes, etc.) incurred by the investment fund due to the investment of the amount paid in or the sale of a portion of the investments corresponding to the redeemed unit(s) are charged to the fund assets.

3. The fund management company may suspend the issue of units at any time, and may reject applications for the subscription of units.
4. The fund management company may temporarily and by way of exception defer the redemption of fund units in the interests of all investors:
 - a) if a market which is the basis for the valuation of a significant proportion of the fund's assets is closed, or if trading on such a market is restricted or suspended;
 - b) in the event of a political, economic, military, monetary or other emergency;
 - c) if, due to exchange controls or restrictions on other asset transfers, the investment fund can no longer transact its business;
 - d) in the event of large-scale redemptions of units which could significantly detract from the interests of the remaining investors.
5. The fund management company shall immediately apprise the audit company and the supervisory authority of any decision to defer redemptions. It shall also notify the investors in a suitable manner.
6. If redemption of the units is deferred due to the reasons stated in clause 6, lit. a) to c), no units shall be issued.

V. Fees and incidental costs

§ 18 Fees and incidental costs charged to investors

1. When units are issued, the investor can be charged an issuing commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad, which in total shall not exceed 5% of the NAV.
2. If coupons (which were detached from a certificate delivered to the unit holder) are physically submitted for redemption to the custodian bank or another paying agent, the custodian bank will charge a coupon-redemption fee of no more than 2% of the gross amount redeemed but at least CHF 50.00 for each redemption.
3. For paying out the proceeds of liquidation in the event that the fund is dissolved, the custodian bank shall charge a maximum fee of no more than 2% of the 0.50% of the gross proceeds of liquidation.
4. The currently applicable maximum rates for the aforementioned maximum fees and the extent to which issuing commissions flow into fund assets are stated in the respective current prospectus and the simplified prospectus.

§ 19 Fees and incidental costs charged to the fund's assets

1. For the administration, asset management and distribution of the investment fund, the fund management company shall charge the investment fund a fee not exceeding 2% of the NAV of the investment fund annually, to be charged to the fund's assets on a pro-rata basis on every occasion when the NAV is calculated, and to be paid out each month ("management fee").

If the fund management company grants reimbursements to investors and/or if it pays trailer fees, it shall disclose this information in the prospectus.

2. For the safekeeping of the fund's assets, the handling of the investment fund's payment transactions and performance of the other tasks of the custodian bank listed under § 4, the custodian bank shall charge the investment fund an annual fee which shall not exceed 0.13% of the NAV of the investment fund, to be charged to the investment fund's assets on a pro-rata basis every time the NAV is calculated and to be paid at the end of each half year (custodian bank's fee).

The currently applicable rate is stated in the respective annual or semi-annual report.

3. For the distribution of annual income to the investors, the custodian bank shall charge the investment fund a fee not exceeding 0.25% of the gross amount of the distribution.
4. The fund management company and the custodian bank shall also be entitled to reimbursement of the following costs incurred by them in executing the fund contract:
 - a) Annual fees for the supervision of the investment fund in Switzerland;
 - b) Printing of the annual and semi-annual reports and translation thereof into French, English and Italian;
 - c) Publication of prices and publication of notices to investors in the press and uploading to electronic media and share price transfer systems;
 - d) Fees charged by the audit company for regular audits;
 - e) Costs incurred for any necessary extraordinary actions undertaken in the interests of the investors, including the costs of legal advice.

5. The investment fund shall also bear all incidental costs for the purchase and sale of investments (standard brokerage fees, commissions, taxes, etc.) incurred in the management of the fund's assets. These costs shall be offset directly against the acquisition or saleable value of the respective investments.
6. The following costs may also be charged to the fund's assets:
 - a) normal bank charges in connection with safekeeping of assets by a third party;
 - b) all taxes and duties levied on the fund's assets, its income and expenses, charged to the fund's assets.
7. At the level of the target funds in which the funds can be invested, fees and expenses regularly occur which are also borne by indirect investors such as the fund investors. All reductions in fees, reinsurances, trailer fees, etc., which relate to investments for the fund in other investment funds will be credited solely to the fund assets.
8. The management fee of the target fund in which investments are made may not exceed 1% , taking into account any reimbursements; according to the weighted average of all target funds it may not exceed 0.80%. The maximum rate of the management fee of the target fund in which investments are made must be stated in the annual report taking into account any reimbursements.
9. If the fund management company acquires units of other collective investment schemes that are managed directly or indirectly by the fund management company itself or by a company to which it is affiliated by virtue of common management or control, or by way of a significant direct or indirect stake of more than 10% of the capital of the voting rights ("related target funds"), no management fee may be charged to the fund assets to the extent of such investments. In addition, the fund management company may not charge to the investment fund any issuing or redemption fees of the related target funds.

VI. Financial statements and audits

§ 20 Financial statements

1. The investment fund's unit of account is the Swiss franc.
2. The financial year shall run from 1 January to 31 December.
3. The fund management company shall publish an audited annual report for the investment fund within four months of the end of the financial year.
4. The fund management company shall publish a semi-annual report within two months following the end of the first half of the financial year.
5. The investor's right to obtain information under § 5, clause 3, is reserved.

§ 21 Audits

The auditors shall examine whether the fund management company and the custodian bank have acted in compliance with the provisions of the fund contract, the CISA and the code of conduct of the Swiss Funds Association SFA. The annual report shall contain a short report by the auditors on the published annual financial statements.

VII. Appropriation of net income

§ 22

1. The net income of the investment fund shall be distributed annually to the investors by the end of April each year in the fund's currency unit (Swiss francs).

The fund management company may make additional interim distributions from the income.

Up to 30% of the net income may be carried forward to new account. If the net income in a financial year, including income carried forward from previous financial years, is less than one unit of the currency unit of the net assets, a distribution may be waived and the entire net income may be carried forward to new account.

2. Capital gains realised on the sale of assets and rights may be distributed by the fund management company or retained for the purpose of reinvestment.

VIII. Publication of notices by the investment fund

§ 23

1. The media of publication of the investment fund are the print media or electronic media specified in the prospectus. Notification of any change in a medium of publication shall be published in the media of publication.
2. The following information shall in particular be published in the media of publication: summaries of material amendments to the fund contract, indicating the offices from which the amended wording may be obtained free of charge, any change of fund management company and/or custodian bank, the creation, dissolution or merger of unit classes, as well as the liquidation of the investment fund. Amendments required by law that do not affect the rights of investors or are of an exclusively formal nature may be exempted from the duty to publish subject to the approval of the supervisory authority.
3. Each time units are issued or redeemed, the fund management company shall publish both the issue and the redemption prices or the NAV, together with a note "excluding fees", in the print or electronic media stipulated in the prospectus. The prices shall be published at least twice per month. The weeks and weekdays on which publications are made shall be specified in the prospectus.
4. The prospectus including the fund contract, the simplified prospectus, and also the annual and semi-annual reports may be obtained free of charge from the fund management company, the custodian bank and all distributors.

IX. Restructuring and dissolution

§ 24 Mergers

1. Subject to the consent of the custodian bank, the fund management company may merge investment funds by transferring – as of the time of such merger – the assets and liabilities of the investment fund(s) being acquired to the acquiring investment fund. The investors of the investment fund being acquired shall receive the corresponding number of units in the acquiring fund. The fund being acquired shall be terminated without liquidation when the merger takes place, and the fund contract of the acquiring fund shall also apply for the investment fund being acquired.
2. Investment funds may only be merged if:

- a) provision for this is made in the relevant fund contracts;
 - b) they are managed by the same fund management company;
 - c) the relevant fund contracts are fundamentally identical in terms of the following provisions:
 - the investment policy, risk diversification, as well as the risks associated with the investment;
 - the appropriation of net income and capital gains;
 - the type, amount and calculation of all fees, the issue and redemption commissions together with the incidental costs for the purchase and sale of the investments (brokerage fees, charges, duties) that may be charged to the fund's assets or to the investors;
 - the redemption conditions;
 - the duration of the contract and the conditions of dissolution;
 - d) the valuation of the assets of the participating investment funds, the calculation of the exchange ratio and the transfer of the fund assets and liabilities take place on the same day;
 - e) no costs arise as a result, for either the investment fund or the investors.
3. If the merger is likely to take more than one day, the supervisory authority may approve limited deferment of repayment in respect of the units of the investment funds involved.
 4. The fund management company must submit the proposed merger together with the merger schedule to the supervisory authority for review at least one month before the planned publication of the intended changes to the fund contract. The merger schedule must contain information on the reasons for the merger, the investment policies of the investment funds involved and any differences between the acquiring fund and the fund(s) being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the investment funds, as well as a statement from the competent statutory auditors pursuant to the CISA.
 5. The fund management company must publish a notice of the proposed changes to the fund contract pursuant to § 23, clause 2, and of the proposed merger and its timing, together with the merger schedule at least two months before the planned date of merger which it has stipulated, in the media of publication of the funds in question. In this notice, the fund management company must inform the investors that they may lodge objections against the proposed changes to the fund contract with the supervisory authority within 30 days from the last publication or request redemption of their units.
 6. The auditors must check directly that the merger is being carried out correctly, and shall submit a report containing their comments in this regard to the fund management company and the supervisory authority.
 7. The fund management company shall inform the supervisory authority of the conclusion of the merger and shall publish notification of the completion of the merger, the confirmation from the auditors regarding the proper execution of the merger and the exchange ratio without delay in the media of publication of the funds involved.
 8. The fund management company must make reference to the merger in the next annual report of the acquiring fund and in the semi-annual report if published prior to the annual report. If the merger does not take place on the last day of the usual financial year, an audited closing statement must be produced for the fund(s) being acquired.

§ 25 The duration of the investment fund and dissolution

1. The investment fund has been established for an indefinite period.
2. The fund management company or the custodian bank may dissolve the investment fund by terminating the fund contract, subject to a one-month period of notice.
3. The investment fund may be dissolved by order of the supervisory authority, in particular if at the latest one year after the expiry of the subscription period (launch), or of a longer period granted by the supervisory authority at the request of the custodian bank and the fund management company, it does not have net assets of at least 5 million Swiss francs (or the equivalent).
4. The fund management company shall inform the supervisory authority of the dissolution immediately and shall publish notice thereof in the media of publication.
5. Once the fund contract has been terminated, the fund management company may dissolve the investment fund forthwith. If the supervisory authority has ordered the dissolution of the investment fund, it must be dissolved forthwith. The custodian bank is responsible for the payment of liquidation proceeds to the investors. If the liquidation proceedings are protracted, payment of the proceeds may be made in instalments. The fund management company must obtain authorisation from the supervisory authority prior to the final payment.

X. Amendments to the fund contract

§ 26

If changes are to be made to the present fund contract, or if a change of the fund management company or of the custodian bank is planned, the investors may lodge objections with the supervisory authority within 30 days after the last publication to this effect. In the event of an amendment to the fund contract the investors may also demand the redemption of their units in cash, subject to the contractual period of notice. Exceptions in this regard are cases pursuant to § 23, clause 2, which have been exempted from the duty to publish with the approval of the supervisory authority.

XI. Applicable law and place of jurisdiction

§ 27

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

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

2. The foregoing is subject to the recognition by the custodian bank and the fund management company of the jurisdiction of other states where units of the investment fund are publicly distributed, and the resultant places of jurisdiction.
3. The interpretation of the fund contract shall be governed by the German version thereof.
4. This fund contract shall take effect on 25 June 2009.
5. This fund contract supersedes the fund contract dated 28 January 2008.

St. Gallen, April 2011

Fund management company:

Custodian bank:

Wegelin Fund Management Ltd

Wegelin & Co. Private Bankers

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