

**UBS Third Party Management Company S.A.**

# **HYPOSWISS (Lux) Fund**

**fonds commun de placement pursuant to Part I of the Luxembourg Law  
relating to Undertakings for Collective Investment (UCI) of 20 December 2002**

## **PROSPECTUS**

**March 2008**

## Important information

This sales prospectus (hereinafter the "**Sales Prospectus**") is issued to potential unit subscribers for the purposes of providing them with information concerning the HYPOSWISS (Lux) Fund (hereinafter the "**Fund**") and its Subfunds (hereinafter the "**Subfund(s)**").

The German wording of the Sales Prospectus is legally binding. The Management Company and the Custodian Bank may however approve translations in the languages of the countries in which the Fund units are registered for sale to the public, and may acknowledge these as binding on themselves and the Fund with respect to units that have been sold to investors in such countries.

Fund units may be acquired on the basis of this Sales Prospectus, the simplified prospectuses, the latest annual report and, if it has already been published, the subsequent semi-annual report.

Only information which is contained in the Sales Prospectus and in one of the documents mentioned in the Sales Prospectus is valid. No-one has been authorised to provide information that is not included in these documents. The subscription or acquisition of Fund units equates to acknowledgement by the unitholder of the Management Regulations. The provisions valid in the country of sale concerned apply during the issue and redemption of Fund units. Potential unit subscribers should inform themselves of possible tax consequences, legal restrictions, restrictions in relation to foreign-exchange and cash transactions etc., to which they may be subject under the legislation of their state of origin, residence or domicile, or which could influence the sale or use of the units.

The Fund units have not been registered under the provisions of the 1933 United States Securities Act. Unless exceptionally permitted in an individual instance under any applicable US law relating to securities, the units may not therefore be either offered for sale or sold in any manner in the USA, including appurtenant territories, nor offered for sale and sold to US nationals or to their benefit, nor re-offered or re-sold there or to such persons. Subscription applications will be suspended if it cannot be proven without doubt that the applicant is not a US national, or that one of the exceptions under the 1933 United States Securities Act and under any additionally applicable US securities legislation applies.

The District Court of Luxembourg is the place of performance for all legal disputes between the unitholders, the Management Company and the Custodian Bank. Luxembourg law applies. However, in matters concerning the claims of investors from the other countries, the Management Company and/or the Custodian Bank may elect to make themselves and the Fund subject to the jurisdiction of the countries in which the units were bought and sold.

Potential unit subscribers are hereby made aware that a loss risk is associated with all forms of investment, and that the Fund and its Management Company UBS Third Party Management Company S.A. (hereinafter the "**Management Company**") can give no guarantee and accept no liability with respect to the achievement of a specific yield.

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## 1 MANAGEMENT, ADMINISTRATION, DISTRIBUTION AND REPRESENTATION

### 1.1 Management and administration

<b>Management Company</b>	UBS Third Party Management Company S.A. 33 A, avenue J.F. Kennedy, L-1855 Luxembourg
<b>Board of Directors</b>	<p><b>Chairman</b> André Dottavio Valente Managing Director, UBS Fund Management Switzerland AG, Basel</p> <p><b>Vice-President</b> Dirk Spiegel Executive Director UBS AG, Basel and Zürich</p> <p><b>Member</b> Gerhard Fusenig, Managing Director, UBS AG, Basel and Zürich</p> <p><b>Member</b> Gilbert Schintgen, Executive Director, UBS Fund Services (Luxembourg) S.A., Luxembourg</p> <p><b>Member</b> Aloyse Hemmen, Executive Director, UBS Fund Services (Luxembourg) S.A., Luxembourg</p>
<b>Persons responsible for day-to-day business of the Management Company</b>	Valérie Bernard Christophe Hilbert Emmanuel Duterme
<b>Advisory Committee</b>	<p><b>Chairman</b> Anton Schaad Managing Director Member of the Executive Board HYPOSWISS Privatbank AG, Zürich</p> <p><b>Vice-President</b> Dr Thomas Stucki Managing Director Member of the Executive Board HYPOSWISS Privatbank AG, Zürich</p> <p><b>Member</b> Daniel Schibli Director Head Legal &amp; Compliance HYPOSWISS Privatbank AG, Zürich</p>

**Member**

Lars Bollhalder  
Associate Director  
Head Fund Research  
HYPOSWISS Privatbank AG, Zürich

**Member**

Oliver Lyhs  
Associate Director  
Head Fund Distribution  
HYPOSWISS Privatbank AG, Zürich

**Fund Promoter**

Hyposwiss Privatbank AG  
Bahnhofstrasse / Schützengasse 4  
CH-8023 Zurich

**Portfolio Management**

Hyposwiss Privatbank AG  
Bahnhofstrasse / Schützengasse 4  
CH-8023 Zurich

**Custodian Bank**

UBS (Luxembourg) S.A.  
33 A, avenue J.F. Kennedy,  
L-1855 Luxembourg

**Administrative Agent**

UBS Fund Services (Luxembourg) S.A.  
33 A, avenue J.F. Kennedy,  
L-1855 Luxembourg

**Auditor**

**Fund**

PricewaterhouseCoopers S.à.r.l.  
400, route d'Esch, L-1417 Luxembourg  
B.P. 1443, L-1014 Luxembourg

**Management Company**

PricewaterhouseCoopers S.à.r.l.  
400, route d'Esch, L-1417 Luxembourg  
B.P. 1443, L-1014 Luxembourg

## 1.2 Distribution and representation

### Luxembourg

#### **Distributors, distribution and main paying agent**

UBS (Luxembourg) S.A.  
33 A, avenue J.F. Kennedy,  
L-1855 Luxembourg

### Switzerland

#### **Representative**

UBS Fund Management (Switzerland) AG  
Brunngässlein 12,  
CH- 4002 Basel.

#### **Paying and information agent and distributor**

Hyposwiss Privatbank AG  
Bahnhofstrasse/Schützengasse 4  
CH-8023 Zurich

### Germany

#### **Paying, subscription and information agent**

UBS Deutschland AG  
Stephanstrasse 14-16,  
D-60313 Frankfurt

### Austria

#### **Representative**

Erste Bank der österreichischen Sparkassen AG  
Habsburgerstrasse 2  
A-1010 Wien

## 2 THE HYPOSWISS (LUX) FUND

### 2.1 General notes

The HYPOSWISS (Lux) Fund was established on 22 January 2001 as an open-ended investment fund without legally independent status in the form of a collective investment fund (fonds commun de placement (hereinafter "**FCP**")) pursuant to Part I of the Luxembourg law relating to Undertakings for Collective Investment of 30 March 1988 by Hyposwiss Fund Management Company S.A. The Fund was modified on 30 November 2005 to meet the requirements of the Luxembourg law of 20 December 2002 on undertakings for collective investment (the "law of 2002").

Investors are offered a number of Subfunds under the same fund (in an umbrella construction), each of which invests in securities and other permissible instruments according to its investment policy. The Fund is defined as being the whole of the Subfunds. The Management Company may dissolve existing Subfunds and/or launch new Subfunds at any time.

The assets of each Subfund remain the collective, undivided property of its unitholders. Each unitholder has an undivided right to the portion of assets linked to the Subfund.

Rights of unitholders and creditors regarding a Subfund or resulting from the formation, operation or liquidation of a Subfund are limited to the assets of the Subfund in question. Only claims to assets of a Subfund resulting from the rights of unitholders in this Subfund or creditors resulting from the formation, operation or liquidation of a Subfund will be deemed valid.

The Subfunds are established by the Management Company, which also determines the investment policy. Every time a new Subfund is launched, the Sales Prospectus is updated.

Units in the following Subfunds are offered at the present time:

<b>Umbrella</b>	<b>Subfund</b>	<b>Unit class</b>	<b>Unit class</b>	<b>Base currency</b>
HYPOSWISS (Lux) Fund	Multi Asset Strategy (EUR)	B	I	EUR
-				
HYPOSWISS (Lux) Fund	Danube Tiger	B	I	EUR
-				
HYPOSWISS (Lux) Fund	Schweiz (CHF)	B	I	CHF
-				
HYPOSWISS (Lux) Fund	Euroland (EUR)	B	I	EUR
-				
HYPOSWISS (Lux) Fund	USA (USD)	B	I	USD
-				
HYPOSWISS (Lux) Fund	Global Emerging Markets (USD)	B	I	USD
-				

Under each Subfund, the Management Company may issue several classes of unit, which are defined as follows:

- Unit class A (distribution units): which entitle the unitholder to an annual distribution
- Unit class B (reinvestment units) and unit class I: which do not entitle the unitholder to distributions, the income from this class of unit being reinvested.

Unit classes A and B are retail unit classes and hence freely available. There is also unit class I which is exclusively reserved for institutional customers.

Class I units may be exchanged for units of classes A and B, whereas class A and B units can only be exchanged for class I if the unitholder qualifies as an institutional investor under Art. 129 I 2 of the Law of 2002.

The securities and other assets of the Subfund are managed in the interests and for the account of the unitholders as special assets of the Management Company. The special assets are held separately from the assets of the Management Company. There is no limit on the size of the net assets, the number of units, number of Subfunds and number of unit classes or of the duration of the Fund and its Subfunds. The financial year of the Fund ends on the last day of January of each calendar year.



All the assets of the Fund are jointly owned by all investors, who hold equal entitlement to the individual Subfunds in accordance with their units. The units may be embodied in the form of unit certificates. The Fund, together with its Subfunds, constitutes a legal entity. With respect to the assets, capital gains and losses, liabilities, expenses etc., which are exclusively allocated to the Subfund concerned, each Subfund is treated as a separate entity.

The Fund Regulations have been laid down by the Management Company. The Fund Regulations may be amended in accordance with the statutory regulations. Any alteration is published by a notice of deposit in the "Mémorial", a Luxembourg daily newspaper and, where necessary, in the official publications of those countries in which the Fund units are sold. The new Management Regulations enter into force upon signing by the Management Company and the Custodian Bank. The Regulations were published for the first time in the Mémorial of 21 February 2001 and for the last time by a notice of deposit in the Luxembourg "Mémorial" on 23 February 2007.

Each consolidated version of the Regulations is deposited with the Commercial and Companies Register of the District Court of Luxembourg for inspection. The Management Regulations do not provide for a general meeting of the unitholders.

## **2.2 Special notes**

### **Typical profile of an investor**

The Fund is suitable for investors wanting to invest in a broadly diversified portfolio. The relevant simplified prospectus contains a detailed description of the typical profile of a Subfund investor.

### **Historical performance**

The historical performance of the individual Subfunds is outlined in the simplified prospectus relating to each Subfund.

### **Risk profile**

Investment in the Subfunds can be subject to considerable fluctuations in value and there can be no guarantee that the value of a unit in the collective investment fund ("FCP") will not fall below its cost at the time of acquisition. Such fluctuations in value may be triggered or affected by various factors, including the following:

- changes specific to the company
- interest rate fluctuations
- fluctuations in exchange rates
- risk of default: deterioration in the credit standing of a chosen security
- changes affecting economic factors such as employment, public expenditure, debt and inflation
- changes in the legal situation
- changes in the confidence of investors in certain classes of investment (e.g. equities), markets, countries, industries and sectors
- changes in the prices of raw materials

By diversifying investments the Portfolio Management endeavours to some extent to reduce the impact of such risks on the performance of the Subfund.

### **Total Expense Ratio ("TER")**

The "TER" shows the relationship between the gross costs and the average net assets of the Fund. The "TER" for each Subfund is set forth in the respective simplified prospectus (also in the annual and semi-annual reports in the case of Switzerland).

### **Portfolio Turnover ("PTO")**

The "PTO" is calculated using the following formula based on the financial year:

Securities purchased = X

Securities sold = Y

Total 1 = total securities transactions = X+Y

Subscriptions of the Subfund based on the equity = S

Redemptions of the Subfund based on the equity = T

Total 2 = total transactions involving units of the Subfund = S+T

Average monthly total assets = M

Turnover = [(Total 1 – Total 2)/M]\*100

The "PTO" for each Subfund is set forth in the respective simplified prospectus.

### 3 INVESTMENT OBJECTIVES, INVESTMENT POLICY AND INVESTMENT PRINCIPLES

#### 3.1 Investment objectives

The Subfunds' investment objectives involve the achievement of a maximum investment yield taking account of the security of the capital and the liquidity of the net assets.

##### 3.1.1 HYPOSWISS (Lux) Fund – Multi Asset Strategy (EUR)

The investment objective of this Subfund is, essentially, to achieve constant capital growth by following a balanced-risk strategy of investing, worldwide, in the investment instruments referred to in the investment strategy.

##### 3.1.2 HYPOSWISS (Lux) Fund – Danube Tiger

The investment objective of this Subfund is to achieve the maximum possible investment yield. The Subfund invests primarily in Eastern European fixed-income securities and equities. The Subfund is not required to diversify into other countries. Romania may be a focus of investment.

##### 3.1.3 HYPOSWISS (Lux) Fund – Schweiz (CHF)

##### 3.1.4 HYPOSWISS (Lux) Fund – Euroland (EUR)

##### 3.1.5 HYPOSWISS (Lux) Fund – USA (USD)

The investment objective of this Subfund (3.1.3, 3.1.4 and 3.1.5) is to achieve the maximum possible investment yield.

##### 3.1.6 HYPOSWISS (Lux) Fund – Global Emerging Markets (USD)

The investment objective of this Subfund is to achieve high growth, giving due consideration to capital security.

#### 3.2 Investment policy

The assets of the Subfund are invested in accordance with the principle of risk diversification. The Subfund invests its net assets worldwide in fixed and variable-rate interest-bearing debt securities and debt claims of private and public-law issuers, equities, other equity shares such as cooperative society shares and participation shares (participatory instruments and rights), short-term securities, participation certificates, bonds, notes, convertible bonds, Eurobonds, convertible notes, warrant bonds and warrants on securities.

The Subfunds can also employ the derivatives, techniques and instruments mentioned in 3.6.1 and 3.6.4 of the investment principles.

Subfunds may also invest indirectly in structured products and index-linked certificates provided this is permitted by the investment policy concerned.

A structured product means an investment instrument formed from a combination of several basic financial products of which at least one has to be a derivative.

In addition to the use of derivatives, each Subfund may employ the following techniques and instruments with securities and money market instruments as the underlying in the interests of orderly management. The details are set out in 3.6.4 of the section on investment principles. These techniques and instruments will only be employed if they are in conformity with the investment policies of the individual Subfunds.

The markets in derivatives are volatile, so the chance of earning returns and the risk of suffering losses are higher than with investments in securities.

On an ancillary basis, each Subfund may hold liquid assets in the currency in which investments are effected.

Subfunds may invest up to 10% of their net assets in existing UCITS and UCI provided there is no conflict with the individual Subfund's investment policy.

**The name of the currency (hereinafter the "base currency") contained in the title of the various Subfunds refers only to the currency in which the performance of that particular Subfund is measured. It does not refer to the investment currency of the Subfund in question. Investments are made in the currencies that are most suitable for the performance of the Subfund. Investments can be made worldwide.**

### 3.2.1 HYPOSWISS (Lux) Fund – Multi Asset Strategy (EUR)

The Subfund is diversified worldwide. Its investment objective is to achieve long-term growth measured in euro through investing in equities, share-type equity stock, and fixed- and variable-rate securities of various issuers worldwide.

According to the following investment principles, the Subfund may also invest in index-linked certificates and other structured products provided their underlyings conform to the Subfund's investment policy.

The Subfunds may be invested at from 0% to 100% in fixed- and variable-rate securities, equities, units of undertakings for collective investment in transferable securities (UCITS as defined in European Directive 85/611/EEC as amended by Directives 2001/107/EC and 2001/108/EC of 21 January 2002), issued by the St.Galler Kantonbank group or other issuers, or in other exchange-traded funds (ETFs).

If the Subfund invests in units of undertakings for collective investment in transferable securities, it may purchase, notably, units of domestic and foreign equity funds, mixed securities funds, funds falling under part I of the Law of 20 December 2002 that invest in the international commodities sector, near-money market securities funds, regulated public property funds and private equity funds.

Depending on our assessment of the market, the assets of the Subfund can also be invested fully in any of these fund categories.

At the same time the proportion of regulated public property funds, as well as the aforementioned commodities and private equity funds are limited to a maximum of 10% of the net assets of the Subfund, as outlined in point 3.6.1.2 a) of the investment restrictions.

Furthermore, the Subfund can invest fully, where applicable, in equities, share certificates, convertible debentures, convertible bonds and warrant issues, and participation and dividend-right certificates. At the same time geographical diversification is ensured.

### 3.2.2 HYPOSWISS (Lux) Fund – Danube Tiger

At least two thirds of the net fund assets must be invested in securities of issuers in the Eastern European countries through which the Danube flows, comprising in this context the following countries: Romania, Republic of Slovakia, Bulgaria, Hungary, Croatia, Germany, Austria and Serbia-Montenegro and Ukraine (hereinafter the "**Danube countries**").

No more than two thirds of the assets may be invested in securities of issuers in the Eastern European countries, comprising in this context the following countries: Poland, the Czech Republic, Slovenia, Bosnia-Herzegovina and Macedonia (the "**Eastern European countries**") and no more than 10% of the assets in other countries, namely in subsidiaries whose parent companies are domiciled in Danube or Eastern European countries.

This Subfund may also invest indirectly in index-linked certificates or structured products, provided their underlyings conform to Subfund investment policy. In this case, at least two thirds of the assets calculated on a consolidated basis must be invested in securities from issuers in the "**Danube countries**".

The fixed-income securities and equities mentioned under 3.1.2 are those issued by companies domiciled in one of the Danube or Eastern European countries, or whose activity is concentrated primarily on one or several markets within these Danube or Eastern European countries.

The investment instruments as described in 3.6.1 of the investment principles are acquired on the local stock exchanges of the Danube and Eastern European countries mentioned. Securities of companies domiciled in the aforementioned Danube or Eastern European countries that are traded on stock exchanges that do not belong to the Danube or Eastern European countries are also authorised. If these are securities of companies which are not traded on stock exchanges that belong to the Danube or Eastern European countries and are not domiciled in these countries, but which carry out the major part of their economic activities in these countries, they must not in total exceed 15% of the net assets.

Under the "Investment principles" as outlined in 3.6.1 e), investments may be made in other Undertakings for Collective Investments of the open-ended or closed-ended type, which must invest at least two thirds of their assets in the Danube countries.

Cash positions and short-term money market investments of the Subfund are in principle held in the base currency of the Subfund, and investments in the respective local currencies are also authorised.

Furthermore, the Subfund may also buy or sell futures, swaps, non-deliverable forwards and currency options in order to:

- wholly or partially hedge the currency risk of investments forming part of the Subfund's assets against the currency of account of the Subfund. This may occur directly (hedging a currency against the base currency) or indirectly (hedging a currency against a third currency, which is then hedged against the base currency).
- build up currency positions against the currency of account, other freely convertible or benchmark currencies.

Non-deliverable forwards make it possible to build up currency positions and to hedge these against exchange rate risks without it being necessary to make a physical transfer of these currencies or a transaction on a local market. This makes it possible to avoid the local counterparty risk and the costs of holding local currencies. Moreover, there are generally no local exchange controls on NDFs in US dollars between two offshore contractual partners.

The liabilities arising from currency futures, swaps and options may never exceed 25% of the net assets of the Subfund unless they are used in the hedging of foreign-currency investments.

**Focus on investments in markets of the Danube or Eastern European countries can involve particular risks, which may arise for example for the following reasons: political changes, the effects of which can lead to a temporary fall on the stock exchanges concerned, exchange rate changes, lack of financial market regulation and supervision, lack of experience on the part of the judiciary, prohibitive taxes, restrictions on foreign capital investments and recovery (transfer risk), lack of shareholder and creditor protection regulations, inadequate clarification of ownership circumstances, capital markets which are less transparent than those of other countries, which exhibit low market capitalisation and which may be especially volatile or even illiquid. Account must also be taken of the fact that companies in such countries may be subject to less extensive public monitoring and less structured legislation, and that accounting, reporting and auditing are not always of a standard which is comparable to that prevailing in more developed countries. Settlement of securities transactions and money operations is based on the customs of the investment markets concerned, which do not always provide for concurrent delivery. This may give rise to additional interest and default risks. Particular reference is made here to the settlement of the somewhat risk-laden IPOs (Initial Public Offerings) and capital increases. Resulting from the specific practices in the Danube and Eastern European countries, the deposited funds can be exposed to considerable changes in valuation and repayment risks during the settlement periods of the individual transactions.**

**As a result, this Subfund is particularly suited to investors who are prepared to accept such a high risk profile.**

### **3.2.3 HYPOSWISS (Lux) Fund – Schweiz (CHF)**

This Subfund invests according to the following investment principles at least two thirds of its assets in securities of companies that are domiciled in Switzerland, or which are chiefly active in Switzerland.

This Subfund may also invest indirectly in index-linked certificates or structured products, provided their underlyings conform to Subfund investment policy. In this case at least two thirds of the assets calculated on a consolidated basis must be invested in securities of companies that are domiciled in Switzerland, or which are chiefly active in Switzerland.

The Subfund may diversify its investments in securities worldwide up to a maximum of one third of the assets.

### **3.2.4 HYPOSWISS (Lux) Fund – Euroland (EUR)**

This Subfund invests according to the following investment principles at least two thirds of its assets in securities of companies that are domiciled in the EMU or which are chiefly active in this region.

This Subfund may also invest indirectly in index-linked certificates or structured products, provided their underlyings conform to Subfund investment policy. In this case at least two thirds of the assets calculated on a consolidated basis must be invested in securities of companies that are domiciled in the EMU, or which are chiefly active in the region.

Countries of the European Monetary Union (EMU) are those countries participating or planning to participate in the EMU.

The Subfund may diversify its investments in securities worldwide up to a maximum of one third of the assets.

### **3.2.5 HYPOSWISS (Lux) Fund – USA (USD)**

This Subfund invests according to the following investment principles at least two thirds of its assets in securities of companies that are domiciled in the USA, or which are chiefly active there.

This Subfund may also invest indirectly in index-linked certificates or structured products, provided their underlyings conform to Subfund investment policy. In this case at least two thirds of the assets calculated on a consolidated basis must be invested in securities of companies that are domiciled in the USA, or which are chiefly active there.

The Subfund may diversify its investments in securities worldwide up to a maximum of one third of the assets.

### **3.2.6. HYPOSWISS (Lux) Fund – Global Emerging Markets (USD)**

This Subfund invests according to the following investment principles in the framework of the mentioned investment policy at least two thirds of its assets in securities of companies that are domiciled in the emerging markets, or are chiefly active in such countries.

Emerging markets are those markets included in the International Finance Corporation Composite Index and/or the MSCI Emerging Markets Index and other countries which are at a comparable level of economic development or in which there are new stock markets.

To achieve broad diversification of all investments among markets, sectors, borrowers, ratings and companies, the Subfunds may invest up to 100% of their net assets in existing UCI and UCITS. This investment option and the associated costs are described in the 9.2 "Investments in UCI and UCITS".

The Subfund invests mainly via equity funds. However, it may also invest indirectly in index-linked certificates or structured products, provided their underlyings conform to Subfund investment policy. If the Subfund invests indirectly in investment funds, index-linked certificates or structured products, at least two thirds of the assets (on a consolidated basis) must be invested in securities from issuers domiciled in the emerging markets.

The Subfund may invest up to a maximum of one third of its assets in securities whose investment universe extends to the industrialised countries.

This Subfund's investment strategy guarantees broad diversification of risk by spreading its investments in equity funds. Investments in the emerging markets are nonetheless exposed to particular risks which can arise for reasons such as the following: political changes, the effects of which can lead to a temporary fall on the stock exchanges concerned, exchange rate changes, lack of financial market regulation and supervision, lack of experience on the part of the judiciary, prohibitive taxes, restrictions on foreign capital investments and recovery (transfer risk), lack of shareholder and creditor protection regulations, inadequate clarification of ownership circumstances, capital markets which are less transparent than those of other countries, which exhibit low market capitalisation and which may be especially volatile or even illiquid. Account must also be taken of the fact that companies in such countries may be subject to less extensive public monitoring and less structured legislation, and that accounting, reporting and auditing are not always of a standard which is comparable to that prevailing in more developed countries. Settlement of securities transactions and money operations is based on the customs of the investment markets concerned, which do not always provide for concurrent delivery. This may give rise to additional interest and default risks. Particular reference is made here to the settlement of the somewhat risk-laden IPOs (Initial Public Offerings) and capital increases. Resulting from the specific practices in the emerging markets, the deposited funds can be exposed to considerable changes in valuation and repayment risks during the settlement periods of the individual transactions.

As a result, this Subfund is particularly suited to investors who are prepared to accept such a high risk profile.

This Subfund is suitable for investors with a long-term investment horizon who wish to invest in a portfolio of emerging markets equity funds which is diversified on several levels.

Certain commission payments and expenses are charged at the level of the target fund as well as of the Subfund itself. The Management Company is not permitted to charge for subscriptions or redemptions relating to any portion of the assets invested in units or equities or in other UCI managed by the Management Company itself or of another company with which the Management Company is related through common management or control or by way of a significant direct or indirect shareholding. The only expense it may charge is a reduced flat fee of not more than 0.25% p.a. of the average net asset value of the Subfund concerned.

### **3.3 Investments in other UCITS and UCI**

Subfunds, whose net assets are partially or fully invested in existing UCI and UCITS in accordance with their particular investment policies, accordingly have either partially or fully the structure of a fund of funds.

The general advantage of a fund of funds compared with direct investment in specific funds is the broader diversification or spread of risk. In a fund of funds, portfolio diversification extends not only to its own investments because the investment objects (target funds) themselves are also governed by the stringent principles of risk diversification. A fund of funds enables the investor to invest in a product which spreads its risks on two levels and thereby minimises the risks inherent in the individual investment object. The Fund additionally permits investment in a single product, by which means the investor gains an indirect investment in numerous securities.

Certain commission payments and expenses may occur more than once when investing in existing funds (for example, commission for the Custodian Bank and the central Administrative Agency, management/advisory fees and

issuing/redemption commission of the UCI and/or UCITS in which an investment is made). Such commission payments and expenses are charged at the level of the target fund as well as of the fund of funds.

The general expenses as well as costs incurred when investing in existing funds are dealt with in the sections "Investment principles" [3.6.2. (8) c) and d)] and "Fees and expenses".

### **3.4 The use of futures and options**

While taking account of the restrictions set forth in the section entitled "Special techniques and instruments that have securities and money market instruments as the underlying", the Management Company may employ in relation to each Subfund techniques and instruments that have securities and money market instruments as the underlying in the context of the orderly management of the assets of each respective Subfund.

At no time should the liabilities resulting from such transactions exceed the value of the net assets of the Subfund concerned.

### **3.5. Risks connected with the use of derivatives**

Derivative financial instruments are not in themselves investment instruments but rights whose valuation mainly derives from the price and the price fluctuations and expectations of an underlying instrument. Investments in derivatives are subject to the general market risk, the management risk, the credit risk and the liquidity risk.

However, the nature of these risks may be altered as a result of the special features of the derivative financial instruments, and may in some cases be higher than the risks associated with an investment in the underlying instrument.

For this reason, the use of derivatives requires not only an understanding of the underlying instrument, but also in-depth knowledge of the derivatives themselves.

The credit risk for derivatives traded on a stock exchange is generally speaking lower than that of derivatives traded over-the-counter on the open market, because the clearing agent that acts as issuer or counterparty of every market-traded derivative accepts a settlement guarantee. To reduce the overall risk of default, such guarantee is supported by a daily payment system maintained by the clearing agent, in which the assets required for cover are calculated. In the case of derivatives traded over-the-counter on the open market, there is no comparable clearing agent guarantee and in assessing the potential risk of default, the Management Company must take account of the creditworthiness of each counterparty.

There are also liquidity risks, since it may be difficult to buy or sell certain investments. When derivative transactions are particularly large, or the corresponding market is illiquid (as may be the case with derivatives traded over-the-counter on the open market), it may in some cases not always be possible to fully execute a transaction, or else it may only be possible to liquidate a position subject to high costs.

Other risks associated with the use of derivatives include the risk of incorrectly valuing or determining the price of derivatives. There is also the possibility that derivatives do not completely correlate with their underlying assets, interest rates or indices. Many derivatives are complex and are frequently subjectively valued. Inappropriate valuations can result in higher cash payment requirements in relation to counterparties or in a loss of value for the Fund. Derivatives are not always in direct or parallel proportion to the value of the assets, interest rates or indices from which they are derived. Therefore, the use of derivatives by the Management Company is not always an effective means of attaining the investment objective of the Fund and can at times even have the opposite effect.

### **3.6 Investment principles**

In addition, the following provisions apply to the investments of each Subfund:

#### **3.6.1. Investment instruments**

3.6.1.1. Fund investments comprise exclusively the following:

- a) securities and money market instruments that are listed or traded on a regulated market,
- b) securities and money market instruments that are traded on another regulated market of a European Union Member State which operates in an orderly manner, is recognised and is open to the public,
- c) securities and money market instruments admitted to official trading at a stock exchange in a non-EU state or another regulated market in a non-EU state which operates in an orderly manner, is recognised and open to the public, provided the stock exchange or market in question is named in the Fund's Regulations,
- d) securities that were recently issued, provided:
  - their terms of issue include the obligation to apply for official listing on a stock exchange or another regulated market which operates in an orderly manner, is recognised and is open to the public, provided the stock exchange or market in question is named in the Fund's Regulations,
  - the listing is obtained within one year of issue,
- e) units in other UCITS, permissible according to Council Directive 85/611/EEC, and/or other UCI as defined by the first and second points of Article 1(2) of Council Directive 85/611/EEC, irrespective of whether they are issued in a Member State of the European Union or in another country, provided that:
  - such other UCI have been approved in accordance with statutory rules subjecting them to supervision that, in the opinion of the Luxembourg supervisory authority (CSSF), is equivalent to that which applies

under Community law, and that adequate provision exists for ensuring cooperation between the authorities. This is currently the case with all Member States of the European Union, Japan, Hong Kong, USA, Canada, Switzerland, Iceland, Jersey, Guernsey, Liechtenstein and Norway,

- the level of protection afforded shareholders is equivalent to that afforded the shareholders of investment funds or investment companies which meet the requirements of Council Directive 85/611/EEC (UCITS) and in particular the provisions for the separate safekeeping of the special assets, borrowing, extension of credit and short selling securities and money market instruments are equivalent to the requirements of Council Directive 85/611/EEC;
- the business activity of the other UCI is dealt with in semi-annual and annual reports, which enable a judgement to be made on the assets and liabilities, yields and transactions during the reporting period,
- units in other UCITS or UCI being considered for acquisition whose formation documents only permit a total of up to 10% of their assets to be invested in units of other UCITS or UCI,

The Subfund shall invest a maximum of 10% of its assets in other UCITS or UCI, unless stipulated to the contrary in the investment policy of the relevant Subfund.

- f) sight deposits or deposits at notice at credit institutions with a term of not more than 12 months, provided the institution concerned has its head office in an EU Member State, or — if the institution's head office is located in a non-EU state — it is subject to supervisory regulations which the CSSF deems equivalent to those under Community law,
  - g) derivative financial instruments (“derivatives”), including equivalent cash instruments, which are traded at one of the regular markets listed in a), b) or c) above, and/or derivatives which are not traded on a stock exchange or regulated market (“OTC derivatives”), provided that
    - the underlyings consist of instruments as defined in Article 41 (1) of the law of 2002, or financial indices, interest rates, exchange rates or currencies in which the Fund may invest in accordance with the investment objectives listed in its Regulations,
    - in transactions concerning OTC derivatives, the counterparties are institutions in categories approved by the CSSF and
    - the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or settled at any time by means of a back-to-back transaction at the appropriate market price at the instigation of the Management Company,
  - h) money market instruments which are not traded on a regulated market, are liquid and whose value can be accurately determined at any time, provided that the issuance or the issuer of such instruments is already subject to rules for the protection of deposits and the investor, may be acquired, on condition that they are:
    - issued or guaranteed by a central governmental, regional or local corporation or the central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-EU state or, in the case of a federal state, a member of the federation, or of an international public-law entity belonging to at least one Member State, or
    - issued by an organisation whose securities are traded on the regulated markets mentioned in a), b) or c), or
    - issued or guaranteed by an institution which is subject to supervision under Community law, or an institution subject to and abiding by supervisory provisions which are deemed by the Luxembourg supervisory authority to be at least as strict as those of Community law, or
    - issued by other issuers belonging to a category approved by the Luxembourg supervisory authority (CSSF), provided that investor protection rules apply to investments in such instruments which are equivalent to those of the first, second or third listed point above and provided the issuers constitute either a company with equity capital amounting to at least 10 million euro (EUR 10,000,000), which prepares its annual accounts under the provisions of the Fourth Council Directive 78/660/EEC, or form an entity within a group encompassing one or more listed companies and responsible for its financing, or an entity which is to fund the underlying securities for liabilities by the use of a credit line made available by a bank.
- 3.6.1.2 Notwithstanding this,
- a) the Fund may invest no more than 10% of its assets in securities and money market instruments other than those mentioned in 3.6.1.1,
  - b) the Fund may not acquire precious metals or certificates evidencing ownership of precious metals.
- 3.6.1.3 The Fund may hold cash as well.
- 3.6.1.4. The Management Company must guarantee that the overall risk entailed by investment in derivatives does not exceed the total net value of the Fund portfolio. As part of its investment strategy each Subfund may invest in derivatives within the limits prescribed in 3.6.2 (2) to 3.6.2 (6) if the overall risk of the underlying securities does not exceed the investment limits defined in 3.6.2.

### 3.6.2 Diversification (risk spreading)

(1) A Subfund may not invest more than 10% of its net assets in transferable securities and money market instruments which were issued by the same issuer. A Subfund may invest up to 20% of its assets with a single issuer. The credit risk of a single counterparty of the Fund in transactions with OTC derivatives must not exceed the following rates: 10% of Fund assets when the counterparty is a credit institution as defined in 3.6.1.1 f), but in other instances 5% of the Fund assets.

(2) The overall value of securities issued by a single issuer and money market instruments, in which the Subfund invests more than 5% of its assets, must not exceed 40% of the value of its assets. This restriction does not apply to deposits or transactions with OTC derivatives involving credit or financial institutions which are subject to supervision. Regardless of the individual limits prescribed in (1), the Subfund may place no more than 20% of its assets with a single issuer in a combination of the following investments:

- investments in transferable securities or money market instruments of the one issuer
- deposits with this institution and/or
- exposures in OTC derivatives of this issuer.

(3) The maximum limit specified in paragraph (1), sentence 1 may be raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State of the European Union, its central, regional or local authorities, a non-EC state or by international organisations with public-law character to which one or more member states belong.

(4) The limit specified in paragraph (1), sentence 1 may be raised to 25% for certain debt instruments if they were issued by a credit institution whose registered office is in a Member State of the European Union where it is subject to special legislative supervision that would ensure the protection of the holders of these debt instruments. In particular, funds originating from the issue of such debt instruments must, in accordance with the law, be invested in assets which provide sufficient cover for the obligations arising during the entire term of the debt instruments and, in the event of insolvency of the issuer, provide a preference right in respect of the payment of capital and interest.

When a Subfund invests more than 5% of its assets in the debt instruments of an issuer as mentioned in the first listed point above, the total value of such an investment must not exceed 80% of the value of the Subfund's assets.

(5) The transferable securities and money market instruments mentioned in (3) and (4) are not to be included when calculating the 40% limit mentioned in (2).

The limits set out in (1), (2), (3) and (4) cannot be combined. Correspondingly, investments in transferable securities or money market instruments of one and the same issuer or deposits or derivatives which are placed with this issuer in accordance with (1), (2), (3) and (4) must not exceed an aggregate 35% of the Subfund's assets.

Companies that belong to the same group of companies, in that they prepare their consolidated accounts under the rules of Council Directive 83/349/EEC or according to recognised international accounting principles, must be treated as a single issuer for the calculation of the investment limits set out in (2).

Each Subfund may invest a total of up to 20% of its assets in transferable securities and money market instruments within a single group.

**(6) Notwithstanding (1), (2), (3), (4) and (5), a Subfund can invest up to 100% of its net assets in accordance with the principle of diversification in securities and money market instruments issued or guaranteed by a Member State of the European Union or its public central, regional or local authorities or by an OECD Member State or by international public-law organisations to which one or more Member States of the European Union belong.**

These securities and money market instruments must originate from at least six different issues and the proportion of securities or money market instruments from any individual issue may amount to no more than 30% of the net asset value of the Subfund concerned.

(7) The upper limits set forth in (1) and (2) may be raised to no more than 20% for investments in units and/or debt instruments of a single issuer if the aim of the Subfund according to its investment policy is to mirror the composition of a particular share or debt security index recognised by the CSSF on the following basis:

- The composition of the index is sufficiently diversified
- The index represents an appropriate benchmark for the market it reflects
- It is published by appropriate means.

The upper limit will be raised to 35% if an unusual market situation causes it to appear justifiable, particularly in regulated markets in which certain transferable securities or money market instruments have a dominant position. Investment up to this limit is only permitted in the case of a single issuer.

(8) The following conditions apply in respect of investment in other UCITS or UCI:

- a) Provided a Subfund's investment policy does not include conflicting information, the Management Company may invest no more than 10% of the net assets of a Subfund in units of other UCITS or other UCI. Should a Subfund's investment policy provide for investment in other UCITS or UCI, it may not invest more than 20% of its net assets in one and the same UCITS or UCI. To implement this investment limit each Subfund of a UCI consisting of a number of Subfunds is treated as an independent issuer if it is ensured that each Subfund bears individual responsibility in respect of third parties.
- b) Investments in shares of other UCI apart from UCITS may not exceed 30% of the Subfund's net assets. Investments in the UCITS or other UCI in which the Subfund has invested are not taken into account in the limits set forth in (1), (2) and (3).



- c) If a Subfund acquires units of other UCITS and/or other UCI managed directly or on the instructions of the Management Company or another company with which the Management Company is related through common management or control or by a significant direct or indirect shareholding, the Management Company or other company may make no charge for subscribing in or redeeming units of these other UCITS and/or UCI through the Subfund. The above-described dual charging of commission and expenses may only apply to the expenses of the administrator in the case of investments in such UCI and UCITS and may not amount to more than 0.25% p.a. of the average net asset value of the Subfund concerned.
- d) For Subfunds which as part of their investment policy invest a substantial portion of their assets in units of other UCITS and/or UCI, the maximum fee chargeable by the Subfund itself and by the other UCITS and/or UCI is described in the section "Fees and expenses".

The Subfund shall invest a maximum of 10% of its assets in other UCITS or UCI, unless stipulated to the contrary in the investment policy of the relevant Subfund.

If the limits mentioned in (1) to (8) are exceeded unintentionally or as a result of the exercise of subscription rights, the Management Company must endeavour as an overriding priority to normalise the situation through its sales whilst at the same time bearing in mind the best interests of the unitholders.

Provided they continue to observe the principles of diversification, newly established Subfunds may deviate from the specific restrictions of (1) to (8) for a period of six months after being approved by the authorities.

### 3.6.3 Investment restrictions

(1) In connection with all joint investment funds managed by it and covered by Part 1 of the currently valid law, the Management Company may not acquire any units entailing voting rights which would allow it to exert substantial influence on the management of an issuer.

(2) In addition, the Fund may only make purchases which are within the following limits:

- 10% of the non-voting shares of one issuer
- 10% of the debt securities of one issuer
- 25% of units in the same UCITS and/or other UCI
- 10% of the money market instruments of one issuer.

The last three restrictions may be ignored at the time of acquisition if at this time the gross amount of the debt securities or money market instruments or the net amount of the securities issued cannot be determined.

(3) Paragraphs (1) and (2) do not apply in the following cases:

- a) transferable securities and money market instruments which are issued or guaranteed by a Member State of the European Union or by one of its regional authorities,
- b) transferable securities and money market instruments which are issued or guaranteed by a non-EC state,
- c) securities and money market instruments which are issued by international public law entities in which one or more Member States of the European Union are members,
- d) units of a UCITS in the capital of a company which is registered in a non-EC state and mainly invests its assets in securities of issuers which have their registered office in a state in which such units represent the only legal possibility of investing similarly to a UCITS in securities of issuers from that country. However, this only applies if the company from the non-EC state observes the limits set in 2(1) to 2(5), 2(7), 3(1) and 3(2) as part of its investment policy. If the restrictions described in 2(1) to 2(5) are exceeded, the last two sentences of 2.4 shall apply analogously,
- e) shares in the capital of one or more subsidiaries held by one or more investment companies, if the subsidiaries carry out administrative, advisory or marketing services for the unitholders exclusively on their instruction in conjunction with the redemption of units in the province/country in which the subsidiaries are domiciled.

(4) The Management Company may borrow no more than 10% of the total net assets of a Subfund as credit; this must involve only one institution and must be temporary. However, the Management Company can acquire foreign currency as part of back-to-back loans.

(5) The Management Company may not grant loans or act as guarantor for third parties. However, this restriction does not prohibit the acquisition of securities, money market instruments or other instruments named in 3.6.1.1 e), g) and h) if they have not been fully paid in.

(6) The Management Company may not make any short sales of transferable securities, money market instruments or other financial instruments named in 3.6.1.1 e), g) and h).

The Management Company is authorised to introduce further investment restrictions at any time in the interests of the unitholders provided these are necessary to ensure compliance with the laws and regulations of those countries in which the Fund's units are offered and sold.

### 3.6.4 Special techniques and instruments with securities and money market instruments as the underlying

As well as using the derivatives described in 3.6.1.1 f), the Management Company may employ in relation to each Subfund techniques and instruments that have securities or money market instruments as the underlying in the interests of orderly management of the assets of that Subfund.

The Fund must ensure that the overall risk associated with derivatives does not exceed net assets. The following aspects are considered when calculating risk: the market value of the underlying instruments, the risk of default, future foreseeable market developments and the period within which the positions are to be liquidated. This also applies in the following two cases.

- When investing in derivatives the total risk of the underlying instruments must not exceed the investment limits specified in 3.6.2. Investments in index-based derivatives must not be included when calculating the investment limits set out in 3.6.2.
- If a derivative is embedded in a security or money market instrument, it must be taken into account in order to comply with the provisions set forth in 3.6.4.

#### 3.6.4.1 Transactions for efficient control of default risk

The Management Company may also employ credit default swaps (CDS). A CDS is a fixed-rate investment structured as a standardised derivative contract with a short maturity, whose credit risk is the same as that of a bond. The counterparty must be a first-class financial institution that specialises in transactions of this kind. The issuer and the underlying borrower are bound at all times by the investment principles and must obey the regulations of the investment policy described in this Sales Prospectus.

A CDS entails payment by the contracting partner to the counterparty of a premium so as to have available a compensatory payment if an agreed loss (e.g. in the case of default of interest payments) occurs for the reference value (e.g. bonds, credits etc.) of one of the reference parties.

The periodic payments or premiums as a rule are expressed as basis points per nominal value.

Normally the premiums for a standard hedge are paid at regular intervals. However, in the case of short-term business events it is possible to agree on an advance payment.

The contracting parties are normally referred to as protection buyer (the party paying the premium) and protection seller (the party making the compensatory payment). Depending on the contract, the protection buyer will supply the reference assets to the protection seller at nominal value if the credit event occurs (e.g. default in interest payment). As an alternative to this, settlement may also be made in cash (difference between nominal value and market value).

The obligations ensuing from a CDS are the following:

- The liabilities correspond to the minus position of the underlying reference value or asset (nominal value of reference + accumulated interest + paid premiums).
- The liabilities arising from a CDS should not exceed 20% of the net assets of the Subfund.
- The entire liabilities arising from a CDS, together with the liabilities from other transactions in derivatives should not exceed the net assets of the Subfund.

The advantages of a default swap are:

- Owing to the supply/demand situation or the credit spread curve in the country concerned, they may sometimes be traded for higher spreads (difference between buying and selling price) than bonds.
- They frequently offer the only opportunity to invest in fixed-income securities with very short maturities.

Default swaps entail the following extra risk:

- higher counterparty risk

#### 3.6.4.2 Securities lending

The Fund may also lend portions of its securities portfolio to third parties. In general, securities lending may only be effected via recognised clearing houses such as Clearstream International or Euroclear, or through the agency of prime financial institutions that specialise in this type of activity and in the modus specified by them. Such transactions must not exceed 30 days in duration. If the loan of securities exceeds 50% of the securities portfolio of the Subfund concerned, it may only be effected on condition that it is possible to terminate the loan contract with immediate effect.

In the case of securities lending transactions, the Fund must, in principle, receive a guarantee, the value of which on conclusion of the loan contract should at least correspond to the total valuation of the securities lent out and any accrued interest thereon. This guarantee must consist of liquid assets and/or securities issued or guaranteed by an OECD Member State or its public central, regional or local authorities or by an international organisation, and which are blocked in the Fund's name until after the expiry of the aforementioned contract. Such a guarantee is not required if the securities lending transaction is effected via Clearstream International or Euroclear or another organisation which guarantees that the value of the securities lent out will be refunded.

#### 3.6.4.3 Securities repurchase agreements

The Fund may, for any Subfund, also engage in repurchase agreements (repos or reverse repos) involving the purchase and sale of securities, where the seller has the right or obligation to repurchase the securities sold from the buyer at a fixed price and within a certain period stipulated by both parties when the agreement is concluded.

The Fund may effect repurchase transactions as a buyer or a seller. However, any transactions of this kind are subject to the following guidelines:

- Securities may only be purchased or sold under a repurchase agreement if the counterparty is a first-class financial institution specialising in this kind of transaction.
- For as long as the repurchase agreement is valid, the securities bought cannot be sold before the right to repurchase the securities has been exercised or the repurchase period has expired.
- In addition, it must be ensured that the volume of the liabilities of repurchase agreements of each Subfund is structured in such a way that the Subfund can meet its redemption obligations towards its unitholders at any time.

## **4 PARTICIPATING IN THE HYPOSWISS (LUX) FUND**

### **4.1 Conditions for the issue and redemption of units**

Subfund units are issued and redeemed on every business day. In this context, "business day" refers to normal bank business days in Luxembourg (i.e. each day on which the banks are open during normal business hours) with the exception of individual, non-statutory rest days as well as days on which exchanges in the main countries in which the Subfund invests are closed or 50% or more Subfund investments cannot be adequately valued. "Non-statutory rest days" are days on which banks and financial institutions are closed. No issue or redemption will take place on days on which the Management Company has decided not to calculate net asset value as described in the section "Suspension of the net asset value calculation and of the issue, redemption and conversion of units". In addition, the Management Company is empowered to reject subscription applications at its discretion.

### **4.2 Market timing and late trading**

Investors should be aware that the Board of Directors of the Company takes measures to prevent business practices known as "market timing" being undertaken in relation to investments in the Fund. It will also ensure that the times stated in the Sales Prospectus for subscription, conversion and redemption of units are strictly adhered to and that any "late trading" business practices are therefore prevented. By using sales agencies authorised by the Board of Directors, the Board of Directors of the Company will ensure that those sales agencies uphold these times in an orderly fashion.

The Board of Directors of the Company is authorised to reject individual applications for subscription or conversion in the event that it has either knowledge or grounds to assume that such business practices are taking place. In addition, the Board of Directors of the Company is authorised, in individual cases, to institute other measures that are in the interests of investors, in accordance with the stipulations of Luxembourg law, in order to counter any of the aforementioned business practices.

Subscription and redemption applications registered with the Administrative Agent or the central processing facility of UBS Investment Bank in Switzerland – a part of UBS AG – no later than by 16.00 (Central European Time) on a business day (order date) will be processed on the following business day on the basis of the net asset value calculated for that day (valuation day). For all applications received by the Administrative Agent or central processing facility of UBS Investment Bank in Switzerland after this time, the price prevailing on the next business day shall apply. To secure punctual forwarding to the Administrative Agent or central processing facility of UBS Investment Bank in Switzerland, earlier cut-off times may apply for submission of applications placed with sales agencies in Luxembourg or abroad. Information may be obtained from the sales agency concerned. This means that the net asset value for settlement purposes is not known when the order is placed (forward pricing). It will be calculated on the valuation date on the basis of the last known prices (i.e. closing prices or if such do not reflect reasonable market value in the opinion of the Management Company, at the last prices available at the time of valuation). The individual valuation principles applied are described in the following section.

### **4.3 Net asset value, issue and redemption price**

The net asset value and the issue and redemption price per unit of unit classes "A" and "B" of any Subfund are expressed in the base currency that appears in the name of the Subfund concerned and are calculated every business day. The net asset value and the issue and redemption price per unit are calculated by dividing the overall net asset value for each Subfund to be allocated to each unit class by the number of units issued for each class of this Subfund.

The percentage of the net asset value to be allocated to each unit class of a Subfund is calculated by the ratio of units issued for each class to the total number of units issued for the Subfund and varies according to the distributions made and the issues and redemptions of units for each Subfund, as follows:

- Each time a distribution is made to class "A" units, the amount of the distribution is subtracted from the net asset value and the issue and redemption price of the units of this class (which results in a fall in the percentage of the net asset value to be allocated to "A" units), while the net asset value of the class "B" units remains unchanged (which results in an increase in the percentage of the net asset value to be allocated to "B" units).
- Each time units are issued or redeemed, the net asset value to be allocated to the relevant unit class is increased or reduced by the amount accepted or issued.

The assets of each Subfund are valued as follows:

- a) Securities, derivatives and other investments on an official stock exchange are valued at the last available price on that stock exchange. If the same security, derivative or instrument is quoted on several stock exchanges, the last available price on the stock exchange that represents the major market for this security will apply. In the case of securities, derivatives and other instruments where trading on a stock exchange is scarce and for which there is a secondary market among securities traders with pricing in line with the market, the Management Company may value these securities and investment instruments based on these prices. Securities and other investments which are not listed on a stock exchange, but are traded on another regulated market, will be valued at the last known price on that market.
- b) Shares of other undertakings for collective investment in transferable securities (UCITS) and/or undertakings for collective investment (UCI) will be valued at their last net asset value.
- c) Derivatives that are not listed at a stock exchange (OTC derivatives) will be valued on the basis of independent pricing sources. In case only one independent pricing source of a derivative is available, the plausibility of the valuation obtained will be verified by means of methods of calculation recognised by the Company and its auditors, based on the market value of the underlying instrument from which the derivative originates.
- d) If securities, derivatives or other investments held in the Fund portfolio on the date in question are not listed or traded on a stock exchange or are not traded on another regulated market, or if in relation to securities listed or traded on a stock exchange or traded on another regulated market the price determined according to the above provisions is not representative of the securities in question, the value of these securities will be set on the basis of an appropriate predeterminable price to be calculated by the Management Company with prudence and in good faith.
- e) Securities, derivatives and other investments denominated in a currency other than the base currency of the relevant Subfund and which are not hedged by means of currency transactions are valued at the middle rate (midway between the bid and offer rate) obtained from external price providers.
- f) The value of swap transactions will be calculated by the swap counterparty on the basis of the capital value of all cash flows, both inflows and outflows. This valuation method is recognised by the Management Company and checked by the auditors.
- g) The value of money market instruments is gradually adjusted towards the redemption price, using the net acquisition price as basis and ensuring a constant return on the investment. In the event of significant changes in the market conditions, the valuation basis will be adapted to the new market yields.
- h) Time deposits and fiduciary investments are valued at their nominal value plus accumulated interest.

The Management Company is authorised to apply other generally recognised and auditable valuation criteria in order to achieve an appropriate valuation of the net assets if, due to extraordinary circumstances, a valuation in accordance with the above-mentioned provisions proves to be unfeasible or inaccurate.

In extraordinary circumstances, additional valuations can be carried out over the course of the day. These new valuations will then be valid for subsequent issues and redemptions of units.

#### 4.4 Issue of units

The issue price of the Subfund is calculated according to the regulations given in 4.3 "Net asset value, issue and redemption price".

After the initial subscription period, the issue price of the Subfund concerned is based on the net asset value per unit plus an issuing commission payable to the distributors of:

<b>Umbrella</b>	<b>Subfund</b>	<b>Unit class</b>	<b>Unit class</b>	<b>Minimum investment for class I</b>	<b>Issuing commission for all unit classes</b>
HYPOSWISS (Lux) Fund	- Multi Asset Strategy (EUR)	B*	I	EUR 100,000	Up to 2%
HYPOSWISS (Lux) Fund	- Danube Tiger	B*	I	EUR 100,000	Up to 2%
HYPOSWISS (Lux) Fund	- Schweiz (CHF)	B*	I	CHF 100,000	Up to 2%
HYPOSWISS (Lux) Fund	- Euroland (EUR)	B*	I	EUR 100,000	Up to 2%
HYPOSWISS (Lux) Fund	- USA (USD)	B*	I	USD 100,000	Up to 2%
HYPOSWISS (Lux) Fund	- Global Emerging Markets (USD)	B*	I	USD 100,000	Up to 2%

**\* There is no minimum investment amount for unit class B.**

In addition to this, any taxes, commissions and other fees that apply in the different countries in which units in the Subfund may be sold will also be charged.

Subscriptions for Fund units are accepted at the issue price by the Administrative Agent, the Custodian Bank or the Management Company as well as any other Distributor.

The issue price of a Subfund unit is paid no later than on the third business day following the subscription day into the Custodian Bank's account in favour of the Subfund.

If a physical share certificate is requested, this certificate is delivered as quickly as possible after the issue price has been fixed. The normal bank delivery charges will be made.

Only bearer unit certificates in denominations of 1 or more whole units will be issued for each unit class of each Subfund. Fractions of units may also be issued. These fractional units will be rounded off to a maximum of three decimal places. No physical certificates will be issued for these fractional units, which will be credited to the unitholder through an entry in a securities portfolio of his choice. However, these fractional units do entitle bearers to receive an income distribution where applicable and part of the liquidation proceeds corresponding to the number of units held, should the respective Subfund or unit class be liquidated.

#### 4.5 Conversion of units

Unitholders may switch from one Subfund to another or from one unit class to another unit class of the same Subfund at any time. The same procedures apply to the submission of conversion applications as apply to the issue and redemption of units. There is no possibility of changing from a unit class which is reserved for retail clients into a unit class reserved for institutional clients.

The number of units of the Subfund into which the investor would like to convert his holding is calculated using the following formula:

$$A = \frac{B * C * D}{E}$$

where:

- A = the number of units of the new Subfund or unit class into which to convert
- B = the number of units of the Subfund or unit class from which to convert
- C = the net asset value of the units presented for conversion
- D = the foreign-exchange rate between the Subfunds or unit classes in question. If both Subfunds or unit classes are valued in the same base currency, this figure will be 1
- E = the net asset value per unit of the Subfund or unit class in which the conversion shall be performed plus any taxes, commissions or other fees

For the conversion between Subfunds, an issuing commission of maximum 2% (calculated on the net asset value per unit of the Subfund in which to convert) may be charged in favour of the Distributor.

No commission will be charged for conversion between unit classes of the same Subfund.

Any fees, taxes and stamp duties incurred in the countries for a conversion of Subfunds or unit classes are payable by the unitholder.

In the event of a conversion, the new certificates will be delivered on request and without unnecessary delay. The usual bank delivery fees will be charged.

#### 4.6 Redemption of units

Unitholders can request redemption of their units at any time by filing an irrevocable redemption application to the Administrative Agent, the Custodian Bank or the Management Company or to one of the other Distributors or Paying Agents authorised to accept such applications. Redemption applications must be accompanied by any certificates which might have been issued.

The value of the redeemed Fund units is paid immediately, and no later than 3 business days after the day of redemption unless legal provisions, such as foreign exchange controls or restrictions on capital movements, or other circumstances beyond the control of the Custodian Bank, make it impossible to transfer the redemption amount to the country in which the redemption application was submitted.

Any taxes, commissions and other fees incurred in the countries in which Subfund shares may be sold will also be charged.

A redemption commission will be charged for unit classes that are neither reserved for retail investors nor institutional investors.

The level of the net asset value determines whether the redemption price is higher or lower than the issue price originally paid by the unitholder.

In the event of an excessively large volume of redemption applications, the Custodian Bank and Management Company may decide to delay execution of redemption applications until the corresponding assets of the Fund have been sold without unnecessary delay. Should such a measure be necessary, all redemption applications received on the same day will be calculated at the same price. On payment of the redemption price, the unit concerned ceases to be valid.

**Although the Management Company and the Portfolio Manager will make every effort to achieve the investment objectives of the Fund's Subfunds, they are not able to give a guarantee that the investment objectives or specific returns will be achieved.**

#### **4.7 Suspension of the net asset value calculation and of the issue, conversion and redemption of the units**

The Management Company is authorised to temporarily suspend the calculation of the net asset value of one or more Subfunds and the issue, conversion and redemption of the units for one or more Subfunds in the following circumstances:

- if trading is suspended or restricted or substantial price fluctuations occur on one or more stock exchanges or other markets which influence a substantial proportion (50% or more) of the net assets or on currency markets in whose currency the net asset value or a significant proportion (50% or more) of the net asset value is denominated;
- if political, economic, military or other circumstances beyond the control or influence of the Management Company make it impossible to access the Fund's net assets under normal conditions without seriously harming the interests of the unitholders;
- if the communications network usually used to produce the net asset value breaks down or if for any other reason the net asset value cannot be determined accurately enough;
- if restrictions on foreign exchange or capital transactions make it impossible to carry out business for the account of the Fund or if purchases and sales of net asset values cannot be carried out at normal conversion rates.

A suspension of the calculation of the net asset value, a suspension of the issue or redemption of units and a suspension of the switching between Subfunds will be published in a Luxembourg daily newspaper as well as in the official publications specified for the respective countries in which Fund units are sold.

In addition the Management Company is authorised

- a) to refuse, at its discretion, an application to purchase units;
- b) to redeem at any time units which were purchased in defiance of an exclusion order.

#### **4.8 Prevention of money laundering**

The Fund's sales agencies must observe the provisions of the Luxembourg law dated 19 February 1973 on the sale of drugs and the fight against drug addiction and the laws dated 5 April 1993 on the financial sector and 12 November 2004 on the prevention of money laundering, each as amended, as well as the provisions of the current Management Regulations.

Accordingly, the subscriber must provide proof of his or her identity to the sales agency or Distributor that accepts his or her subscription. The sales agency or Distributor is to request the following identification documents from subscribers: for individuals - a certified copy of the passport/identity card (certified by the sales agency or Distributor or by the local administrative authority) and the tax identification number provided to the investor by the State in which he/she is domiciled for tax purposes; for companies or other legal entities - a certified copy of the articles of incorporation, a certified copy of the extract from the Commercial Register, a copy of the most recently published annual accounts, the full name of the beneficial owner.

The sales agency must ensure that the Distributors adhere strictly to the aforementioned identification procedures. UBS Fund Services (Luxembourg) S.A. and the Company can, at any time, demand assurance from the sales agency that the procedures are being adhered to. UBS Fund Services (Luxembourg) S.A. will monitor compliance with the aforementioned provisions for all subscription and redemption applications they receive from sales agencies or Distributors in countries that are not members of the Financial Action Task Force on Money Laundering (hereinafter referred to as "FATF").

Furthermore, the sales agency and its Distributors must obey all regulations to prevent money laundering which are in force in the respective countries.

FATF countries are those states that adhere to the regulations of the FATF.

#### **4.9 Use of the net income and capital gains**

According to the Regulations, once the annual accounts are closed the Management Company will decide to what extent distribution should be made for the respective Subfunds and unit classes, out of the investment income and the realised net gains (losses) in net asset value after deduction of all costs and fees. Distributions may not cause the net assets of the Fund to fall below the minimum amount for fund assets defined by law. If distributions are made, they will be paid out within four months of the end of the financial year.

The Management Company is entitled to pay interim dividends and to suspend the payment of distributions.

Entitlements to distributions and allocations not claimed within five years of falling due shall lapse and be paid back into the relevant unit class of the Subfund in question. If this Subfund has already been liquidated, the distributions and allocations shall accrue to the other Subfunds of the same Fund in proportion to their respective net asset values. The Management Company may decide, in connection with the appropriation of net investment income and capital gains, to issue bonus units. An income equalisation amount will be calculated so that the distribution corresponds to the actual income entitlement.

Distributions are made upon submission of the relevant coupons. The Management Company determines the method of payment.

#### **4.10 Liquidation of the Fund and its Subfunds, merger of Subfunds**

##### **4.10.1 Liquidation of the Fund and its Subfunds**

Unitholders, their heirs or other beneficiaries may not demand the division or liquidation of either the entire Fund or one or more individual Subfunds. The Management Company is empowered, however, to liquidate the Fund or the Subfunds provided that, taking into account the interests of the unitholders, such liquidation is considered reasonable or necessary for the protection of the Management Company and the Fund or for reasons of investment policy.

The decision to liquidate a Subfund shall be published in a Luxembourg daily newspaper and, if necessary, in the official publications specified for the respective countries in which Fund units are sold as listed in 9.

As of the date of the resolution to liquidate the Subfund, no more units will be issued, converted or redeemed.

During the liquidation process, the Management Company will use the Fund's assets in the best interests of the unitholders and instruct the Custodian Bank to distribute the net proceeds from the liquidation of the Subfunds to the unitholders of said Subfunds in proportion to their respective holdings. Any liquidation proceeds that could not be distributed to the unitholders may be deposited with the Custodian Bank for a period of 6 months. Afterwards, they will be deposited with the "Caisse de Consignation" in Luxembourg until expiry of the limitation period.

Liquidation of the Fund is mandatory in the cases prescribed by law and in the event of the Management Company being liquidated. Notice of such liquidation shall be published in at least two daily newspapers (one of them being a Luxembourg daily newspaper) as well as in the "Mémorial". The liquidation procedure is identical to the procedure for liquidating a Subfund with the exception that in the case of the Fund's liquidation, any liquidation proceeds which cannot be distributed to unitholders at the conclusion of the liquidation procedure are immediately deposited with the "Caisse de Consignation".

##### **4.10.2 Merger of Subfunds or of one Subfund with another Undertaking for Collective Investment (UCI)**

If the net assets of a Subfund, for whatever reason, fall below EUR 10 million or its equivalent in any other currency, or if the economic, legal or political environment changes, the Management Company may decide to cancel units of the corresponding Subfund and to allocate to the corresponding unitholders units in another Subfund or in another UCI under Luxembourg law according to Part I of the 2002 law. In the event of such a decision by the Management

Company, the merger shall be legally binding on all unitholders of the Subfund concerned after expiry of a one-month period commencing on the date the decision is published.

During this period, unitholders may submit their units for redemption without having to pay any redemption fees or administration costs.

The decision to merge Subfunds or one single Subfund with another UCI established in accordance with Part I of the 2002 law will be announced in a Luxembourg daily newspaper, and if necessary in the official publications specified for the countries in which Fund units may be sold as listed in this Sales Prospectus.

## **5 THE MANAGEMENT COMPANY**

UBS Third Party Management Company S.A. ("the Management Company"), R.C.S. Luxembourg B 45991 (since 27.01.2006) was established on 23 December 1993 in Luxembourg for an indefinite period in the form of a joint stock company with the name Schroeder Muenchmeyer Hengst Investment Luxembourg S.A. The articles of association of the company were published in the "Mémorial, Recueil des Sociétés et Associations" (hereinafter referred to as "Mémorial") on 13 May 2006. The consolidated version of the articles of association is held by the Commercial and Companies Register of the District Court of Luxembourg ("Tribunal d'Arrondissement") for inspection. The articles of association were amended on 13 July 1999, 15 December 2003 and 27 January 2006. The sole purpose of the Management Company is the establishment, promotion, sale, administration, management, advice of investment funds under Luxembourg law and the issue and redemption of units of the Funds. The Management Company's share capital was raised on 27 January 2006 from CHF 250,000 to CHF 1,750,000. This capital was fully paid in.

The Management Company is currently managing the following investment funds: HYPOSWISS (Lux) Fund, Luxembourg Placement Fund and SGKB (Lux) Fund..

The Board of Directors of the Management Company holds all the necessary rights enabling it to act legally on behalf of the Fund and shall take all precautions which are necessary in order to pursue the object of the company, in particular in conjunction with management of the Fund's assets.

The Management Company has delegated the functions of portfolio management, administration and sales to the entities listed in 1. "Management, administration, sales and representation". These entities perform their tasks under the supervision and control of the Management Company.

## **6 THE PORTFOLIO MANAGER**

The Management Company has appointed Hyposwiss Privatbank AG, Zurich as Portfolio Manager, with authority to buy and sell the asset values of the respective Subfunds at its own discretion, under the responsibility and control of the Management Company and within the framework of the investment policy. The Portfolio Manager must report regularly to the Management Company on the development of the assets of the various Subfunds and on transactions executed for the account of the Subfunds.

Hyposwiss Privatbank AG took over this function under a contract concluded on 15 March 2001 for an unlimited term, which may be terminated by either of the parties involved at any time at the end of a month, subject to three months' notice.

The Portfolio Manager may claim a fee, which is paid out of the flat fee which is described under 9.2.

## **7 CUSTODIAN BANK AND ADMINISTRATIVE AGENT**

The Management Company has appointed UBS (Luxembourg) S.A., a wholly owned banking subsidiary of UBS AG, Basel and Zürich, as Custodian Bank. UBS (Luxembourg) S.A. was established as a public limited company on 20 August 1973 and has its head office in Luxembourg.

The custodian is a bank as defined in the Luxembourg Law of 5 April 1993 governing the financial sector and carries on banking business. In addition to international interbank and lending business, UBS (Luxembourg) S.A. also carries out retail banking operations. It offers its international clientele a broad range of services comprising investment advice, asset management, fixed-term deposit investment, securities, and foreign exchange and precious metals transactions. Since merging with Schweizerischer Bankverein (Luxembourg) AG on 1 June 1998 the total paid-up capital amounts to CHF 150 million.

The Custodian Bank holds all the liquid assets and securities comprising the Fund's assets in safekeeping for the unitholders. The Custodian Bank will fulfil the conventional banking obligations in respect of the accounts and securities and will undertake all day-to-day administrative tasks relating to the Fund assets.

In addition, the Custodian Bank must:



- a) ensure that the sale, redemption, conversion and cancellation of units executed for the account of the Fund or by the Management Company comply with the provisions of the law and the Regulations;
- b) ensure that the value of the units is calculated in accordance with the statutory provisions and the Regulations;
- c) execute all instructions from the Management Company unless they are in breach of the law or the Regulations;
- d) ensure that transactions relating to the Fund assets are paid for on time;
- e) ensure that the Fund receipts/income is/are used in accordance with the Regulations.

The Custodian Bank is due a fee which corresponds to the normal bank rates charged at the Luxembourg financial centre.

The Management Company and the Custodian Bank may terminate their contract at any time by written notice to the other party, giving 3 months' notice.

UBS Fund Services (Luxembourg) S.A. has taken over the rights and obligations of the Administrative Agent which are laid down in the Regulations.

The Management Company has entrusted UBS Fund Services (Luxembourg) S.A., a subsidiary of UBS AG, Basel and Zürich, with the role of Administrative Agent. UBS Fund Services (Luxembourg) S.A. was established as a public limited company on 10 March 1997 and has its head office in Luxembourg. The Administrative Agent is responsible for the general administrative duties which are required for the management of the Fund and which are prescribed by Luxembourg law. These services mainly include domiciliation, the handling of certain legal questions, calculation of the net asset value of the units and keeping of the Fund's accounts. The Administrative Agent is due a fee which corresponds to the normal rates charged at the Luxembourg financial centre.

The Management Company and the Administrative Agent may terminate their contract at any time by written notice to the other party, giving 3 months' notice.

## **8 ADVISORY COMMITTEE**

Hyposwiss Privatbank AG as the Fund's Promoter has commissioned the Management Company to nominate an Advisory Committee. This Committee has the powers to make recommendations concerning all matters relating to the Fund.

## **9 TAXES, COMMISSIONS AND EXPENSES**

### **9.1 Taxes**

#### **9.1.1 Taxation of the Fund**

In accordance with current legislation in Luxembourg, the Fund assets are not subject to any taxation in Luxembourg, such as Luxembourg withholding, income, capital gains or wealth taxes. In Luxembourg, the Fund assets are solely subject to the "taxe d'abonnement", amounting to 0.05% p.a., for unit classes which are reserved for retail customers and 0.01% p.a. for unit classes which are reserved for institutional investors, being payable quarterly on the net asset value recorded at the end of the quarter. The Fund assets may however be subject to any withholding or other taxes in countries in which they are invested.

#### **9.1.2 Taxation of the unitholder**

Unitholders should be aware that the Luxembourg law of 21 June 2005 has replaced Council Directive 2003/48/EC dated 3 June 2003 concerning the taxation of interest. Since 1 July 2005 this law has provided for the imposition of a withholding tax on cross-border interest payments to individuals domiciled in the EU or alternatively an automatic exchange of information. It includes distributions and dividends payable by investment funds which invest more than 15%, and earnings from the assignment or repayment of units in investment funds which invest more than 40% (from 1.1.2011: 25%) in debt instruments and claims as defined by the EU taxation of interest.

Providing the Subfund in question is not subject to EU taxation of interest or the investor is not affected by it, under current tax law shareholders are not required to pay any income, gift, inheritance or other tax in Luxembourg, unless they are domiciled in Luxembourg, have a permanent residence in Luxembourg or were previously domiciled in Luxembourg and hold more than 10% of the net Fund assets.

The different tax figures provided are based on the last data available at the time of their calculation.

The aforementioned represents a summary of the fiscal effects and makes no claim to be exhaustive. It is up to the purchasers of units to seek information on the laws and regulations governing the purchase, possession and sale of units at their place of residence and for people of their nationality.

## 9.2 Fees and expenses

The Fund pays a monthly flat fee for each of the Subfunds, calculated on the average net asset value of the Subfund, as shown in the table below.

Subfund	Flat fee, class B
HYPOSWISS (Lux) Fund – Multi Asset Strategy (EUR)	max. 0.125% per month (max. 1.50% p.a.)
HYPOSWISS (Lux) Fund – Danube Tiger	max. 0.20% per month (max. 2.40% p.a.)
HYPOSWISS (Lux) Fund – Schweiz (CHF)	max. 0.1333% per month (max. 1.60% p.a.)
HYPOSWISS (Lux) Fund – Euroland (EUR)	max. 0.1333% per month (max. 1.60% p.a.)
HYPOSWISS (Lux) Fund – USA (USD)	max. 0.1333% per month (max. 1.60% p.a.)
HYPOSWISS (Lux) Fund – Global Emerging Markets (USD)	max. 0.125% per month (max. 1.50% p.a.)

Subfund	Flat fee, class I
HYPOSWISS (Lux) Fund - Multi Asset Strategy (EUR)	max. 0.0625% per month (max. 0.75% p.a.)
HYPOSWISS (Lux) Fund – Danube Tiger	max. 0.10 % per month (max. 1.20% p.a.)
HYPOSWISS (Lux) Fund – Schweiz (CHF)	max. 0.0666% per month (max. 0.80% p.a.)
HYPOSWISS (Lux) Fund – Euroland (EUR)	max. 0.0666% per month (max. 0.80% p.a.)
HYPOSWISS (Lux) Fund – USA (USD)	max. 0.0666% per month (max. 0.80% p.a.)
HYPOSWISS (Lux) Fund – Global Emerging Markets (USD)	max. 0.0625% per month (max. 0.75% p.a.)

1. In accordance with the table above, the Management Company charges the Fund a monthly flat fee calculated on the basis of the average net Fund assets for the services of the Management Company, Administrative Agent, Custodian Bank, Portfolio Manager and for the sale of the Fund and to cover the costs incurred.

Unitholders will also be notified of the rate of commission chargeable in the annual and semi-annual reports.

Out of the above monthly flat fee for administration, the Fund will bear all costs incurred in connection with the management, administration, portfolio management and safekeeping of the Fund assets and Fund sales, such as:

- annual fees and expenses of licences and supervision of the Fund in Luxembourg and abroad;
  - other fees charged by the supervisory authorities;
  - printing of the Management Regulations, prospectuses and the annual and semi-annual reports;
  - price publications and publication of notices to investors;
  - charges made in connection with the listing of the Fund and sales within Luxembourg and abroad;
  - commission and expenses of the Custodian Bank for safekeeping of the Fund's assets, dealing with payments and other duties required under the Luxembourg Law of 20 December 2002;
  - fees and other expenses for the payment of dividends to investors;
  - auditor's fees.
2. The Custodian Bank, Administrative Agent and Management Company are nevertheless entitled to be reimbursed the costs of non-routine arrangements made by them in the interests of the investors; otherwise such expenses will be charged direct to the Fund.
  3. The Fund will also bear all transaction expenses arising in connection with the administration of the Fund assets (brokerage commission in line with the market, fees, fiscal charges, etc.).
  4. All taxes which are levied on the income and assets of the Fund, particularly the "taxe d'abonnement", will also be borne by the Fund.

All costs that can be allocated accurately to individual Subfunds or unit classes will be charged to those Subfunds or unit classes. If costs pertain to several or all Subfunds, these costs will be charged to the Subfunds concerned in proportion to their relative net asset values.

In the Subfunds that may invest in other UCI or UCITS under the terms of their investment policies, charges may be incurred both at the level of the relevant investment fund as well as at the level of the Subfund. The total management commission that can be charged at the level of the investment funds and of the Subfunds is shown in the following table:

The total management commission that can be charged at the level of the investment funds and of the Subfunds is shown in the following table:

Name of the Subfund of the Hyposwiss (Lux) Fund (alphabetical)	Maximum Management Fee p.a.

Multi Asset Strategy (EUR)	3.3 % p.a.
Global Emerging Markets (USD)	3.3 % p.a.

If the Management Company acquires units of other undertakings for collective investment (UCI) or undertakings for collective investment in transferable securities (UCITS) that are managed directly or indirectly by the Company itself or another company related to it by common management or control, or by a direct or indirect holding of more than 10% of the capital or the voting shares (a "related target fund"), **the Subfund may only be charged with a reduced flat fee of no more than 0.25% p.a. on those investments.** Furthermore, the Management Company should not charge the Subfund making the investment with any of the related target fund's issuing or redemption commissions.

If, in accordance with the above paragraph, the Management Company invests in a related target fund that charges a lower effective flat fee than that charged by the Subfund making the investment, the Management Company may, instead of the aforementioned lower effective flat fee based on the volume invested in this Subfund, charge the difference between the effective flat fee charged by the Subfund making the investment on the one hand and the effective flat fee of the target fund on the other.

### 9.3 Information to unitholders

#### 9.3.1 Regular reports and publications

An annual report is published for each Subfund and the Fund as a whole on 31 January and a semi-annual report on 31 July. These reports contain a breakdown of each Subfund in the relevant base currency. The consolidated breakdown of the Fund's overall assets is prepared in EUR.

The audited annual report is made available to unitholders free of charge within 4 months of the close of the financial year, at the head office of the Management Company and at the Custodian Bank. The annual report contains the report on the Fund as a whole and on the individual Subfunds. Unaudited semi-annual reports on all Subfunds are similarly made available within two months of the period under review.

Other information relating to the Fund or the Management Company and to the net asset value, issue, conversion and redemption price of units is available at the head office of the Management Company and at the Custodian Bank and Administrative Agent on every business day.

All information to unitholders will be published, where necessary, in the Mémorial and in a Luxembourg daily newspaper and if applicable in foreign daily newspapers of the countries in which Fund units may be sold. The publication of information in the countries in which Fund units may be sold is dealt with in 10.

#### 9.3.2 Depositing of documents

The following documents are available from the head office of the Management Company:

- 1) the Management Regulations
- 2) the latest annual and semi-annual reports for the Fund

The following documents are available for inspection at the head office of the Management Company during normal business hours:

- 1) the articles of association of the Management Company
- 2) the Custodian Agreement, the Administrative Agreement
- 3) the Portfolio Management Agreement

The aforementioned agreements may be altered by common consent of the parties involved.