

HERCULIS Partners Gemini Fund

Investment fund pursuant to Liechtenstein Law

Investment undertaking for qualified investors (segmented)

Prospectus and contractual terms

July 25, 2014

The **HERCULIS Partners Gemini Fund** (hereinafter "the fund") is an investment undertaking for qualified investors pursuant to Art. 23 of the Act on Investment Undertakings for Other Securities or Real Estate of May 19, 2005 (hereinafter IUA), in conjunction with Arts. 28 and 29 of the Ordinance on Investment Undertakings for Other Securities or Real Estate (hereinafter 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. Qualified investors may also download these documents from the website of the LAFV Liechtenstein Investment Funds Association at www.lafv.li. 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 Gemini 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 undertakings for collective investment in securities pursuant to the Act on Certain Undertakings for Collective Investment in Transferable Securities (UCITSA).

Due to its eligibility to invest in equities and debt instruments, the segments of this fund are exposed to a market and issuer risk as well as an interest-rate change risk that may have a negative impact on 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.

The segments of this fund also involve an increased speculative risk because they can fully or partially and directly or indirectly invest in private equity investments, partnership investments, private equity holding companies, in other mezzanine financings and other forms of loan financing as well as indirectly in real estate and infrastructure projects. Frequently, the instruments acquired for the segments of 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.

Investors are asked to note that the segments of the fund are entitled to take out loans at customary market terms, not exceeding 20% of their assets, for investment purposes and for the fulfillment of redemption requests. Additionally, the segments of the fund are entitled to invest up to 100% of their assets in equities and securities of the same issuer. Moreover, the segments of the fund may invest up to 100% of their 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 segments of the **HERCULIS Partners Gemini Fund may deviate significantly from the general development of the underlying markets in which they invest.**

Persons who invest in the **HERCULIS Partners Gemini 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 able 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 180-day period of notice and takes effect at the end of a financial year. A premature withdrawal from the segments of 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 Gemini Fund**. Investments in units of the **HERCULIS Partners Gemini Fund** are suitable only for risk-tolerant investors with a long-term investment horizon.

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The German version of the prospectus and the terms of contract are binding.

1 Key fund data

HERCULIS Partners Gemini Fund -	Gemini I	Gemini II
Basic information		
Security number	24.693.400	24.693.404
ISIN number	LI0246934009	LI0246934041
Suitable as a UCITS IV target fund	No	No
Duration of fund	Unlimited	Unlimited
Listed	No	No
Accounting currency ¹	US dollar (USD)	US dollar (USD)
Minimum investment ²	Equivalent of CHF 250,000 in US dollars	Equivalent of CHF 250,000 in US dollars
Initial issue price	USD 1,000	USD 1,000
Valuation day	December 31	December 31
Valuation interval	Annual	Annual
Acceptance deadline for subscriptions	Day prior to valuation day by no later than 4 pm (CET)	Day prior to valuation day by no later than 4 pm (CET)
Acceptance deadline for redemptions	Period of notice: 180 calendar days for end-of-year redemption	Period of notice: 180 calendar days for end-of-year redemption
Issue and redemption day	Every valuation day	Every valuation day
Value date subscriptions/redemptions	Up to 120 calendar days after the valuation day	Up to 120 calendar days after the valuation day
Close of accounting year	December 31	December 31
Use of proceeds	Reinvested	Reinvested
End of first financial year	Open	Open
Initial subscription		
Subscription deadline	Open	Open
Payment of units subscribed	Open	Open

Commissions and costs borne by the investors

Max. issue commission ³	3%	3%
Redemption commission	None	None
Conversion fee	None	None

¹ The accounting currency is the currency in which the performance and the net assets of the segment are reported.

² Additionally, section 5.1 of the prospectus shall apply with respect to the minimum investment.

³ The commissions and charges actually levied are published in the annual report.

Key fund data (continued)

HERCULIS Partners Gemini Fund -	Gemini I	Gemini II
Commissions and costs payable with the fund's assets⁴⁵		
Management commission	1.8% p.a. or min. USD 180,000 p.a.	1.8% p.a. or min. USD 180,000 p.a.
Max. administration fee ⁶	0.25% p.a. or min. CHF 40,000 p.a.	0.25% p.a. or min. CHF 40,000 p.a.
Max. custodian bank fee ⁶	0.15% p.a.	0.15% p.a.

Estimated indirect costs in the context of indirect investments

◆ Estimated cost (per fund)	Max. 2% p.a. plus further charges, if any	Max. 2% p.a. plus further charges, if any
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⁴ 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.

⁵ In the event of a dissolution of the fund or of a fund compartment, the management company may levy a liquidation fee of max. CHF 10,000 in its favor.

⁶ The commissions and charges actually levied are published in the annual report.

2 Organization

2.1 Domicile country / Responsible supervisory authority

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

2.2 Legal form

The HERCULIS Partners Gemini Fund was created according to the Liechtenstein Act on Investment Undertakings for Other Securities or Real Estate as a legally dependent, open investment fund with the legal status of a collective trust.

2.3 Fund structure

The fund has the structure of an umbrella fund and thus comprises several segments⁷ that make investments within the scope of the investment policy outlined in this prospectus. The assets of each segment are managed by the management company on behalf of and for the account of the investors.

2.4 Date of incorporation

July 25, 2014

2.5 Management company

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

2.6 Asset manager

The investment decisions for the following segments have been delegated to Herculis Partners SA, 30, rue du 23 Juin, CH-2900 Porrentruy.

- ◆ HERCULIS Partners Gemini Fund – Gemini I
- ◆ HERCULIS Partners Gemini Fund – Gemini II

2.7 Custodian bank

NEUE BANK AG, Marktgass 20, FL-9490 Vaduz

2.8 Auditors

Ernst & Young AG, Belpstrasse 23, CH-3001 Bern

3 Business information

3.1 Use of proceeds

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

3.2 Taxation

3.2.1 Fund's assets

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

⁷ The total net assets of a segment are the shared property of all investors, who enjoy equal rights in proportion to their units. They are separate from the assets of the management company. Claims by investors and creditors against the segment, whether originating from the establishment, during the existence, or at the liquidation of the segment, are limited to the net assets of this segment.

Issue and revenue taxation⁸

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.

Source or paying agent taxation

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).

The fund, in the legal form of a contractual common fund or collective 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 collective 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 both with regard to yield distributions and to the sale or redemption of units if the recipient is a natural person who resides in an EU member nation (EU taxation on interest). 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

⁸ Under the customs affiliation agreement between Switzerland and Liechtenstein, Swiss stamp duty jurisdiction also extends to Liechtenstein. With respect to Swiss stamp duty legislation, the Principality of Liechtenstein is thus considered domestic territory.

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 custodian bank 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 the management company, the custodian bank, and/or authorized domestic or foreign distributors according to section 1, "Key fund data".

b) Redemption commission

No redemption commission is charged for the redemption of units of the respective segment.

c) Conversion fee

For the conversion from one segment to another as desired by the investor, the management company will not charge a fee on the net asset value of the original segment.

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 management commission pursuant to section 1, "Key fund data". This commission shall be calculated on the basis of the average assets of the segment and charged pro rata temporis at the end of the year.

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

b) 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 average assets of the segment and charged pro rata temporis at the end of the year.

c) 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. approval fees, preparation and printing of the prospectus 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 Act and Ordinance on Investment Undertakings for Other Securities or Real Estate (examples: changes of the fund's contractual terms).

Reimbursements may be attributed to the individual segments only on a cost-by-cause principle.

Costs that cannot be unambiguously attributed to a specific segment shall be attributed to the individual segments based on their proportion of the fund's assets.

d) Transaction costs

In addition, the fund or the respective segment 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.

e) Liquidation fee

In the event of the dissolution of the fund or of a segment, the management company may levy a liquidation fee of no more than CHF 10,000. In addition to this amount, the fund shall bear all costs charged by authorities, the auditors, and the custodian bank.

f) Total expense ratio (TER)

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

g) Trailer fees

In conjunction with the purchase and sale of properties and rights on behalf of the fund, the management company, the custodian bank as well as authorized agents, if any, shall ensure that trailer fees in particular accrue directly or indirectly to the benefit of the fund.

4 Dissolution and restructuring of the fund

4.1 Dissolution

The fund or any of its segments shall be imperatively dissolved in the cases provided by law.

Additionally, the management company is entitled at all times to dissolve the fund or individual segments subject to a one-month period of notice. The decision to dissolve the fund, individual segments, or individual unit classes shall be published in the official gazette after notification of the FMA. Once the decision to dissolve the fund has been taken, no further units shall be issued or repurchased and any conversion involving the respective segment shall be suspended.

In case of dissolution of the fund or any of its segments, the management company may immediately liquidate the fund's or the segment'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 the Liechtenstein Persons and Companies Act.

4.2 Restructuring

Upon decision by the management company and approval by the custodian bank and in compliance with the regulations below, the fund or its segments may be merged, split, transformed into a different legal status, 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 or of any of its segments to another fund require approval by the FMA.

The management company may merge the fund or any of its segments by transferring the assets and liabilities of the fund or the segments to the acquiring fund at the time of the merger. The investors of the transferring fund or segment shall receive, at the time of the merger, units of the acquiring fund in proportion of the determined conversion ratio, and the transferring fund or segment 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 or any of its segments may be merged in compliance with the legal provisions and the conditions determined by the FMA only if:

- a) The full prospectuses of the transferring and the acquiring funds or their segments, respectively, do not significantly differ with regard to the investment policy and the costs charged to the funds or their segments;
- b) The transferring and the acquiring funds or segments 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 or their segments by the merger.

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

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 EEA 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/EEC as set forth in Directive 2001/97/EC 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 of a segment can be purchased on the valuation day at the net asset value per unit of the respective segment. The net asset value is calculated on the valuation day on the basis of the last-known prices. The value is calculated on the basis of the net asset value of the respective segment. The commissions incurred are indicated in section 1 “Key fund data”.

Purchase requests must be submitted to the custodian bank prior to the deadline . If a purchase request is received after this deadline, it is treated like a purchase request for issue 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 will 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 that an investor must hold in a given segment is stated in section 1, “Key fund data”.

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

Under observance of the period of notice, units of a segment shall be redeemed in accordance with the valuation interval at the net asset value of the respective segment and this net asset value shall be calculated on the valuation day on the basis of the last known prices. The value is calculated on the basis of the net asset value of the respective segment. The commissions incurred are indicated 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 an accounting year**. 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”.

In order to maintain an adequate proportion of cash and cash equivalents in the respective segment's assets, the repayment of units will occur within three bank business days after calculation of the redemption price and within a specified 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 respective units' denomination, the payable amount shall be calculated from the proceeds of the conversion from the accounting currency of the respective unit class into the payment currency less charges.

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

5.7 Conversion of units

Investors may switch from one segment to another at any time. The respective conversion fee imposed on the conversion of units of the segments is indicated in section 1, “Key fund data”.

The number of units into which the investor wishes to convert his assets shall be calculated according to the following equation:

$$A = \frac{(B \times C)}{(D \times E)}$$

- A = Number of units of the new segment to which the conversion is made
- B = Number of units of the original segment from which the conversion is made
- C = Redemption price of the units submitted for conversion
- DS = Currency exchange rate between the respective segments. If both segments are subject to the same accounting currency, this coefficient is 1
- E = Net asset value per unit of the segment to which the conversion is made, plus taxation, fees or other charges

From case to case, segment conversion may in some countries be subject to charges, taxation and stamp duties.

5.8 Net asset value

The net asset value (NAV) per unit of the respective segment shall be calculated by the management company at the end of the accounting year as well as on the valuation day, under consideration of the valuation interval, on the basis of the last known prices. If the valuation day should coincide with a bank holiday in Liechtenstein, the valuation day shall be rescheduled to the next following banking business day in Liechtenstein. The NAV of a unit of a segment is expressed in the accounting currency of the segment and results from the asset value of this segment minus any liabilities of the same segment, divided by the number of circulating units of the segment. It shall be rounded to USD 0.01 when units are issued or redeemed.

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 Segment-specific risks

The performance of the units of the respective segment depends on the investment policy as well as the market development of the individual investments of the respective segment 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. It cannot be guaranteed that the investors will be able to recover their invested capital.

The **HERCULIS Partners Gemini 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 undertakings for collective investment in securities pursuant to the Act on Certain Undertakings for Collective Investment in Transferable Securities (UCITSA).

Due to its eligibility to invest in equities and debt instruments, the segments of this fund are exposed to a market and issuer risk as well as an interest-rate change risk that may have a negative impact on 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.

The segments of this fund also involve an increased speculative risk because they can fully or partially and directly or indirectly invest in private equity investments, partnership investments, private equity holding companies, in other mezzanine financings and other forms of loan financing as well as indirectly in real estate and infrastructure projects. Frequently, the instruments acquired for the segments of 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.

Investors are asked to note that the segments of the fund are entitled to take out loans at customary market terms, not exceeding 20% of their assets, for investment purposes and for the fulfillment of redemption requests. Additionally, the segments of the fund are entitled to invest up to 100% of their assets in equities and securities of the same issuer. Moreover, the segments of the fund may invest up to 100% of their 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 segments of the **HERCULIS Partners Gemini Fund may deviate significantly from the general development of the underlying markets in which they invest.**

Persons who invest in the **HERCULIS Partners Gemini Fund are explicitly requested to inform themselves about the general and segment-specific risks that are described in detail in the prospectus (cf. section 6). In particular, investors must be prepared and able 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 180-day period of notice and takes effect at the end of a financial year. A premature withdrawal from the segments of 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 Gemini Fund**. Investments in units of the **HERCULIS Partners Gemini Fund** are suitable only for risk-tolerant investors with a long-term investment horizon.

Furthermore, the following segment-specific risks exist. It should be noted, however, that this is not an inclusive list of all possible risks:

Risks associated with the nature of investments in non-listed instruments

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, 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 arising from the nature of investments in real estate companies

Real estate companies to some extent are exposed to the same risks that are involved in the direct ownership of real estate (e.g. disadvantageous changes in the real estate market scenario, property value erosion, changes in availability, costs and terms of mortgages, impact of environmental legislation, etc.).

Historically, the relationship between interest rates and property values is inverse. Rising interest rates can diminish the value of properties in which a real estate company is invested and increase the respective debt service costs. Both circumstances may impair the value of an investment in real estate companies.

The current taxation systems for companies invested in real estate are potentially complex and may change in the future. This can directly or indirectly impact the return of the fund and its fiscal treatment. Accordingly, investors should seek counsel from an independent entity with regard to the specific fiscal risks.

The risks mentioned above also apply analogously to infrastructure projects.

Risks incurred due to the lack of liquidity and the long-term nature of participations

Frequently, the participations in companies acquired for the segments of the fund or from 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.

An investment in units of the **HERCULIS Partners Gemini Fund** should be a long-term investment.

Risks involved in the calculation of the net asset value

When calculating the net asset value of the units of the respective segment, 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 segments of 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 of the respective segment 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.

It must be pointed out that the performance of the segments may deviate significantly from the general development of the underlying markets in which they invest.

6.1 General risks

In addition to the segment-specific risks, the investments of the respective segment may also be exposed to general risks.

All investments in investment undertakings involve risks. Risks 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 respective segment 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 segment.

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 full prospectus and the investment policy of the fund.

Derivative financial instruments

The segments 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 of 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 entail 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 respective counterparty.

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 considera-

tion, 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 at 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 segment.

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 respective segment 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 by the respective segment 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 respective segment 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 respective segment 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 policy of the segments

The investment objective of the segments consists mainly in generating long-term above-average value appreciation. For this purpose, the segments of the fund can purchase and sell the instruments that are permitted within the scope of their investment policy. To the extent that no deviating investment principles for the segments are determined in section 7, the general investment regulations pursuant to section 8 apply. **No guarantee can be given that the investment objective will be achieved.**

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

7.1.1 HERCULIS Partners Gemini Fund – Gemini I

The **HERCULIS Partners Gemini Fund – Gemini I** invests its assets directly or indirectly **in securities and similar financial instruments** (stocks, cooperative certificates, preferred shares, participation certificates, stocks with warrants, bonds, debentures, warrants, convertible bonds, fund-index-linked notes, structured notes, credit-linked notes etc.) of issuers worldwide **as well as in deposits** (sight deposits or callable deposits with a maximum duration of twelve months) held by credit institutions domiciled in a EEA member state or another country provided they are subject to a supervisory authority equivalent to that in Liechtenstein.

The segment is entitled to fully or partially invest its assets directly or indirectly ("target funds") in private equity investments, partnership investments, private equity holding companies or in other mezzanine financings and other forms of loan financing (collectively referred to as **private equity investments**). The segment 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 segment may invest up to 100% of its assets in a single private equity investment or in units (or shares) of a single investment fund.

Furthermore, the segment is entitled to fully or partially invest its assets in equities and securities of real estate companies and/or of companies active in the infrastructure domain and in companies whose activities are closely related to the real estate sector or the infrastructure sector (stocks, cooperative shares, participation certificates, preferred shares, stocks with warrants, convertible bonds, etc.) and in other forms of indirect real estate exposure [e.g. real estate funds, Real Estate Investment Trusts (REITs), Special Purpose Vehicles, etc.] and/or in indirect infrastructure project participations [e.g. infrastructure funds, Special Purpose Vehicles, etc.]. In particular, subject to the observance of the investment regulations set forth in section 8, the segment may invest up to 100% of its assets in a single real estate company or a single infrastructure company or in units (or stocks) of a single investment fund.

It must be pointed out that a direct investment in real estate and infrastructure projects is not permissible.

In the interest of efficient management, the segment may, for hedging and investment purposes, deploy derivative financial instruments linked to securities, stock and annuity indices, currencies and Exchange Traded Funds as well as

currency transactions and swaps. In addition, forward exchange transactions may also be purchased and sold for investment purposes.

Moreover, the segment is entitled, within the scope of the investment restrictions set forth in section 8 "Investment regulations", to invest in other permissible instruments.

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.

It is important to note the segment-specific and the general risks indicated in section 6.

Profile of a typical investor

The **HERCULIS Partners Gemini Fund – Gemini I** is suitable only for risk-tolerant, qualified investors with a long-term investment horizon who wish to invest in an opportunistically managed portfolio which consists of private equity instruments, real estate and/or infrastructure investments. Investors should take note of the special risks involved in investing in private equity, real estate and/or infrastructure facilities, the risks of the long-term nature of these investments due to restricted liquidity, and the risks of such investments abroad.

7.1.2 HERCULIS Partners Gemini Fund – Gemini II

The **HERCULIS Partners Gemini Fund – Gemini II** invests its assets directly or indirectly **in securities and similar financial instruments** (stocks, cooperative certificates, preferred shares, participation certificates, stocks with warrants, bonds, debentures, warrants, convertible bonds, fund-index-linked notes, structured notes, credit-linked notes etc.) of issuers worldwide **as well as in deposits** (sight deposits or callable deposits with a maximum duration of twelve months) held by credit institutions domiciled in a EEA member state or another country provided they are subject to a supervisory authority equivalent to that in Liechtenstein.

The segment is entitled to fully or partially invest its assets directly or indirectly ("target funds") in private equity investments, partnership investments, private equity holding companies or in other mezzanine financings and other forms of loan financing (collectively referred to as **private equity investments**). The segment 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 segment may invest up to 100% of its assets in a single private equity investment or in units (or shares) of a single investment fund.

Furthermore, the segment is entitled to fully or partially invest its assets in equities and securities of real estate companies and/or of companies active in the infrastructure domain and in companies whose activities are closely related to the real estate sector or the infrastructure sector (stocks, cooperative shares, participation certificates, preferred shares, stocks with warrants, convertible bonds, etc.) and in other forms of indirect real estate exposure [e.g. real estate funds, Real Estate Investment Trusts (REITs), Special Purpose Vehicles, etc.] and/or in indirect infrastructure project participations [e.g. infrastructure funds, Special Purpose Vehicles, etc.]. In particular, subject to the observance of the investment regulations set forth in section 8, the segment may invest up to 100% of its assets in a single real estate company or a single infrastructure company or in units (or stocks) of a single investment fund.

It must be pointed out that a direct investment in real estate and infrastructure projects is not permissible.

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

Moreover, the segment is entitled, within the scope of the investment restrictions set forth in section 8 "Investment regulations", to invest in other permissible instruments.

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.

Profile of a typical investor

The **HERCULIS Partners Gemini Fund – Gemini II** is suitable only for risk-tolerant, qualified investors with a long-term investment horizon who wish to invest in an opportunistically managed portfolio which consists of private equity instruments, real estate and/or infrastructure investments. Investors should take note of the special risks involved in investing in private equity, real estate and/or infrastructure facilities, the risks of the long-term nature of these investments due to restricted liquidity, and the risks of such investments abroad.

7.2 Explanation of terms

7.2.1 Definition of 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 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. 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 categories of 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 context, different phases can be distinguished:

- ◆ Incorporation or development phase (seed);
- ◆ Early development state (early stage); and
- ◆ Later development state (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 the form of 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 class. 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 investments and that is not controlled by the target funds, or if controlled by it is 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 company

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

7.2.3.5 Mezzanine financing modes

Mezzanine financings are a mix of equity-capital and borrowed-capital functions. Mezzanine capital can be equity-like (so-called equity mezzanine) and issued in the form of preferred rights, securitized preferred

shares or silent interest positions. Convertible bonds and warrants are possible as well. Conversely, mezzanine capital granted in the form of subordinated profit-linked loans or shareholder loans is treated as borrowed capital and generally reported as a balance sheet liability (so-called debt mezzanine).

7.2.4 Real estate companies / real estate participations

Properties owned by real estate companies and/or real estate participations can be privately used (condominiums, rental properties) or commercially used, such as buildings for offices, merchants, service providers, and shopping centers.

When investing in a real estate company, the investor participates directly in the financing of a specific real estate project and becomes a co-owner. The monies provided by the investors constitutes the equity capital, while the borrowed capital is obtained from a bank in the form of a mortgage. As co-owners, the investors participate not only in earnings but also in possible losses. However, their liability is limited to their capital investment. Contrary to open-ended real estate funds that invest their assets in a broad portfolio of properties, real estate companies usually invest in or just a few specific projects.

As an intermediary, real estate companies can offer advantageous legal, fiscal, and economic benefits.

It must be pointed out that a direct investment in real estate is not permissible.

7.2.5 Definition of infrastructure projects

An indirect participation in infrastructure projects is an entrepreneurial and profit-oriented capital investment.

Because of the budget constraints faced by many public-sector organizations, the demand for private financing of infrastructure projects and facilities has risen. The nature of infrastructure projects may be economic (e.g. transportation, communication, utilities) or social (e.g. administration buildings, hospitals, sports and educational facilities).

It must be pointed out that a direct investment in infrastructure projects is not permissible.

7.3 Accounting currency

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

8 Investment regulations

The following further provisions apply to the investments of each segment:

8.1 Permitted investments

8.1.1 The following investments are permissible for each individual segment:

a) Traditional direct investments in securities and similar financial instruments

- aa) Equities and securities (equities, preferred shares, participation certificates, etc.) traded on a stock exchange or on another regulated, publicly accessible market issued by companies worldwide;

- ab) Debt instruments (bonds, debenture bonds, option bonds, convertible bonds, fund-index-linked notes, etc.) traded on a stock exchange or on another regulated, publicly accessible market, issued by private and public debtors worldwide and denominated in a freely convertible currency;
- ac) Money-market instruments recognized by the supervising authority as securities, issued by private and public debtors worldwide and denominated in a freely convertible currency.
- ad) Private placements (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, 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 states of the European Union, the European Economic Area, or of an OECD member state but are not approved for distribution in Liechtenstein as well as units (or shares) of investment funds in other countries subject to a supervisory authority equivalent to that of Liechtenstein, but that are not approved for distribution in Liechtenstein, and which essentially invest in instruments pursuant to lit. a above;
- bc) 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;
- bd) Exchange Traded Funds ("ETF", also called "Index Tracking Stocks") based on underlying assets pursuant to lit. a above. Within the scope of the investment policy provisions of this prospectus, 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 Act on Investment Undertakings.

c) Private equity, private equity funds, funds of private equity funds and similar instruments

- 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 instruments that are directly or indirectly based on investments pursuant to this lit. c;
- cg) Structured financial products without capital guarantee that are based on investments pursuant to this 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;
- ci) Debt instruments (bonds, debenture bonds, option bonds, convertible bonds, fund-index-linked notes, etc.) that are not listed or not regularly traded;
- cj) Other mezzanine financings and other forms of loan financing.

d) Investments in real estate and similar instruments

- da) Equities and securities of real estate companies (including REITs, Real Estate Investment Trusts) and/or of infrastructure companies worldwide that are not listed or not regularly traded;
- db) Special Purpose Vehicles (SPVs);
- dc) Units of open-ended foreign investment funds or other open-ended undertakings for collective 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 (real estate funds, infrastructure funds);
- dd) Units of investment undertakings for other securities with increased risk subject to Liechtenstein legislation (real estate funds, infrastructure funds);
- de) Units of closed-ended investment funds, investment undertakings or other closed-ended undertakings for collective investments with similar functions, which are subject to the legislation of a foreign country (real estate funds, infrastructure funds);
- df) Derivative financial instruments that are directly or indirectly based on investments pursuant to this lit. d;
- dg) Structured financial products without capital guarantees based on investments pursuant to this lit. d or real estate or infrastructure indices;
- dh) Investment certificates of issuers worldwide based on investments pursuant to this lit. d or real estate or infrastructure indices;
- di) Debt instruments (bonds, debenture bonds, option bonds, convertible bonds, fund-index-linked notes, etc.) that are not listed or not regularly traded.

e) Deposits

Sight deposits or callable deposits with a duration of no more than twelve months with credit institutions that are domiciled in a member nation of the European Economic Area, or another country subject to a supervisory authority equivalent to that of Liechtenstein.

8.1.2 Most of the investments pursuant to section 8.1.1 lit. cc, ce dc, and de above will typically be target funds that because of the lack of equivalent supervision at the domicile cannot be distributed in the Principality of Liechtenstein.

8.1.3 The legal status of investment entities pursuant to Section 8.1.1 is irrelevant. In particular, such entities may include investment funds, investment funds structured as companies, or unit trusts.

8.1.4 The segments are 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 is 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 shall not charge any fees for the subscription and the redemption of units of the other investment undertakings or for the conversion or individual segments by the investment undertaking.

8.2 Cash and cash equivalents

In its accounting currency, and in all other currencies with which investments are transacted, each segment may hold cash and cash equivalents with the custodian bank, permanently and without restrictions, to the extent that this is commensurate with the segment's 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 following investment restrictions apply to each segment:

- a) The fund may invest up to 100% of its assets in equities or money market instruments of the same issuer;
- b) Up to 100% of the fund's assets can be invested in instruments pursuant to section 8.1.1 lit.c (**private equity, private equity funds, funds of private equity funds and similar investments**) and in instruments pursuant to section 8.1.1 lit. d (**investments in real estate and similar instruments**) that are not listed or not traded on a stock market or another regulated market accessible to the public;
- c) Up to 100% of the fund's assets can be invested units of umbrella funds (funds of funds);
- d) Up to a maximum of 100% of the fund's assets may be invested in units of other investment undertakings administered by the management company or a 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 respective segment is not allowed to directly invest its assets in real estate and physical goods (commodities, works of art, antiques, etc.);
- b) The segments must not effectuate any short sales and constructions that amount to short sales;
- c) The deployment of derivative financial instruments for speculative purposes; and
- d) The management company may at any time in the interests of its unitholders determine other investment restrictions to the extent that these restrictions are necessary to comply with the laws and regulations of the countries where units of the respective segment are offered and sold.

8.5 Borrowing and granting of loans

The following restrictions apply to each segment:

- a) The segments may neither take out loans (except as provided in lit. b of this section) nor grant loans (with the exception of section 8.1.1 lit. c) nor offer surety to third parties. Securities lending is not a granting of credit;

- b) For the purpose of investments or to fulfill requests for redemption, the segments may take out loans not exceeding 20% of their assets at customary market terms; and
- c) Up to a maximum of 100% of the respective segment's assets, i.e. the properties and rights of the segment that constitute the assets, may be pledged to the custodian bank for the purpose of permitted borrowing and for transactions in derivative financial instruments.

8.6 Instruments and techniques

8.6.1 Derivative financial instruments

The restrictions apply to each individual segment.

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 the ordinance, 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

The management company does not carry out annuities transactions.

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

In keeping with their specific investment policy, the segments may also fully or partially invest their assets in units of other investment undertakings or in other undertakings for collective investments with a similar function. 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". The direct costs actually incurred are disclosed in the TER section of the annual report.

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.

9 Applicable law and jurisdiction and binding language

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

This prospectus shall enter into force on July 25, 2014.

Vaduz, July 25, 2014

The management company:

IFM Independent Fund Management Aktiengesellschaft, Vaduz

The custodian bank:

NEUE BANK AG, Vaduz