HERCULIS Partners
"Taurus" Fund

Investment fund pursuant to Liechtenstein Law

Investment undertaking for qualified investors

Prospectus
and contractual terms

November 19, 2014

The HERCULIS Partners „Taurus" Fund (hereinafter: the fund) is an investment undertaking for qualified investors pursuant to Art. 23 of the Law on Investment Undertakings for other values or real estate of May 19, 2005 (IUA), in conjunction with Arts. 28 and 29 of the Ordinance on Investment Undertakings for other values and real estate of August 23, 2005 (IUO). This fund is intended exclusively for one or several qualified investors. It is exempt from the registration obligation and the other obligations pursuant to Art. 28 para. 1 IUO.

The legally relevant content of this prospectus (hereinafter: the prospectus) constitutes the contractual terms and at the same time is recognized as a trusteeship deed. The purchase of units constitutes the investor's agreement with the contractual terms. The qualified investors of this fund may obtain, free of charge, the prospectus, the contractual terms and the latest edition of the annual report from the management company, the custodian bank, and all authorized distribution agents. Further information about the fund is available from **IFM Independent Fund Management AG, Austrasse 9, Box 1121, FL-9490 Vaduz**, during business hours.

Asset Manager:

Management company:

RISK ADVISORY

The **HERCULIS Partners „Taurus“ Fund** is an investment undertaking for qualified investors. Because of its investment policy, the risks associated with this investment undertaking are not comparable with those of an undertaking for collective investment in transferable securities (UCITS) in the sense of the Act on Undertakings for Collective Investment in Transferable Securities (UCITSG).

Due to its eligibility to invest in equities and debt instruments, this fund is exposed to a market and issuer risk as well as to an interest-rate change risk which may negatively affect the net asset value. Other risks such as the foreign-exchange risk may also apply. Increased risks may be incurred with the deployment of derivative financial instruments that are not used for hedging purposes.

An additional and increased speculative risk is associated with this fund because it can directly or indirectly invest all of its assets or portions thereof in private equity investments, partnership investments, and private equity holding companies (collectively called **private equity investments**). Frequently, the private equity investments acquired for the fund exhibit little liquidity because as a rule, they are not traded on a stock exchange or another regulated market accessible to the public and such assets can therefore not be sold as readily as securities traded on a stock exchange. When such assets are sold, significant differences between price and valuation may be incurred as realized losses.

Based on its specialization in the **Russian market** as well as on markets in the other nations of the **Commonwealth of Independent States (CIS)**, the fund can leverage opportunities but may also incur greater risks. It must be emphasized that in this market segment, volatility tends to be much greater than in other market segments with which investors are familiar.

Investors are asked to note that the fund is entitled to take out loans at customary market terms, not exceeding 20% of its assets, for investment purposes and for the fulfillment of redemption requests. Furthermore, the fund may invest up to 100% of its assets in securities, equities and money-market instruments issued by the same issuer. Moreover, the fund may invest up to 100% of its assets in units of other funds that are directly or indirectly administered by the management company itself. It must be pointed out that the performance of the **HERCULIS Partners „Taurus“ Fund** may deviate significantly from the general development of the underlying markets in which it invests.

Investors must take into account that at the level of indirect investments, further indirect costs and charges are incurred and that fees and remunerations are paid – these expenses are debited directly to the individual indirect investments. In particular, it should be noted that the fund is entitled, without restrictions, to invest its assets in products that are directly or indirectly administered by the asset manager or by another company over which he has joint control or with which he is affiliated through a significant direct or indirect interest position. It is possible that the asset manager may receive remunerations, commissions, management fees or other types of compensations both from the **HERCULIS Partners “Taurus” Fund** and from the products in which he invests.

Additionally, the attempt to sell permissible instruments held by the fund that are not traded on a stock exchange or another regulated market accessible to the public may entail liquidity bottlenecks that may have an impact on the selling price of such instruments and on the value development of the units. It must be pointed out that some of these instruments have poor ratings. Moreover, investments may target small and medium-sized companies whose shares may exhibit considerable fluctuations.

Persons who invest in the **HERCULIS Partners „Taurus“ Fund** are explicitly requested to inform themselves about the general and fund-specific risks that are described in detail in the prospectus (cf. section 6). In particular, investors must be prepared and capable to absorb possible – even substantial – price losses. The calculation of the net asset value (NAV) is performed only once per year. The redemption of units is subject to a period of notice of 180 calendar days effective at the end of a calendar quarter. A premature withdrawal from the fund without observing the period of notice is not possible.

The management company advises potential investors to invest only a limited portion of their total assets in units of the **HERCULIS Partners „Taurus“ Fund.** An investment in units of the **HERCULIS Partners „Taurus“ Fund** is suitable only for risk-tolerant investors with a long time horizon.

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The original German wording of the prospectus and the contractual terms shall be binding.

1 Key fund data

HERCULIS Partners „Taurus“ Fund

Basic information

Security number	19.080.072
ISIN number	LI0190800727
Suitable as a UCITS IV target fund	No
Duration of fund	Unlimited
Listed	No
Accounting currency[1]	US Dollar (USD)
Minimum investment[2]	Equivalent of CHF 250,000 in USD
Initial issue price	USD 1’000
Valuation day	Last business day of each calendar quarter
Valuation interval	Quaterly, for the first time as of September 30, 2012
Acceptance deadline for subscriptions	Day prior to valuation day by no later than 4 pm (CET)
Acceptance deadline for redemptions	Period of notice of 180 calendar days with effect at the end of a calendar quarter
Issue and redemption day	Every valuation day
Value date[3]	Up to 60 calendar days after the valuation day
Close of accounting year	December 31
Use of proceeds	Reinvested
Initial Issue	
Sucscription deadline	June 28th 2013
Payment (first value day)	July 1st 2013

Commissions and costs borne by the investors

Maximum issue commission[4]	3%
Redemption commission	None

[1] The accounting currency is the currency in which the performance and the net assets of the fund are reported.
[2] Regarding to the minimum investment, please see Section 5.1 of the prospectus.
[3] The management company is entitled to extend this period accordingly if the regular period should prove to be too short.
[4] The commissions and charges actually levied are published in the annual report.

Key fund data (continuation)

Commissions and costs payable with the fund's assets[5,6]

Management commission	1.8% p.a.
◆ Performance fee ◆ Hurdle Rate ◆ High Watermark	5% Yes, 15% for Performance fee Yes
Max. administrative fee[4]	0.25% p.a. or min. CHF 25,000 p.a
Max. custodian bank fee[4]	0.15% p.a.

Estimated indirect costs in the context of indirect investments

Indirect investments	Max. 2% p.a. plus a performance fee, if any

5 Plus taxes and other costs: transaction costs as well as expenses incurred by the management company and the custodian bank in the fulfillment of their functions.

6 When paying out the liquidation proceeds in the event of a dissolution of the fund, the management company may charge a redemption commission of no more than CHF 10,000.--.

2 Organization

2.1 Domicile country / Responsible supervisory authority

Liechtenstein / Financial Market Authority Liechtenstein (FMA); www.fma-li.li.

2.2 Legal status

The **HERCULIS Partners „Taurus“ Fund** was created according to the Liechtenstein Law on Investment Undertakings for other values or real estate as a dependent, open investment fund with the legal status of a collective trust.

2.3 Date of incorporation

August 14, 2012

2.4 Management company

IFM Independent Fund Management AG, Austrasse 9, FL-9490 Vaduz

2.5 Asset Manager

Herculis Partners SA, 30, rue du 23 Juin, CH-2900 Porrentruy

2.6 Custodian bank

Kaiser Partner Privatbank AG, Herrengasse 23, FL-9490 Vaduz

2.7 Auditors

Ernst & Young AG, Brunnhofweg 23, 3001 Bern, Switzerland

3 Business information

3.1 Use of proceeds

The income generated by the fund is reinvested on an ongoing basis.

3.2 Taxation

3.2.1 Fund assets

All Liechtenstein funds in the legal form of the (contractual) investment fund or unit trust are fully taxable in Liechtenstein and subject to income tax payments. Income from managed assets is tax-exempt income.

Issue and revenue taxation[7]

The establishment (issue) of units of such a fund does not entail an issue charge or revenue taxation. The paid transfer of title to units is subject to revenue taxation provided one party or agent is a domestic broker. The repurchase of units from investors is exempt from revenue taxation. The contractual common fund or the unit trust is deemed the revenue-tax-exempt investor.

Withholding tax or paying agent tax

Depending on the persons who directly or indirectly hold units of the fund, both income and capital gains, whether paid out or reinvested, may be fully or partially subject to a so-called paying agent tax (e.g. abolition tax, European savings tax, Foreign Account Tax Compliance Act).

[7] Gemäss Zollanschlussvertrag zwischen der Schweiz und Liechtenstein findet das schweizerische Stempelsteuerrecht auch in Liechtenstein Anwendung. Im Sinne der schweizerischen Stempelsteuergesetzgebung gilt das Fürstentum Liechtenstein daher als Inland.

The fund, in the legal form of a contractual common fund or unit trust, is not otherwise subject to a retention tax obligation in the Principality of Liechtenstein; in particular, no coupon or withholding taxes are payable. Foreign income and capital gains generated by the fund in the legal form of a contractual common fund or unit trust, or, as the case may be, by an investment compartment of the fund, may be subject to withholding tax deductions in the investment country. Double-taxation agreements may apply.

The fund has the following tax status:

EU savings tax

With respect to the fund, a paying agent in Liechtenstein may be obliged to withhold taxes in regard to certain interest payments of the fund applicable to both yield distributions and to the sale or redemption of units if the recipient is a natural person whose fiscal domicile is in an EU member state (EU savings tax). If applicable, a Liechtenstein paying agent may, if explicitly requested by the beneficiary, use a reporting method instead of withholding amounts for taxes due.

FATCA

The fund shall submit to the provisions of the Foreign Account Tax Compliance Act ("FATCA", particularly to Sections 1471 – 1474 of the U.S. Internal Revenue Code as well as to a treaty, if any, between Liechtenstein and the United States of America regarding collaboration for simplified implementation of FATCA, to the applicable extent) and if required register with the U.S. tax authorities as a FATCA-participating entity.

3.2.2 Natural persons subject to taxation in Liechtenstein

Private investors domiciled in the Principality of Liechtenstein shall declare their units as wealth and they are subject to wealth tax. Payouts or reinvested profits, if any, of the fund in the legal form of a contractual common fund or unit trust, or, as the case may be, by an investment compartment of the fund, are income-tax-exempt. The capital gains incurred when the units are sold are income-tax-exempt. Capital losses cannot be deducted from taxable gains.

3.2.3 Persons with tax domiciles outside Liechtenstein

For investors domiciled outside the Principality of Liechtenstein, taxation and other fiscal consequences involved in holding and buying or selling units are governed by the fiscal legislation of the respective country of domicile and, particularly with respect to EU interest taxation, by the laws of the domicile country of the paying agent.

Disclaimer

The fiscal considerations are based on the currently applicable legal situation and practice. They are explicitly subject to change due to changes of legislation, jurisdiction, edicts, and the practices adopted by the tax authorities.

Investors are urged to consult their own professional advisors with respect to fiscal consequences. Neither the management company nor the depositary nor their authorized agents can assume any responsibility for the investor's individual fiscal consequences arising from the purchase, ownership, or sale of units.

3.3 Costs

3.3.1 Commissions and costs borne by the investors

a) Issue commission

To cover the costs incurred by the placement of units, the management company may charge an issue commission on the net asset value of the

newly issued units to be credited to it according to section 1, "Key fund data".

b) Redemption commission

For the redemption of repurchased units, the management company does not charge a redemption commission on the net asset value of the redeemed units.

3.3.2 Commissions and costs payable by the fund

a) Management commission and administration fee

The management company shall invoice, for the supervision, asset management and/or domestic and foreign distribution of fund units an annual flat-rate management commission pursuant to section 1 "Key fund data". The amount shall be calculated on the basis of the net assets of the fund at the end of each calendar quarter and charged accordingly.

This also includes the trailer fees that may be payable to third parties for investor referral and support services.

b) Performance fee

Additionally, the management company is entitled to receive a performance-dependent remuneration ("performance fee") according to section 1, "Key fund data", on the appreciation of the unit, adjusted for dividends and capital measures, if any, provided the appreciation of the fund's assets exceeds 15% p.a. (hurdle rate). The performance fee shall amount to 5% of unit value gain that exceeds the hurdle rate.

A performance fee, if any, shall be determined on each valuation day on the basis of the number of outstanding units and deferred, provided the unit price cumulatively exceeds the hurdle rate and the high watermark. An underride of the hurdle rate at the end of a prior financial year does not have to compensated in the financial year that follows it.

A deferred performance fee shall be payable in retrospect per quarter (March, June, September, December).

The high watermark principle is used as a basis for calculations. If the fund sustains a value loss, the performance fee will not be levied again until the value per unit, adjusted for dividends and capital measures, if any, and less all costs, has reached a new high (high watermark). The high watermark is understood to be an all-time high watermark.

A calculation example is provided in section 10 "Calculation examples for the performance fee".

c) Custodian bank fee

For safekeeping the fund's assets, for handling payment transactions, and for implementing other tasks that the IUA attributes to the custodian bank, it shall levy an annual fee as set forth in section 1 "Key fund data". The amount shall be calculated on the basis of the net assets of the fund at the end of each calendar quarter and charged accordingly.

d) Ordinary expenditures

Additionally, the following expenditures are paid for out of the fund's assets:

- Costs incurred in conjunction with the establishment of the investment undertaking (e.g. concession fees, preparation and printing of the pro-

spectus in all required languages); these are capitalized and subject to linear depreciation over a period of 3 years;

- Costs incurred in the preparation, printing, and dispatch of annual and semi-annual reports as well as other legally required publications in all necessary languages;
- Costs incurred for legal advice that the management company or the custodian bank must obtain in their activities on behalf of the investor;
- Costs incurred for communications, if any, to be sent to the unitholders;
- charges and costs for permits and the supervision of the fund in Liechtenstein;
- any taxation levied on the fund's assets as well as its yields and expenses;
- a reasonable share of costs for printed matter and advertising directly associated with the offering and issue of units;
- Auditors' fees;
- Costs of any extraordinary measures that may prove necessary pursuant to the IUA and IUO (examples: changes of the fund's contractual terms).

e) Transaction costs

In addition, the fund shall bear all ancillary costs for the purchase and sale of investment instruments arising from the management of the fund's assets (customary brokerage fees, commissions, duties). Such costs are directly offset against the historic cost or sales price of the respective instruments.

f) Liquidation Proceeds

When paying out the liquidation proceeds in the event of a dissolution of the fund, the management company may charge a redemption commission of no more than CHF 10,000.--. Additionally to these cost, the fund has to bear all the cost from authorities, the auditor or the depositary.

g) Total expense ratio (TER)

The total cost to be absorbed by the fund on an annual basis (Total Expense Ratio, TER) is published in the respective annual report. The TER is calculated according to principles approved by the FMA and with the exception of transaction charges includes all commissions and costs debited to the fund's assets on a regular basis.

h) Commission paybacks

In conjunction with the purchase and sale of goods and rights on behalf of the fund, the management company, the custodian bank as well as authorized agents, if any, ensure that particularly commission paybacks accrue directly or indirectly to the benefit of the fund.

4 Dissolution and restructuring of the fund

4.1 Dissolution

The fund shall be imperatively dissolved in the cases provided by law.

In addition, the management company is authorized to dissolve the fund at any time. The decision to dissolve the fund shall first be communicated to the FMA. Once the decision to dissolve the fund has been taken, no further units shall be issued or redeemed.

In case of dissolution of the fund, the management company may immediately liquidate the fund's assets. The management company is entitled to entrust the custodian bank with the distribution to the investors of the net proceeds from liquidation minus the

liquidation costs. Apart from these provisions, the dissolution of the fund shall be executed in compliance with the provisions of personal and corporate law of Liechtenstein.

4.2 Restructuring

Upon decision by the management company and approval by the custodian bank and in compliance with the regulations below, the fund may be merged, split, transformed into a different legal status or a different fund type, or its assets may be transferred to another fund or another segment. The transformation of the fund into a different legal status or different fund type as well as the transfer of the assets of the fund to another fund require approval by the FMA.

The management company may merge the fund by transferring the assets and liabilities of the fund to the acquiring fund at the time of the merger. The investors of the transferring fund shall receive, at the time of the merger, units of the acquiring fund in proportion of the determined conversion ratio, and the transferring fund shall be dissolved without liquidation. The FMA may grant a postponement for the redemption of units if the merger procedure takes longer than one day. The management company shall notify the FMA of the formal completion of the merger. The external auditors shall confirm this to the FMA.

Moreover, the fund may be merged in compliance with the legal provisions and the conditions determined by the FMA only if:

a) the prospectuses of the transferring and target funds must not significantly deviate from one another as regards the investment policy and the costs debited to the funds;
b) The transferring and the acquiring funds are valued at the time of the merger on the same basis of valuation, the conversion ratio is calculated, and assets and liabilities are taken over;
c) The investors are given an opportunity to redeem their units within an appropriate time limit; and
d) No direct costs accrue to the investors and the funds by the merger.

Provided that the provisions of paragraphs a) – d) above are analogously complied with, the management company is also authorized to split or transfer the fund.

5 Participation

5.1 Circle of qualified investors

The fund is intended exclusively for one or several qualified investors.

5.1.1 The following investors are deemed qualified provided they invest at least CHF 250,000 or the equivalent amount in another currency in the investment undertaking for qualified investors:

a) Companies that are subject to a form of supervision that is equivalent to supervision in Liechtenstein, especially banks and brokerage firms, asset management companies, insurance companies, pension and annuity funds, postal institutions, mutual funds and their management companies;
b) Commercially active companies whose equity capital in the most recent fiscal year amounted to more than CHF 20 million or the equivalent amount in another currency;
c) Persons, companies, fiduciary entities, other collectives and asset holders that are not commercially active and on the date of subscription directly or indirectly dispose of assets worth CHF 1 million or the equivalent amount in another currency;

d) States, public-sector organizations and institutes, central banks, international and supranational institutions and other comparable international organizations.

5.1.2 Investors are also deemed qualified provided they have concluded a written asset management agreement with domestic or foreign residents who:

a) with respect to their asset management activities are subject to relevant supervision or can provide evidence of membership in a professional organization that is recognized by the national supervisory authority; and
b) are subject to current EEC money laundering legislation or equivalent jurisdiction. The FMA provides a list of countries with equivalent legislation.

5.2 Subscription agencies

Fund units can be purchased from the custodian bank or any other domestic or foreign bank subject to Directive 91/308/EWG as set forth in Directive 2001/97/EG or an equivalent regulation and an appropriate supervisory authority.

5.3 Subscription form

The qualified investor may purchase units of the fund only on the basis of the enclosed subscription form which must be undersigned by the investor. On this subscription form, the investor shall confirm pursuant to section 5.1 his or her status as a qualified investor under one of the above-mentioned categories.

5.4 Sales restrictions

The fund may be publicly distributed only in the Principality of Liechtenstein.

Local regulations shall apply in cases where units of this fund are issued and redeemed abroad. In particular, the units of the fund have not been registered under the United States Securities Act of 1933 and cannot, except in conjunction with a transaction that does not violate this Act, be directly or indirectly offered, sold, resold or delivered in the United States, to citizens or residents of the United States, to corporations or other legal entities established or administrated under U.S. law. Herein, the term "United States" means the United States of America, its territories and possessions and all regions subject to its jurisdiction. Citizens of the United States residing outside of the United States are permitted to become beneficial owners of the units of this fund under the provisions of Regulation S of the Securities Act Release No. 33-6863 (May 2, 1990).

5.5 Issue of units

Units can be subscribed on the valuation day at the net asset value per unit, whereby this net asset value is calculated on the valuation day on the basis of the last-known prices plus issue commission and taxes, if any. The valuation criteria are described in detail in section 5.7. The amount of the maximum issue commission charged in conjunction with the issue of units is stated in section 1, "Key fund data".

Purchase requests must be submitted to the custodian bank prior to the deadline. If a subscription request is received after the acceptance deadline, it will be treated as an issue request on the next following valuation day. Purchase or redemption requests submitted to authorized distributors in Liechtenstein or abroad may be subject to earlier deadlines in order to assure that they can be forwarded to the custodian bank in Liechtenstein in a timely manner. On request, the respective authorized distributor will provide pertinent information. Information on the acceptance deadline is provided in Section 1 "Key fund data".

The payment must be received within 3 banking days after the calculation of the issue price and within a specified period of time after the valuation day. The management

company is entitled to extend this period accordingly if the regular period should prove to be too short. Information on the value date is provided in section 1 "Key fund data".

Any taxation resulting from the issue of units is also charged to the investor. If units are purchased via banks that are not entrusted with the distribution of the units, it cannot be excluded that such banks charge additional transaction costs.

The custodian bank, the management company and/or the authorized distributors may refuse purchase requests at their own discretion.

If the payment is made in another currency than the accounting currency, the equivalent resulting from the conversion of the payment currency into the accounting currency, less charges, is used for the purchase of units.

The minimum investment an investor must hold is stated in section 1, "Key fund data". At the discretion of the management company, a minimum investment limit may be waived.

The management company may, in addition, take a decision to permanently or temporarily suspend the issue of units if new investments may impair the achievement of the investment objective.

5.6 Redemption of units

Units are redeemable on the valuation day at the net asset value per unit. This net asset value is calculated on the valuation day on the basis of the last-known prices after deduction of redemption commissions and taxes, if any. The valuation criteria are described in detail in section 5.7. The amount of the maximum redemption commission charged in conjunction with the redemption of units is stated in section 1, "Key fund data".

Redemption requests must be received by the custodian bank on or before the acceptance deadline. Redemptions must be announced beforehand **with a period of notice of 180 calendar days effective at the end of a calendar quarter.** Termination notices not received by this point in time shall be processed effective the next valuation day. Information on the acceptance deadline is provided in Section 1 "Key fund data".

The redemption amount shall be paid within a defined period of time (value date) after the valuation day. The management company is entitled to extend this period accordingly if the regular period should prove to be too short. Information on the value date is provided in section 1 "Key fund data". This does not apply in case the transfer of the redemption sum proves impossible due to legal constraints such as currency export and cross-border payment restrictions or due to other circumstances beyond the control of the custodian bank.

In case of large redemption requests, the management company may decide to settle a redemption request only when, without unnecessary delay, equivalent assets of the fund can be sold. If such a measure is necessary, all redemption requests received on the same day shall be settled at the same price.

The bank and/or the management company may at any time independently effectuate the redemption of units if these are held by investors who are not authorized to purchase or own these units.

If, on request by the investor rather than at the discretion of the custodian bank, the payment is to be made in another currency than the currency of the units' denomina-

tion, the payable amount shall be calculated from the proceeds of the conversion from the accounting currency into the payment currency less charges.

After payment of the redemption price, the respective unit becomes invalid

5.7 Net asset value

The net asset value (NAV) per unit shall be calculated by the management company at the end of the accounting year (valuation day) as well as on each valuation day, under consideration of the valuation interval, on the basis of the last known prices. Information on the valuation day and on the valuation interval can be found in Section 1 "Key fund data".

The NAV of a unit is expressed in the accounting currency of the fund and results from the fund's asset value minus any liabilities, divided by the number of circulating units. It is rounded to USD 0.01.

The asset value of the fund is calculated as follows:

a) Investments listed on a stock exchange or traded on another regulated market shall, as a rule, be valued at the closing price on the respective issue and redemption day. If an investment is traded at several stock exchanges, the price of the market representing the main market for this investment shall be applicable. This is subject to lit. b below;
b) For investments in securities or money-market instruments with an effective maturity of less than 12 months, the difference between the acquisition price (purchase price) and the redemption price (price at maturity) may be linearly extrapolated, and the valuation at the current market price may be omitted, if the redemption price is known and has been fixed. Credit-rating changes, if any, shall be accounted for additionally;
c) The market value of open-ended funds is equivalent to their net asset value;
d) The determination of the value of unlisted securities are the reports most recently published by the respective companies and, if available and relevant, formal audits;
e) Investments priced outside the market, and those assets that do not fall under lit. a, b and c above, shall be valued with the price that would probably be attainable with a prudent sale on the valuation date; this price is determined by the executive board of the management company or by agents under its authority or supervision to the best of their knowledge and ability;
f) Cash and cash equivalents shall be valued on the basis of their face value plus accumulated interest; and
g) Investments denominated in another currency than the fund's accounting currency shall be converted using the mean between the buying and selling prices offered in Liechtenstein or, if not available, on the market most representative of that currency.

The management company shall be entitled to use other reasonable valuation principles to value the assets of the fund if, as a result of extraordinary circumstances, valuation on the basis of the criteria described above should become impossible or impracticable. In the case of very large numbers of redemption requests, the management company may value the units on the basis of the prices at which the necessary securities have to be sold. In this case, the same calculation method shall be used for simultaneously submitted issue and redemption requests.

6 Risk advisory

6.1 Fund-specific risks

The performance of the units depends on the investment policy as well as the market development of the individual investments of the fund and cannot be determined in advance. In this context, it must be pointed out that the value of the units can rise or fall versus the issue price at any time. The fund cannot guarantee that the investor will be able to recover his invested capital.

The **HERCULIS Partners „Taurus“ Fund** is an investment undertaking for qualified investors. Because of its investment policy, the risks associated with this investment undertaking are not comparable with those of an undertaking for collective investment in transferable securities (UCITS) in the sense of the Act on Undertakings for Collective Investment in Transferable Securities (UCITSG).

Due to its eligibility to invest in equities and debt instruments, this fund is exposed to a market and issuer risk as well as to an interest-rate change risk which may negatively affect the net asset value. Other risks such as the foreign-exchange risk may also apply. Increased risks may be incurred with the deployment of derivative financial instruments that are not used for hedging purposes.

An additional and increased speculative risk is associated with this fund because it can directly or indirectly invest all of its assets or portions thereof in private equity investments, partnership investments, and private equity holding companies (collectively called **private equity investments**). Frequently, the private equity investments acquired for the fund exhibit little liquidity because as a rule, they are not traded on a stock exchange or another regulated market accessible to the public and such assets can therefore not be sold as readily as securities traded on a stock exchange. When such assets are sold, significant differences between price and valuation may be incurred as realized losses.

Based on its specialization in the **Russian market** as well as on markets in the other nations of the **Commonwealth of Independent States (CIS)**, the fund can leverage opportunities but may also incur greater risks. It must be emphasized that in this market segment, volatility tends to be much greater than in other market segments with which investors are familiar.

Investors are asked to note that the fund is entitled to take out loans at customary market terms, not exceeding 20% of its assets, for investment purposes and for the fulfillment of redemption requests. Furthermore, the fund may invest up to 100% of its assets in securities, equities and money-market instruments issued by the same issuer. Moreover, the fund may invest up to 100% of its assets in units of other funds that are directly or indirectly administered by the management company itself. It must be pointed out that the performance of the **HERCULIS Partners „Taurus“ Fund** may deviate significantly from the general development of the underlying markets in which it invests.

Investors must take into account that at the level of indirect investments, further indirect costs and charges are incurred and that fees and remunerations are paid – these expenses are debited directly to the individual indirect investments. In particular, it should be noted that the fund is entitled, without restrictions, to invest its assets in products that are directly or indirectly administered by the asset manager or by another company over which he has joint control or with which he is affiliated through a significant direct or indirect interest position. It is possible that the asset manager may receive remunerations, commissions, management fees or other types of compensations both from the **HERCULIS Partners “Taurus” Fund** and from the products in which he invests.

Additionally, the attempt to sell permissible instruments held by the fund that are not traded on a stock exchange or another regulated market accessible to the public may entail liquidity bottlenecks that may have an impact on the selling price of such instruments and on the value development of the units. It must be pointed out that some of these instruments have poor ratings. Moreover, investments may target small and medium-sized companies whose shares may exhibit considerable fluctuations.

Persons who invest in the HERCULIS Partners „Taurus“ Fund are explicitly requested to inform themselves about the general and fund-specific risks that are described in detail in the prospectus (cf. section 6). In particular, investors must be prepared and capable to absorb possible – even substantial – price losses. The redemption of units is subject to a period of notice of 180 calendar days effective at the end of a calendar quarter. A premature withdrawal from the fund without observing the period of notice is not possible.

The management company advises potential investors to invest only a limited portion of their total assets in units of the **HERCULIS Partners „Taurus“ Fund.** An investment in units of the **HERCULIS Partners „Taurus“ Fund** is suitable only for risk-tolerant investors with a long time horizon.

Furthermore, the following fund-specific risks are involved. It must be pointed out, however, that a conclusive list of all fund-specific risks cannot be compiled:

Risks associated with the nature of private equity investments
Typically, private equity investments involve uncertainties very unlike those that apply to other assets (such as publicly traded securities). Often, a private equity investment is exposure in companies that have only existed for a short period of time, that have little business experience, for whose products no established market exists, that are in a difficult situation, or that are facing restructuring, etc. Forecasts regarding the future value trend are therefore often associated with larger uncertainties than those which apply to many other investment instruments.

Risks incurred due to the lack of liquidity and the long-term nature of participations
Frequently, the private equity investments acquired for the fund or the target funds exhibit little liquidity because as a rule, they are not traded on a stock exchange and such assets can therefore not be sold as readily as securities traded on a stock exchange.

Investments in units of the **HERCULIS Partners „Taurus“ Fund** should be considered long-term investments.

Risks involved in the calculation of the net asset value
When calculating the net asset value of the units, the management company must regularly rely on the valuations or reports of the target funds, or on the most recent reports prepared by the respective companies as well as formal audits, if available and pertinent, which as a rule are only published some time after the relevant valuation days. In some instances, the management company will be compelled to undertake own estimates for the valuation of their exposure in these target funds – possibly to some extent on the basis of insufficient background information.

Risks of indirect investments
The involvement of companies by the fund or by the target funds may generate costs that can reduce the fund's potential yield. In indirect investment scenarios, such costs may be incurred across a string of involved companies and result in multiple financial expenditures.

Risks related to accounting, auditing, and reporting, etc.
The legal framework as well as the standards that apply to publication, accounting, auditing, and reporting may be less strict in countries where investments are made than in Liechtenstein. This may cause the actual value of investments to deviate from the reported value, so that the net asset value published by the management company may not correctly reflect the value of all or of some investments.

Legal risks
The management company may make investments that are subject to foreign jurisdictions with the result that the legal venue may be outside Liechtenstein. One possible result of this situation is that the rights and obligations of the fund deviate from those that apply in Liechtenstein and in particular that the investor is less protected than is the case with comparable investments pursuant to Liechtenstein law and with legal venues in Liechtenstein.

Fiscal risks
It cannot be ruled out that investments are made that result in a fiscal burden with a relevant impact on the yield of the investment. The fiscal burden may already be known when the investment is implemented and factored in within the scope of the investment decision, or it may be incurred during the life of an investment due to changes in relevant domestic or foreign fiscal policy. Neither the management company, nor the custodian bank, the asset manager or other parties can assume any liability for fiscal consequences.

Currency depreciation:
The assets of the **HERCULIS Partners "Taurus" Fund** can be invested in securities denominated in currencies other than those of industrialized nations. Moreover, the proceeds from such investments may be denominated in such other currencies. In the past, the currencies of most developing countries have depreciated significantly relative to the currencies of industrialized nations. Some currencies of threshold countries could continue to depreciate versus the currencies of industrialized nations. Since the calculation of the net asset value per unit of the **HERCULIS Partners "Taurus" Fund** is performed in the respective reference currencies of the unit classes, the fund is exposed to a currency risk that could affect the value of the respective units.

Country-specific risks:
The value of the assets of the **HERCULIS Partners "Taurus" Fund** may be influenced by uncertainties mainly within Russia, but also within the other nations of the **Commonwealth of Independent States (CIS)**, for instance due to changes in government policy, nationalization of industries, taxation, currency restrictions, and other amendments of laws or regulations in Russia or in other nations of the **Commonwealth of Independent States (CIS)** and in particular by changes in legislation with respect to the extent of foreign participation in companies domiciled in these nations.

Equity market conventions:
The markets in **Russia** and in other nations of the **Commonwealth of Independent States (CIS)** are subject to fewer regulations than many of the world's leading equity markets. Moreover, customary market practices for clearing securities transactions and the safekeeping of assets in such countries may pose an increased risk associated with the delayed receipt of correct information regarding the value of the securities (which can have an impact on the calculation of the net asset value).

Quality of information:
The applied accounting, auditing, reporting standards and practices as well as disclosure requirements of companies in which the **HERCULIS Partners "Taurus" Fund** is allowed to invest may deviate from the standards that are applied in major international financial centers.

6.2 General risks

In addition to the fund-specific risks, the investments of the fund may incur general risks. All investments in investment undertakings involve risks. Risk may include, or be associated with, stock and bond market risks, foreign currency translation risks, interest-rate risks, credit risks, volatility risks, and political risks. Any of these risks may occur together with other risks. Some of these risks are briefly discussed in this section. It should be noted, however, that this is not an inclusive list of all possible risks.

The value of the investments and of the income generated by them may fall or rise and cannot be guaranteed. There is no guarantee that the fund will actually attain its investment objective and that capital gains will be achieved. When returning units, the investor may not be able to recover the amount originally invested in the fund.

Potential investors should be clearly aware of the risks incurred by an investment in units and not make any investment decisions before having received comprehensive advice by their legal, fiscal, and financial consultants, auditors or other experts on the suitability of an investment in units of this fund, taking into consideration their personal financial and fiscal situation as well as other circumstances, and on the information contained in the present full prospectus and the investment policy of the fund.

Derivative financial instruments

The fund may deploy derivative financial instruments. These may be used not only for hedging purposes but may also be deployed as part of the investment strategy. The deployment of derivative financial instruments for hedging purposes may change the general risk profile as a result of smaller opportunities and risks. The deployment of derivative financial instruments for investment purposes may change the general risk profile as a result of additional opportunities and risks.

Derivative financial instruments also incur the risk of a loss to the fund's assets because another party participating in the derivative financial instrument (usually a "counterparty") does not meet its obligations. This risk is particularly high with warrants, OTC options and futures, structured products, exotic options, etc.

Issuer risk (solvency risk)

A deterioration in solvency or even the bankruptcy of an issuer entails at least a partial loss of the assets.

Counterparty risk

The risk arises when the delivery on transactions concluded for the account of the assets is jeopardized by liquidity problems or bankruptcy of the issuer.

Inflation risk

Inflation may diminish the value of the invested assets. The purchasing power of the invested capital decreases when the inflation rate exceeds the yield of the investments.

Cyclical risks

These refer to the risk of price losses arising when at the time of the investment decision, the development of the economic cycle is not, or not correctly, taken into consideration, so that securities investments are made at the wrong time or securities are being held during an unfavorable phase of the economic cycle.

Country-specific risks (political risk)

Investments in countries in politically unstable conditions incur special risks. These may quickly lead to large price swings. Such risks include, for example, foreign currency restrictions, transfer risks, moratoriums, or embargoes.

Liquidity risk
Equities of smaller companies (small caps) incur the risk that the market may not be liquid during some phases. The result may be that equities cannot be traded at the desired time and/or in the desired quantities and/or the expected price.

Market risk (price risk)
This is a general risk associated with all investments which implies a possible change of the value of a certain investment against the interests of the fund.

Psychological market risk
Sentiment, opinions, and rumors may cause a significant price drop although the profit situation and future prospects of the companies under investment has not necessarily changed in any sustainable way. Equities are especially vulnerable to psychological market risks.

Settlement risk
The fund is exposed to this risk if a finalized transaction cannot be settled as expected due to the failure of a counterparty to pay or deliver, or that losses are incurred due to errors in the operational settlement of a transaction.

Tax risk
Purchasing, holding, or selling of investments of the fund may be subject to fiscal regulations (e.g. source taxation) outside the fund's country of domicile.

Entrepreneurial risk
Investments in equities represent a direct participation in the business success or failure of a company. In the extreme case – bankruptcy – this may mean the total loss of value of such an investment.

Currency translation risk
If the fund holds assets denominated in a foreign currency or currencies, it is exposed to a direct currency translation risk (unless the foreign currency positions are hedged). Falling exchange rates lead to a value reduction of the foreign currency investments. Conversely, the foreign exchange market also offers opportunities of gains. In addition to the direct currency translation risks, there are also indirect currency translation risks. Internationally active companies depend to a more or less significant degree on the development of exchange rates, and this may have an indirect effect on the price development of investments.

Interest-rate risk
To the extent that the fund invests in securities that yield an interest, it is exposed to an interest-rate risk. When the market level of the interest rate rises, the price value of the interest-yielding securities of the assets may fall substantially. This is even more the case if the portfolio also contains interest-yielding securities with longer maturities and lower nominal interest.

7. Investment principles

7.1 Investment objective and investment policy of the fund

The fund's investment objective is mainly to generate above-average long-term capital gains. For this purpose, the fund can purchase and sell the instruments that are permitted within the scope of its investment policy. To the extent that section 7 does not specify any deviating investment principles, the general investment regulations of section 8 shall apply. **No guarantee can be given that the investment objective will be achieved.**

To attain its investment objective, the fund may make investments globally and in all business sectors that in the view of the management company offer particular opportunities to increase the fund's assets. With respect to the basic structure of the fund, no percentage restrictions apply with regard to investment possibilities, security types, currencies, geographical locations, durations, industries, etc.

The fund directly or indirectly invests its assets in **securities and similar financial instruments** (equities, cooperative certificates, participation certificates, preferred shares, equities with warrants, bonds, debentures, warrants, option bonds, convertible bonds, fund-index-linked notes, etc.) by issuers that are domiciled or carry out the major part of their business activities in **Russia** and/or in the other nations of the **Commonwealth of Independent States (CIS)** or as holding companies hold interest positions predominantly in companies that are domiciled in Russia and/or in the other nations of the Commonwealth of Independent States (CIS) **as well as in deposits** (sight deposits or callable deposits with a duration of no more than 12 months). Apart from **Russia,** CIS nations include **Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldavia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.**

The fund is entitled to fully or partially and directly or indirectly ("target funds") invest its assets in private equity investments, partnership investments and private equity holding companies (collectively referred to as **"private equity investments"**). The fund is allowed to invest in all financing stages (cf. section 7.2.2). In particular, subject to the observance of the investment regulations set forth in section 8, the fund may invest up to 100% of its assets in a single private equity investment or in units (or shares) of a single investment fund.

Based on its specialization in the **Russian market** as well as on markets in the other nations of the **Commonwealth of Independent States (CIS)**, the fund can leverage opportunities but may also incur greater risks. It must be emphasized that in this market segment, volatility tends to be much greater than in other market segments with which investors are familiar.

In the interest of efficient management, the fund may, for hedging and investment purposes, deploy derivative financial instruments linked to securities, stock and yield indices, currencies and Exchange Traded Funds as well as currency transactions and swaps In addition, future exchange transactions may also be purchased and sold for investment purposes.

Moreover, the fund is authorized to invest in other permitted investments within the limits of the Investment restrictions set forth in the "Investment regulations" in section 8.

It should be noted that investments entail not only price and yield opportunities but also risks due to the fact that the prices may fall below the acquisition price. Even the careful selection of the securities to be acquired cannot exclude the risk of loss due to insolvency.

The fund-specific and general risks set forth in section 6 apply.

7.2 Terminology

7.2.1 Definition pf private equity

Private equity belongs to the alternative investments category. Most private equity investments involve instruments that are not publicly traded. With private equity, investors participate in the equity of companies with high growth potential and conversely obtain a share of the economic success. Typically, private equity investments involve uncertainties very unlike those that apply to other assets (such as publicly traded securities). Often, a private equity investment is ex-

posure in companies that have only existed for a short period of time, that have little business experience, for whose products no established market exists, that are in a difficult situation, or that are facing restructuring, etc. Forecasts regarding the future value trend are therefore often associated with larger uncertainties than those which apply to many other investment instruments. The above-average risk involved in this type of investment may be offset by above-average potential earnings.

As a rule, private equity investments are less liquid, i.e. the short-term sale of such investments may be associated with difficulties.

7.2.2 Private equity financing stages

The implementation of an investment policy in the private equity sector may involve the application of one or several of the three following financing stages. The following list is intended as an example and is not exhaustive:

7.2.2.1 Venture Capital

Investments in the form of venture capital pertain to assets in startup companies or companies that want to implement a new business idea. In this question, different phases can be distinguished:

- Incorporation or development phase (seed);
- Early development state (early stage); and
- Later stage.

7.2.2.2 Special situations

Investments in special situations are generally investments in established companies. In many cases, this relates to companies that are in special financing circumstances, either because they are readying for an IPO, just recently went public, or are faced with a crisis or a restructuring process. Such investments often take place in subordinate capital.

7.2.2.3 Buyout investments

Buyout investments are investments focused on the takeover of control over the respective company. Within the scope of such investments, the management of the respective company often owns equity in it (so-called management buyout). The acquisition of the company can also take place via a substantial portion of borrowed capital (so-called leveraged buyout).

7.2.3 Private equity investments (participation modes)

The fund is entitled to fully or partially invest its assets directly or indirectly in the private equity sector. Investments may be made with the following participation modes:

7.2.3.1 Partnership Investment

A partnership investment is a direct participation in a limited liability company whose purpose it is to directly or indirectly invest in private equity.

7.2.3.2 Private Equity Holding Company

A private equity holding company is a direct participation in a body or other legally independent legal entity according to applicable law, such as a trust that directly or indirectly holds private equity investments or partnership investment and that are not controlled by the

target fund, or if they are controlled by it are only subject to passive control situations (cf. intermediate holding company).

7.2.3.3 Private Equity Investment

A private equity investment is a direct participation via share, hybrid, or borrowed capital in a company that has financing needs of a private equity nature.

7.2.3.4 Intermediate Holding

An intermediate holding company is a directly or indirectly controlled capital company whose purpose it is to directly or indirectly investment in private equity instruments.

7.3 Accounting currency

The accounting currency is the currency in which the performance and the net assets of the fund are reported. The accounting currency of the fund is indicated in section 1 "Key fund data".

7.4 Profile of a typical investor

The fund is suitable only for risk-tolerant, qualified investors with a long-term investment horizon who wish to invest in an opportunistically managed portfolio of issuers of the **Commonwealth of Independent States (CIS)** and with a main focus on **private equity**. Investors should be aware of the special risks involved in investments in private equity, the long-term nature of the investment in view of restricted liquidity, and the risks of such investments abroad.

8. Investment regulations

The following regulations apply generally to investments of the fund:

8.1 Permitted investments

8.1.1 The fund can basically invest in the instruments listed below. The investments can be made in instruments that are traded on a stock exchange or on another regulated, publicly accessible market as well as in not listed or not regularly traded instruments that are not traded on any stock exchange or on any other regulated, publicly accessible market.

a) Traditional direct investments in securities and similar financial instruments

aa) Equities and securities worldwide (equities, participation certificates, etc.);

ab) Debt instruments (bonds, debenture bonds, option bonds, convertible bonds, fund-index-linked notes etc.);

ac) Money-market instruments recognized by the supervising authority as securities, issued by private and public debtors worldwide.

ad) Private placements (generally equities, bonds or notes issued without publicity, usually by a small number of banks or financial institutes. They are not listed with any stock exchange and are acquired predominantly by institutional investors).

b) Traditional indirect investments in securities and similar financial instruments

ba) Units of investment funds subject to Liechtenstein legislation (UCITS and investment undertakings for other securities, excluding investment undertakings for other securities with increased risk) and/or units (or shares) of investment funds subject to foreign legislation which have been authorized by the Liechtenstein supervisory authorities to distribute units of investment undertakings in Liechtenstein, excluding foreign

investment funds, whose investment policy corresponds to that of a Liechtenstein investment undertaking for other securities with increased risk, and which essentially invest in instruments pursuant to lit. a above;

bb) Units (or shares) of investment funds domiciled in member nations of the European Union, the European Economic Area, or other countries subject to a supervisory authority equivalent to that of Liechtenstein, but that are not approved for distribution in Liechtenstein, excluding investment funds whose investment policy corresponds to a Liechtenstein investment undertaking for other securities with increased risk, and which essentially invest in instruments pursuant to lit. a above;

bc) Units of other investments funds in an OECD member nation subject to governmental supervision, excluding investment funds, whose investment policy corresponds to that of a Liechtenstein investment undertaking for other securities with increased risk, and which essentially invest in instruments pursuant to lit. a above;

bd) Structured financial products, Index certificates and index baskets or other derivative financial instruments whose value is derived from the price of the underlying assets or from reference rates;

be) Exchange Traded Funds (also called ETFs or index tracking stocks), whose investments are based on lit. a above. Within the scope of the investment policy provisions of this fund, ETFs include exposure in investment instruments (companies, unit trusts, fund-like structures) whose investments mirror an index and that are traded on a stock exchange or on another regulated, publicly accessible market. Depending on how they are designed and from which country they originate, ETFs may or may not qualify as investment funds pursuant to the Liechtenstein Law on Investment Undertakings for other values or real estate.

c) Private Equity, Private Equity Funds, Funds of Private Equity funds and similar investments

ca) Equities and securities worldwide that are not listed or not regularly traded;

cb) Private equity investments (participation modes) pursuant to section 7.2.3;

cc) Units of open-ended foreign investment funds or other open-ended entities for joint investments with similar functions, whose units are periodically redeemed or repurchased on the basis of their net asset value and which are subject to the legislation of a foreign country;

cd) Units of investment undertakings for other securities with increased risk subject to Liechtenstein legislation,

ce) Units of closed-ended investment funds, investment undertakings or other closed-ended entities for joint investments with similar functions, which are subject to the legislation of a foreign country and invest predominantly in private equity;

cf) Derivative financial products that are directly or indirectly based on investments pursuant to lit. c;

cg) Structured financial products without capital guarantee that are based on investments pursuant to lit. c or on private equity indices;

ch) Investment certificates of issuers worldwide that are based on investments pursuant to this lit. c or on private equity indices.

d) Deposits

Sight deposits or callable deposits with a duration of no more than twelve months.

e) Precious metals and commodities

ea) Precious metals in standardized forms (direct or indirect investments);

eb) Derivative financial instruments, whose underlying instruments, directly or indirectly, are precious metals;

ec) Structured financial products and certificates based directly or indirectly on precious metals, by issuers worldwide;

ed) Derivative financial instruments, whose underlying instruments, directly or indirectly, are commodities;

ee) Structured financial products and certificates based directly or indirectly on commodities, by issuers worldwide;

ef) Units or shares of closed-ended investment funds or entities for joint investments with similar functions, including investment and holding companies, by issuers worldwide, that directly or indirectly invest in instruments pursuant to lit. ea to eh above;

eg) Units or shares of open-ended investment funds that invest in instruments pursuant to lit. ea to eh above.

eh) Exchange Traded Funds ("ETF", also called "Index Tracking Stocks") incl. Exchange Traded Commodities (ETC) or Exchange Traded Notes (ETN), whose investments are based on lit. ea to ee above. Within the scope of the investment policy provisions of this fund, ETFs include exposure in investment instruments (companies, unit trusts, fund-like structures) whose investments mirror an index.

8.1.2 Most of the investments under section 8.1.1. lit. cb, cc, cd and ce above are target funds that because of the lack of equivalent supervision at the domicile cannot be distributed in the Pricipality of Liechtenstein.

8.1.3 The legal status of the investment instruments pursuant to section 8.1.1. lit. ba, bb, bc, cc, cd, ce, ef, eg and eh is irrelevant. In particular, they may include investment funds, investment funds structured as companies, or unit trusts.

8.1.4 The fund is entitled to purchase units of other investment undertakings that are directly or indirectly administered by the same management company or by another company with which the management company related, either through a common board, through control, or through a significant direct or indirect interest position. Within the scope of such investments, the management company or the other company that handles the subscriptions and the redemption of units of the other investment undertakings or the conversion or individual segments by the investment undertaking shall not charge any fees.

8.2 Cash and cash equivalents

In its accounting currency, and in all other currencies with which investments are transacted, the fund may hold cash and cash equivalents permanently and without restrictions, to the extent that this is commensurate with the investment objective. Cash and cash equivalents are sight or time deposits with banks having maturities of up to 12 months.

8.3 Investment restrictions

The fund is subject to the following investment restrictions:

a) The fund may invest up to 100% of its assets in securities, equities or money-market instruments of the same issuer;

b) Pursuant to section 8.1.1. lit. c, up to 100% of the fund's assets can be invested in (**private equity, private equity funds, funds of private equity funds and similar investments)** that are not traded on a stock market;

c) Up to 100% of the fund's assets can be invested in umbrella funds (funds of funds);

d) Up to a maximum of 100% of the fund's assets may be invested in units of investment undertakings administrated by the management company or a management company affiliated with it;
e) The management company does not grant any individual asset management mandates (so-called managed accounts);
f) The target funds acquired by the management company are subject only to the investment restrictions set forth in their prospectuses. Neither the management company nor the custodian bank are liable for the observance of such guidelines and restrictions by the individual target funds;
g) In addition to the restrictions stated in this section, any further restrictions under section 7 also apply.

8.4 Non-permitted investments

The following investments are not permitted:
a) The fund is not allowed to invest its assets in real estate and physical goods (commodities, works of art, antiques, etc.) except as provided for in section 8.1.1 lit. ea;
b) the fund must not transact short sales or other transactions of an equivalent nature;
c) The deployment of derivative financial instruments for speculative purposes; and
d) In the interest of unit owners, the management company may define further investment restrictions at any time, to the extent that they are necessary to comply with the laws and regulations of those countries in which the units of the fund are offered and sold.

8.5 Borrowing and granting of loans

The **HERCULIS Partners „Taurus" Fund** is subject to the following restrictions:
a) Except as provided for in lit. b of this section, the fund may neither grant loans nor offer surety to third parties. Securities lending is not a granting of credit;
b) The fund is entitled to take out loans at customary market terms, not exceeding 20% of its assets, for investment purposes and for the fulfillment of redemption requests; and
c) Up to a maximum of 100% of the fund's assets, the properties and rights of the fund that constitute the assets may be pledged to the custodian bank for the purpose of borrowing and for transactions in derivative financial instruments.

8.6 Instruments and techniques

8.6.1 Derivative financial instruments

In the interest of efficient management, the fund may deploy derivative financial instruments for hedging and investment purposes insofar as such transactions do not deviate from its investment objectives and the investment restrictions are observed.

The risk associated with derivative financial instruments must not exceed 100% of net assets. Hereby, the total risk must not exceed 200% of net assets. In a lending transaction that is permissible pursuant to IUO, the total risk shall not exceed 220% of the net assets.

8.6.2 Securities lending

The management company does not engage in securities lending.

8.6.3 Annuities transactions

Annuity transactions are not permitted.

8.6.4 Investments in other investment undertakings or in other entities for joint investments with a similar function

Pursuant to its special investment policy, the fund is entitled to invest its net assets fully or partially in units of other investment undertakings or collective investment entities with similar functions. Hereby investments are also subject to the restrictions set forth in this prospectus.

Investors must take into account that at the level of indirect investments, further indirect costs and charges are incurred and that fees and remunerations are paid – these expenses are debited directly to the individual indirect investments. These estimated indirect costs are set forth in section 1, "Key fund data".

If an investment undertaking purchases units of other investment undertakings that are directly or indirectly administrated by the same management company or another company connected with the management company by shared administration or by control via a significant direct or indirect participating interest, the management company or the other company may not charge any fees for the subscription or redemption of units of the other investment undertaking, or for the conversion of individual segments by the investment undertaking.

9. Applicable law and jurisdiction and binding language

The fund is subject to the law of Liechtenstein. Exclusive place of jurisdiction is Vaduz. The original German wording of the prospectus and the contractual terms shall be binding.

This prospectus shall enter into force on December 1, 2014 and replaces the prospectus from July 18, 2014.

Vaduz, November 19, 2014

The management company:
IFM Independent Fund Management Aktiengesellschaft, Vaduz

The custodian bank:
Kaiser Partner Privatbank AG, Vaduz

10. Calculation examples for the performance fee

The following examples schematically explain the calculation of the performance fee:

Hurdle rate applies	Yes	High watermark	Yes
Hurdle rate	15%	Performance fee	5%

Valuation day	NAV start	Hurdle rate	High watermark	NAV before perf. fee	Perf. fee	Cum. perf. fee	NAV after perf. fee
Year 1							
Monat 3	100.00	115.00	**100.00**	104.00	0.00	0.00	104.00
Monat 6	104.00	115.00	**100.00**	115.00	0.00	0.00	115.00
Monat 9	115.00	115.00	**115.00**	**120.00**	0.25	0.25	119.75
Monat 12	119.75	115.00	**120.00**	95.00	0.00	**0.25**	95.00
Year 2							
Monat 3	95.00	109.25	120.00	97.00	0.00	0.00	97.00
Monat 6	97.00	109.25	120.00	102.00	0.00	0.00	102.00
Monat 9	102.00	109.25	120.00	120.00	0.00	0.00	120.00
Monat 12	120.00	109.25	120.00	102.00	0.00	0.00	102.00
Year 3							
Monat 3	102.00	117.30	120.00	113.00	0.00	0.00	113.00
Monat 6	113.00	117.30	120.00	**122.00**	0.10	0.10	121.90
Monat 9	121.90	117.30	**122.00**	**124.00**	0.10	0.20	123.90
Monat 12	123.90	117.30	**124.00**	119.00	0.00	**0.20**	119.00

In **year 1**, a performance fee was charged although the fund's performance for that year was negative The performance fee was calculated and deferred on every valuation day and in principle debited at the end of each quarter.

In **year 2**, no performance fee was charged because the high-watermark principle was applied. A performance fee, if any, shall only be charged when the value per unit after deduction of all costs attains a record mark.

In **year 3**, a performance fee is levied. It is limited to the difference between the highest respective net asset value and the current respective high watermark.

It should be noted that a performance fee may be levied on non-realized gains although the non-realized gains may never be realized subsequently.