

**SALES PROSPECTUS**  
(including annexes and Management Regulations)

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**Silk**

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Sub-funds:

**Silk – African Lions Fund**

**Silk – Arab Falcons Fund**

**Silk – African Bond Fund**

**Silk – Road Frontiers Fund**

Management Company:

**IPConcept (Luxemburg) S.A.**

Custodian Bank:

**DZ PRIVATBANK S.A.**

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**Management, distribution and advisory services**

**Management Company**

**IPConcept (Luxemburg) S.A.**

4, rue Thomas Edison  
1445 Luxembourg-Strassen

E-mail: [info@ipconcept.com](mailto:info@ipconcept.com)

Internet: [www.ipconcept.com](http://www.ipconcept.com)

Equity as at 31 December 2013: EUR 3,580,000

**Executive Board of the Management Company**

Michael Borelbach

Nikolaus Rummler

**Supervisory Board of the Management Company**

**Chairman of the Supervisory Board**

Dr Frank Müller

Member of the Executive Board

DZ PRIVATBANK S.A.

**Member of the Supervisory Board**

Ralf Bringmann

Member of the Executive Board

DZ PRIVATBANK S.A.

**Member of the Supervisory Board**

Julien Zimmer  
Chief Representative "Investment Funds"  
**DZ PRIVATBANK S.A.**

**Auditor of the Management Company**

**Ernst & Young S.A.**  
7, rue Gabriel Lippmann  
L-5365 Munsbach

**Custodian Bank**

**DZ PRIVATBANK S.A.**  
4, rue Thomas Edison  
L-1445 Luxembourg-Strassen

**Registrar, transfer agent and central  
administrative agent**

**DZ PRIVATBANK S.A.**  
4, rue Thomas Edison  
L-1445 Luxembourg-Strassen

**Paying agent**

Grand Duchy of Luxembourg

**DZ PRIVATBANK S.A.**  
4, rue Thomas Edison  
L-1445 Luxembourg-Strassen

**Fund manager**

**Silk Invest Limited\***

4 Lombard Street  
London EC3V 9HD  
United Kingdom

**Auditor of the Fund**

**KPMG Luxembourg S.à r.l.**  
9, allée Scheffer  
L-2520 Luxembourg

\* Approved and regulated by the British financial regulatory authority, the Financial Services Authorities (FSA)

The fund described in this Sales Prospectus (including annexes and Management Regulations) (the "Sales Prospectus") is a Luxembourg investment fund (*fonds commun de placement*) set up for an indefinite period in accordance with Part I of the Luxembourg Law of 17 December 2010 on undertakings for collective investment ("Law of 17 December 2010") in the form of an umbrella fund comprising one or more sub-funds.

This Sales Prospectus is only valid in conjunction with the most recently published annual report. The balance sheet date of this annual report must date back no more than sixteen months. If the balance sheet date of this annual report dates back more than eight months, the semi-annual report must also be made available to buyers. The latest version of the Sales Prospectus forms the legal basis for the purchase of units. In purchasing a unit, the investor acknowledges the Sales Prospectus, and all authorised and published amendments thereto.

The investor shall be provided with a copy of the "Key Investor Information Document" (hereinafter: KIID) free of charge and in good time prior to the acquisition of Fund units.

The issuance of information or statements that differ from those set out in the Sales Prospectus or the KIID is not permitted. The Management Company shall not be liable if information is provided or representations are made that differ from the current Sales Prospectus or KIID.

The Sales Prospectus, the KIID and the annual and semi-annual reports for the Fund can be obtained free of charge from the registered offices of the Management Company or Custodian Bank or from the paying agents or any selling agent on a permanent data carrier. The Sales Prospectus and the KIID may also be obtained from [www.ipconcept.com](http://www.ipconcept.com). The investor may also request to receive the stated documents in paper form. Further information can be obtained during normal business hours from the Management Company.

## Sales Prospectus

The fund described in this Sales Prospectus (the "Fund") is managed by **IPConcept (Luxembourg) S.A.**

Annexes describing the relevant sub-funds and the Management Regulations are attached to this Sales Prospectus. The Management Regulations first entered into force on 1 October 2008. These regulations have been entered in the Luxembourg Trade and Companies register and a notice to this effect published on 12 December 2008 in the "*Mémorial, Recueil des Sociétés et Associations*", the Official Journal of the Grand Duchy of Luxembourg ("Mémorial").

The Management Regulations were last amended on 18 February 2014, and a notice of its being lodged with the Luxembourg Trade and Companies Register was published in the Mémorial on 25 March 2014.

The Sales Prospectus (including annexes) and the Management Regulations constitute a whole in terms of their substance and thus supplement each other.

### The Management Company

The Management Company of the Fund is **IPConcept (Luxembourg) S.A.** (the "Management Company"), a public limited company under the law of the Grand Duchy of Luxembourg. Its registered office is located at 4, rue Thomas Edison, 1445 Luxembourg-Strassen. It was established on 23 May 2001 for an indefinite period. Its articles of association were published in the *Mémorial* on 19 June 2001. The last amendment to the Articles of Association of the Management Company entered into force on 14 November 2013 and was published in the *Mémorial* on December 2013. The Management Company is entered in the Luxembourg commercial register under reference R.C.S. Luxembourg B-82 183. The financial year of the Management Company ends on 31 December. The equity of the Management Company amounted to EUR 3,580,000 as at 31 December 2013.

The purpose of the Management Company is to establish and manage admissible undertakings for collective investment. These include undertakings for collective investment in securities (hereinafter: UCITS) in accordance with the Luxembourg Law of 17 December 2010 on undertakings for collective investment, as amended (the "Law of 17 December 2010") and Alternative investment funds (hereinafter: AIF) in accordance with Law of 12 July 2013 on alternative investment fund managers (the 'Law of 12 July 2013'). Also included are other undertakings for collective investment that do not fall within the scope of the abovementioned Directives, for which the Management Company is subject to prudential supervision and whose units may not be sold in other Member States of the European Union in line with the abovementioned laws.



The Management Company satisfies the requirements of Council Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to certain undertakings for collective investment in transferable securities (UCITS) as currently amended.

The Management Company is responsible for the management and administration of the Fund. It is authorised to carry out for the account of the Fund all management and administrative activities and to exercise all rights directly or indirectly associated with the Fund's assets or the assets of the sub-funds.

In discharging its responsibilities, the Management Company operates independently of the Custodian Bank and exclusively in the interests of investors.

The Management Company exercises the due care of a salaried authorised representative in discharging its obligations.

The supervisory board of the Management Company has appointed Nikolaus Rummler and Michael Borelbach, as members of the Board and transferred to them responsibility for the day-to-day management of the company.

The Management Company currently manages the following investment funds: 1. SICAV, apo Medical Opportunities, apo VV Premium, Aprima ONE, AKZENT Invest Fonds, AKZENT Invest Fonds 1 (Lux), Ametos SICAV, Baumann und Partners, Bond Absolute Return, Boss Concept IPC SICAV, BPM, BS Best Strategies UL Fonds, BZ Fine Funds, CAM, CMT, CONREN, CVT, DZPB Concept, DZPB Portfolio, DZPB Rendite, DZPB Reserve, DZPB Vario, European Bond Opportunities Fund, Exklusiv Portfolio SICAV, FFPB, FG&W Fund, FI Fund, Fonds Direkt Sicav, FIDES, FondsSelector SMR SICAV, Fortezza Finanz, framas-Treuhand, FundPro, FVCM, G&P Invest SICAV, Generations Global Growth, GENOKONZEPT, German Masters Select, Global Family Strategy I, Global Family Strategy II, GPI Fonds – Ausgewogen, Istanbul Equity Fund, JB Struktur, Kapital Konzept, Lacuna, Liquid Stressed Debt Fund, m4, Marathon, ME Fonds, Mellinckrodt 2 SICAV, Meritum Capital, Mobilitas,, Morgenstern Solid Performer MPPM, Multiadvisor Sicav, MVM Fonds, NPB Sicav, Öko-Aktienfonds, P & R, Phaidros Funds, Premium Portfolio SICAV, Premium Portfolio SICAV II, PRIMA, Pro Fonds (Lux), PVV SICAV, Salm, SAM - Strategic Solution Fund, Sauren Hedgefonds–Select, Silk, Silverlake SICAV (in liquidation), SOTHA, SpardaRentenPlus, SPI Bangladesh Fund, STABILITAS, STABILITAS Growth, StarCapital Allocator, Strateji SICAV, Stuttgarter-Aktien-Fonds, Stuttgarter Dividendenfonds, Stuttgarter Energiefonds, Taunus Trust, VB Karlsruhe Premium Invest, VB Reserve Select, VM, VR Anlage, VR Dinkelsbühl, VR Exklusiv, VR Nürnberg (IPC), VR Premium Fonds, VR-PrimaMix, VR Vip, WAC Fonds, W&E Aktien Global, Whitelake, WVB und ZKB (LU) Sustainable World (in liquidation).

The Management Company employs, subject to its own responsibility and control and at its own expense, a fund manager for the purposes of managing the assets of the relevant sub-fund. The fund manager shall be paid for the service it provides either out of the Management Company's management fee or directly from the relevant sub-fund's assets. Details of the percentage,

calculation and payment of the fee shall be specified for the relevant sub-fund in the relevant annex to the Sales Prospectus.

Investment decisions, the issuing of orders and the selection of brokers shall be the exclusive responsibility of the Management Company unless a fund manager is charged with managing the assets of the relevant sub-fund.

While retaining responsibility and control, the Management Company is entitled to outsource some of its activities to third parties.

Such a transfer of responsibilities must not in any way impair the effectiveness of the supervision carried out by the Management Company. Specifically, such a transfer of responsibilities must not prevent the Management Company from acting in the interests of investors.

### **The fund manager**

The Management Company has appointed **Silk Invest Limited**, a company incorporated under the law of the United Kingdom with its registered office at 4 Lombard Street, London EC3V 9HD, United Kingdom, as the fund manager for the Fund with responsibility for investment management. The fund manager is authorised to conduct asset management business and is regulated accordingly.

The fund manager's main responsibilities are to implement independently and daily the investment policy for the relevant sub-fund's assets and to conduct the day-to-day asset management business and other related services subject to the supervision, responsibility, and control of the Management Company. It discharges these responsibilities in compliance with the principles of the investment policy and the investment restrictions for the relevant sub-fund, as described in this Sales Prospectus, and of the statutory investment restrictions.

The fund manager is authorised to select brokers or agents to execute transactions in the Fund's assets. The fund manager is responsible for making investment decisions and issuing the relevant orders.

The fund manager is entitled to obtain advice, at its own expense and subject to its own responsibility, from third parties, especially from various investment consultants.

The fund manager is permitted, subject to the consent of the Management Company, to transfer some or all of its responsibilities to third parties, providing that it bears the cost of their remuneration. In this case, the Sales Prospectus is amended accordingly.

The fund manager bears all expenses that it incurs in connection with the services it renders. Brokerage fees, transaction charges and other business-related costs incurred in connection with the purchase or sale of assets are borne by the relevant sub-fund.

### **The Custodian Bank**

The Custodian Bank for the Fund is **DZ PRIVATBANK S.A.**, whose registered office is located at 4, rue Thomas Edison, 1445 Luxembourg-Strassen. The Custodian Bank is a public limited company under the law of the Grand Duchy of Luxembourg; its operating activities comprise banking. The function of the Custodian Bank is specified by the Law of 17 December 2010, the Custodian Bank Agreement, Article 3 of the Management Regulations, and this Sales Prospectus (including annexes). The Custodian Bank operates independently of the Management Company and exclusively in the interests of the investors.

### **The registrar and transfer agent**

The registrar and transfer agent for the Fund is **DZ PRIVATBANK S.A.**, whose registered office is located at 4, rue Thomas Edison, 1445 Luxembourg-Strassen. The registrar and transfer agent is a public limited company under the law of the Grand Duchy of Luxembourg. The responsibilities of the registrar and transfer agent comprise the processing of applications and/or orders for unit subscriptions, redemptions, exchanges and transfers and the management of the unit register.

### **The central administrative agent**

The central administrative agent for the Fund is **DZ PRIVATBANK S.A.**, whose registered office is located at 4, rue Thomas Edison, 1445 Luxembourg-Strassen. The central administrative agent is a public limited company under the law of the Grand Duchy of Luxembourg; its main responsibilities are accounting, calculation of the unit price and preparation of the annual financial statements.

While retaining its overall responsibility and control, the central administrative agent has transferred various administrative functions, e.g. calculation of net asset values, to Union Investment Financial Services S.A., whose registered office is located at 308, route d'Esch, 1471 Luxembourg.

### **Legal position of investors**

The Management Company invests the monies invested in each fund in its own name and for the joint account of investors. These investments are made in transferable securities and/or other permissible assets as specified under Article 41 of the Law of 17 December 2010 in accordance with the principle of risk-spreading. The monies invested and the assets acquired with these monies form the assets of the relevant sub-fund. The sub-fund's assets are held separately from the Management Company's own assets.

As joint owners, investors have a holding in the relevant sub-fund's assets equivalent to the value of their units. Units in the respective sub-funds are issued in the form of certificates and the denominations stated in the annex to the specific sub-fund. If registered units are issued, they are entered by the registrar and transfer agent in the unit register maintained for the Fund. In such cases, Investors shall be sent confirmation of the units' entry in the unit register; the confirmation shall be sent to the address listed in the unit register. Investors are not entitled to receive physical unit certificates in the case of either bearer units or registered units.

All units in a sub-fund have the same rights unless the Management Company decides to issue different classes of units within a sub-fund in accordance with Article 5(3) of the Management Regulations.

If units in a sub-fund are admitted to official trading on a stock exchange, this is stated in the relevant annex to the Sales Prospectus.

The possibility cannot be ruled out that the units in the relevant sub-fund will also be traded in other markets (e.g. if they are traded in unofficial markets).

The market price of the units traded on a stock exchange or in other markets will not be determined exclusively by the value of the assets held in the relevant sub-fund: it will also be influenced by supply and demand. This market price may therefore differ from the calculated unit price.

The management company draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Fund if the investor is registered himself and in his own name in the unitholders' register of the Fund. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain unitholder rights directly against the Fund. Investors are advised to take advice on their rights.

### **General information on trading in sub-fund units**

Investing in the sub-funds is considered to be a long-term commitment. The systematic buying and selling of units by an investor for the purposes of exploiting timing differences and/or conceivable weaknesses or imperfections in the system for determining net asset value (generally referred to as 'market timing') can harm the interests of other investors. The Management Company does not accept this kind of arbitrage activity.

To prevent such practices, the Management Company therefore reserves the right to reject, cancel or suspend a subscription application or exchange order from an investor if it suspects that the investor is engaging in market timing. In such cases, the Management Company will take appropriate action to protect the other investors in the relevant sub-fund.

The purchase or sale of units after the close of trading at already established or different closing prices, known as late trading, is strictly avoided by the Management Company. In all cases, the Management Company will ensure that the issuance and redemption of units is settled on the basis of a unit price that is unknown to the Investor in advance. However, if there is a suspicion that an investor is engaged in late trading, the Management Company may refuse to accept the subscription or redemption application until the applicant has removed all doubt in relation to this application

### **Investment policy**

The objective of the investment policy for the individual sub-funds is to achieve an appropriate return (as defined in article 6 no. 2 of the Management Regulations) in the relevant currency of the Sub-fund. The investment policy specific to each sub-fund is described in the relevant annex to the Sales Prospectus.

The general investment principles and investment restrictions described in article 4 of the Management Regulations apply to all sub-funds unless differences or additional details are specified for the relevant sub-fund in the relevant annex to the Sales Prospectus.

The relevant sub-fund's assets will be invested in accordance with the principle of risk-spreading within the meaning of the rules in part I of the Law of 17 December 2010 and in accordance with the investment policy principles and investment restrictions described in article 4 of the Management Regulations.

### **Information regarding techniques and instruments**

As permitted by the general investment policy provisions specified in Article 4 of the Management Regulations, the Management Company may, in particular, employ the following techniques and instruments for the relevant sub-fund:

#### **1. Options**

An option is a right to buy (call / call option) or sell (put / put option) a specified asset at a specified time in the future (exercise date) or during a future period at a price specified in advance (exercise price). The price of a call or put option is the option premium.

Both call and put options can be bought or sold for the relevant sub-fund as long as the sub-fund's investment objectives, as set out in the relevant Annex described in its investment policy, permit an investment in the underlying instruments.

#### **2. Financial futures**

A financial future is an agreement, binding on both parties, to buy or sell a specified quantity of a specified underlying instrument on a specified date (the maturity date) at a previously agreed price.

It is only possible to enter into financial futures for the relevant sub-fund if the sub-fund's investment objectives, as set out in the relevant Annex described in its investment policy, permit an investment in the underlying instrument.

### 3. Securities lending

No securities lending transactions are made for the respective sub-funds.

### 4. Currency futures

The Management Company may enter into currency futures for the relevant sub-fund.

A currency future is an agreement, binding on both parties, to buy or sell a specified quantity of the underlying currency on a specified date (the maturity date) at a previously agreed price.

### 5. Swaps

The Management Company may enter into swaps for the account of the relevant sub-fund's assets as permitted by the basic investment principles.

In a swap, two parties make an agreement to exchange cash flows, assets, income or risks. The relevant sub-fund may enter into swaps that include, but are not restricted to, interest-rate swaps, currency swaps, equity swaps and credit default swaps.

An interest-rate swap is a transaction in which two parties exchange cash flows based on fixed and floating interest payments. The transaction can be compared with the drawdown of funds at a fixed interest rate and a simultaneous issue of funds at a floating interest rate in which the principal amounts are not exchanged.

Currency swaps usually involve the exchange of the assets' principal amounts. They can be compared with a drawdown of funds in one currency and a simultaneous issue of funds in another currency.

A total return swap is an agreement to compensate the total return and/or all changes in market value of underlying financial instruments (base value or underlying asset) with the corresponding compensation payment between the contractual parties. Total return swaps may take on various forms, e.g. asset swaps or equity swaps:

Asset swaps, also often known as synthetic securities, are transactions that convert the yield on a particular asset into another interest flow (fixed or floating) or into another

currency, whereby the asset (e.g. bond, floating-rate note, bank deposit, mortgage) is combined with an interest-rate swap or a currency swap.

An equity swap involves an exchange of cash flows, changes in value and/or income on an asset for cash flows, changes in value and/or income from another asset, in which at least one of the exchanged asset-derived cash flows or income streams represents shares or a share index.

The Management Company may enter into swaps, providing its partner in the arrangement is a top-ranking financial institution specialising in this kind of business and providing the investment objectives for the relevant sub-fund, as set out in the Management Regulations, permit an investment in the underlying instrument in this case.

The contracting parties may not exert any influence on the composition or management of the UCITS' investment portfolio or the underlying assets of the derivatives. Transactions in connection with the UCITS' investment portfolio do not require the consent of the counterparty.

## 6. Swaptions

A swaption is the right – but not the obligation – to make a swap precisely specified in the conditions at a certain time or within a certain period of time. In other respects, the principles described in connection with options transactions apply.

## 7. Techniques for the management of credit risk

In order to manage the relevant sub-fund's assets efficiently, the Management Company may use credit-linked notes (deemed to be transferable securities within the meaning of article 4 (1) b) of the Management Regulations) as well as credit default swaps, providing they are issued by top-ranking financial institutions and this type of activity is permitted by the investment policy for the relevant sub-fund.

### 7.1 Credit default swaps (CDSs)

CDSs account for the largest proportion of instruments in the market for credit derivatives; they are also the most widely used. CDSs allow the credit risk to be separated from the underlying credit relationship. The separate tradability of default risk broadens the range of options for systematic risk and return management. With a CDS, a protection buyer can minimise certain risks in a credit relationship by transferring the default risk to a protection seller for a fixed period in return for the payment of a periodic premium calculated on the basis of the principal amount. This premium depends on a number of factors, including the quality of the underlying reference entity or entities (i.e. the credit risk). The risks to be passed on to the protection seller are defined in advance as credit events. If no credit event materialises, the protection seller is not required to make any payment. If a credit event does materialise, the protection seller must pay the amount defined in advance (for example the principal amount or a cash settlement equivalent to the difference between

the principal amount of the reference asset and its market value) when the credit event materialises. The payment of the premiums by the protection buyer ceases from this point onwards and the protection buyer then has the option to sell the debtor asset specified in the protection agreement. The relevant sub-fund may enter into such arrangements as a protection buyer or a protection seller.

CDSs are traded on the over-the-counter (OTC) market. This allows the more specific, non-standard requirements of either or both parties to be taken into account – at the expense of lower liquidity.

The exposure resulting from CDS obligations must be exclusively in the interests of the Fund and must be in line with its investment policy. The underlying bonds in a CDS and the issuer concerned must be taken into account in the investment limits specified in article 4 (6) of the Management Regulations.

Credit default swaps are measured on a regular basis using trackable, transparent methods. The Management Company and the independent auditors will monitor the trackability and transparency of the measurement methods and their application. If discrepancies are identified in this monitoring process, the Management Company will initiate action to rectify the problem.

The total of CDSs and other techniques and instruments must not exceed the net asset value of the relevant sub-fund.

## 7.2 Credit linked notes (CLNs)

A credit-linked note ("CLN") is a debt instrument issued by the protection buyer which is only repaid at maturity if a previously specified credit event does not occur. If the credit event does occur, the CLN is repaid within a fixed period minus a settlement amount. CLNs accordingly include a risk premium in addition to the amount of the bond and the interest paid on it, which the issuer pays to the investor for the right to reduce the redemption amount of the bond if the credit event occurs.

## 8. Comments

The aforementioned range of techniques and instruments may be expanded by the Management Company if new instruments in line with the investment objectives become available on the market and regulatory and legal provisions permit the use of these instruments by the relevant sub-fund.

By using techniques and instruments for efficient portfolio management, various direct/indirect costs may arise which are charged to the Fund's assets. These costs may be



incurred both by third parties and the Management Company or parties connected to the Custodian Bank.

### Calculation of unit price

The Fund's net assets are stated in euro ("Reference Currency").

The price of a unit ("Unit Price") is stated in the currency specified in the relevant annex to the Sales Prospectus ("Sub-fund Currency") unless a currency other than the Sub-fund Currency is specified for any other unit classes in the relevant annex to the Sales Prospectus ("Unit Class Currency").

Subject to supervision by the Custodian Bank, the Unit Price is calculated by the Management Company or by an entity on behalf of the Management Company on every banking day as defined in the annex of the relevant Sub-fund in Luxembourg with the exception of 24 and 31 December each year ("Valuation Day"). To calculate the Unit Price, the Management Company determines the value of the assets in the relevant sub-fund less any liabilities relating to the relevant sub-fund ("Sub-fund's Net Assets") on each Valuation Day, divides this amount by the number of outstanding units in the relevant sub-fund on the Valuation Day and rounds the resulting figure to two decimal places. Further details relating to the calculation of the Unit Price are set out specifically in article 6 of the Management Regulations.

### Issuance of units

1. Units are issued on each Valuation Day at the issue price. The issue price is the Unit Price in accordance with Article 6(4) of the Management Regulations plus a front-load fee paid to any selling agent, the maximum amount of which for the relevant sub-fund is listed in the relevant annex to the Sales Prospectus. The issue price may be increased by fees or other charges incurred in the respective countries of sale.
2. Applications for subscriptions to registered units may be submitted to the Management Company, Custodian Bank, registrar and transfer agent, any selling agent or paying agents. These receiving agents are obliged to forward the subscription applications to the registrar and transfer agent without delay. Applications shall only be deemed to have been received when they have been received by the registrar and transfer agent. This agent accepts subscription applications on behalf of the Management Company.

Applications for subscriptions to bearer units are forwarded to the registrar and transfer agent by the agent responsible for maintaining the subscriber's custody account. Applications shall only be deemed to have been received when they have been received by the registrar and transfer agent .

The following rules apply exclusively to the issue of units in the **Silk – African Lions Fund**, the **Silk – Arab Falcons Fund** and the **Silk Road Frontiers Fund**.

Fully completed subscription applications received by the relevant agent no later than 5pm on a Valuation Day will be settled at the issue price for the following Valuation Day, providing the funds for the subscribed units are available. In all cases, the Management Company will ensure that the issuance of units is settled on the basis of a Unit Price that is unknown to the Investor in advance. However, if there is a suspicion that an investor is engaged in late trading, the Management Company may refuse to accept the subscription application until the applicant has removed all doubt in relation to this application. Subscription applications received by the relevant agent after 5pm on a Valuation Day will be settled at the issue price for the next Valuation Day but one.

The following rules apply exclusively to the issue of units in the **Silk – African Bond Fund**:

Fully completed subscription applications received by the relevant agent no later than 17:00 on a Valuation Day shall be settled at the issue price for the following Valuation Day. In all cases, the Management Company shall ensure that the issue of units is settled on the basis of a unit price that is unknown to the investor beforehand. However, if there is a suspicion that an investor is engaged in late trading, the Management Company may refuse to accept the subscription application until the applicant has removed all doubt in relation to this application. Fully completed subscription applications received by the relevant agent after 5pm on a Valuation Day will be settled at the issue price for the next but one Valuation Day.

If there are insufficient funds available for the subscribed registered units when the fully completed subscription application is received by the registrar and transfer agent or if the subscription application is defective or incomplete when received, the subscription application will be deemed to have been received by the registrar and transfer agent on the date sufficient funds for the subscribed units become available or on the date a properly completed subscription application is received.

The bearer units are transferred by the Custodian Bank on behalf of the Management Company when the Custodian Bank receives the issue price by being credited to the agent responsible for maintaining the subscriber's custody account.

The issue price is payable to the Custodian Bank in Luxembourg in the relevant Sub-fund Currency, or in the relevant Unit Class Currency where there are multiple unit classes, within two Valuation Days of the relevant valuation days.

3. In the case of savings plans, a maximum of one third of each of the payments agreed for the first year is used to cover costs, the remaining costs being apportioned evenly against all subsequent payments.
4. The circumstances in which the issue of units may be suspended are described in article 9 in conjunction with article 7 of the Management Regulations.

## Redemption and exchange of units

1. Investors are entitled to demand the redemption of their units at any time at the Unit Price in accordance with Article 6(4) of the Management Regulations, less any redemption charge where appropriate ("Redemption Price") paid to any selling agent. Units can only be redeemed on a Valuation Day. If a redemption charge is to be levied, the maximum charge that may be levied for the relevant sub-fund is stated in the relevant annex to this Sales Prospectus.

The Redemption Price is reduced in certain countries as a result of taxes and other charges payable in the country concerned. On payment of the Redemption Price, the corresponding unit is extinguished.

2. The Redemption Price and any other payments to investors are made via the Custodian Bank and via the paying agents. The Custodian Bank is only obliged to make payment if there are no statutory provisions, such as foreign-exchange regulations, or other circumstances beyond the Custodian Bank's control that prohibit the Redemption Price from being transferred to the applicant's home country.

The Management Company may unilaterally repurchase units in return for payment of the Redemption Price if this appears to be necessary in the interests of all the Investors, or for the protection of the Investors or of a sub-fund.

3. Some or all of the units in a sub-fund can be exchanged for units in another sub-fund on the basis of the relevant Unit Price for the relevant sub-fund pursuant to Article 6(4) of the Management Regulations taking into account any unit exchange commission paid to any selling agent. This commission is equivalent to a maximum of 1% of the Unit Price for the subscribed units, but subject to a minimum of the difference between the front-end fee for the sub-fund whose units are being exchanged and the front-end fee for the sub-fund whose units are being acquired. If no unit exchange commission is charged, this will be mentioned in the relevant annex to the Sales Prospectus for the relevant sub-fund.

If different unit classes are available within a sub-fund, units of one unit class may be exchanged for units of another unit class within the sub-fund unless such exchanges are prohibited by provisions included in the relevant annex to the Sales Prospectus. No unit exchange commission is payable for such exchanges.

The Management Company may reject an exchange application for the relevant sub-fund if it believes this to be appropriate in the interests of the Fund or sub-fund or of Investors.

4. Fully completed redemption requests or exchange applications for the redemption or exchange of registered units can be submitted to the Management Company, Custodian Bank, registrar and transfer agent, any selling agent or paying agents. These receiving

agents are obliged to forward the redemption requests or exchange applications to the registrar and transfer agent without delay.

An application for the redemption or exchange of registered units shall only be deemed complete once it contains the name and address of the unitholder, the number and/or transaction value of the units to be redeemed and/or exchanged, the name of the sub-fund and the signature of the unitholder.

Fully completed redemption requests or exchange applications for the redemption or exchange of bearer units are forwarded to the registrar and transfer agent by the agent responsible for maintaining the investor's custody account.

The following rules apply exclusively to the issue of units in the **Silk – African Lions Fund**, the **Silk – Arab Falcons Fund** and **Silk – Road Frontiers Fund**:

The settlement for fully completed redemption requests or exchange applications received no later than 17:00 on a Valuation Day will be based on the Unit Price for the subsequent Valuation Day, less any redemption charge or exchange commission. In all cases, the Management Company will ensure that the redemption or exchange of units is settled on the basis of a Unit Price that is unknown to the investor in advance. The settlement for fully completed redemption requests or exchange applications received after 5pm on a Valuation Day will be based on the Unit Price for the subsequent Valuation Day but one, less any redemption charge or exchange commission.

The following rules apply exclusively to the issue of units in the **Silk – African Bond Fund**:

Fully completed redemption applications or fully completed exchange applications that are received no later than 5pm on the day before a Valuation Day shall be settled on the next Valuation Day less any redemption charge or subject to the exchange commission. In all cases, the Management Company will ensure that the redemption or exchange of units is settled on the basis of a unit price that is unknown to the investor beforehand. Fully completed redemption applications or fully completed exchange applications that are received after 17:00 on the day before a Valuation Day shall be settled on the next but one Valuation Day less any redemption charge or subject to the exchange commission.

Redemption requests or exchange applications will be deemed to have been received when they have been received by the registrar and transfer agent.

The Redemption Price is paid in the relevant Sub-fund Currency, or in the relevant Unit Class Currency where there are multiple unit classes, within two valuation days of the relevant Valuation Day. In the case of registered units, payment is made to an account to be specified by the investor.

Any fractional amounts arising from the exchange of bearer units are settled by the Custodian Bank in cash.

5. The Management Company is entitled to suspend the redemption or exchange of units temporarily if the calculation of the Unit Price is also suspended.
6. Subject to the prior consent of the Custodian Bank, and having due regard to the interests of the investors, the Management Company is entitled to delay the redemption of significant unit volumes until it has first sold corresponding assets in the relevant sub-fund without delay. In this case, units are then redeemed at the Redemption Price then applicable. The same also applies to applications for the exchange of units. However, the Management Company will ensure that sufficient cash is available in the relevant sub-fund's assets so that, under normal circumstances, units can be redeemed or exchanged without delay on receipt of applications from investors.

## **Notes on risk**

### **General market risk**

The assets in which the Management Company invests on behalf of the sub-fund(s) carry risks in addition to opportunities for appreciation in value. If a sub-fund invests directly or indirectly in securities and other assets, it is subject to the large number of general trends and tendencies, which are sometimes attributable to irrational factors on the markets, in particular on the securities markets. Thus they can lose value such that the market value of the assets falls as compared to the cost price. If a unitholder sells units of the sub-fund at a time when the market prices of the assets in the sub-fund have fallen compared to when the units were acquired, the investor will not recoup all the money he invested in the sub-fund. Although each sub-fund aims to achieve steady growth, such growth cannot be guaranteed. However, the investor's risk is limited to the amount invested. The investor shall not be required to make any payments beyond the sum invested.

### **Risk of interest rate changes**

With investments in fixed interest securities there is always the possibility that market interest rates may change at the time a security is issued. If market interest rates rise in relation to the interest rates at the time of issue, the prices of fixed-interest securities generally fall. If, on the other hand, market interest rates fall, the price of fixed-interest securities shall rise. This price trend means that the current return on a fixed-rate security is roughly equivalent to the current market interest rate. However, the price fluctuations vary depending on the term to maturity of the fixed-interest securities. Fixed-income securities with shorter maturities generally have lower price risks than fixed-rate securities with longer maturities. However, fixed-income securities with shorter maturities generally have lower returns in comparison with fixed-income securities with longer maturities.

## **Credit risk**

The creditworthiness (ability and willingness to make payments when due) of the issuer of a security or money-market instrument directly or indirectly held by a sub-fund may subsequently fall. This normally leads to a fall in the price of the respective paper beyond general market fluctuations.

## **Company-specific risk**

The performance of the securities and money-market instruments directly or indirectly held by a sub-fund also depends on company-specific factors, for example, the business position of the issuer. If the company-specific factors worsen, the market value of a given security may fall substantially and permanently, even if stock market developments are otherwise generally positive.

## **Risk of default**

The issuer of a transferable security held directly or indirectly by a sub-fund or the debtor of a claim belonging to a sub-fund may become insolvent. As a result, the corresponding assets in the Fund may become financially worthless.

## **Counterparty risk**

In the case of transactions not conducted via a stock exchange or a regulated market (OTC transactions), there is, in addition to the risk of default, the risk that the counterparty to the transaction may fail to meet its obligations or fail to do so to the fullest extent. This applies in particular to transactions that use techniques and instruments. In order to reduce counterparty risk in the case of OTC derivatives, the Management Company is authorised to accept collateral. This shall be in accordance with the requirements of ESMA Guideline 2012/832. Collateral may be paid either in cash or in the form of securities. Collateral received in the form of cash is not reinvested. Securities received are neither sold, reinvested or pledged.

For the aforementioned securities, collateral may be provided in the form of:

- (1) debt instruments issued or guaranteed by an OECD Member State or its local authorities or by supranational bodies and organisations of a collective, regional or global character,
- (2) shares or units issued by money market UCIs which calculate a net asset value on a daily basis and have an AAA or equivalent rating,
- (3) shares or units issued by UCITS which invest in the debt instruments/shares stated in points (4) and (5) below,
- (4) debt instruments issued or secured by first-class issuers with an appropriate liquidity level, or

(5) shares listed on a stock exchange or a regulated market of a Member State of the European Union or traded on a securities stock exchange in an OECD member state if such shares are included in a major index.

Any collateral which is not provided in shares/units of a UCI/UCITS must be issued by a company which is not connected to the counterparty.

The Management Company implements valuation discounts (a "haircut strategy") for the securities received as collateral, taking into account the specific characteristics of the securities received and the issuer. Information on the haircut strategy used may be requested from the Management Company free of charge at any time. The provision of collateral is based on individual contractual agreements between the counterparty and the Management Company, in which, inter alia, the type and quality of collateral, haircuts, allowances and minimum transfer amounts are defined. The value of OTC derivatives and already provided collateral is calculated on a daily basis. If, due to individual contractual agreements, an increase or decrease in collateral is necessary, this collateral shall be requested or claimed back from the counterparty. Information on the agreements may be requested from the Management Company free of charge at any time. The Management Company shall ensure the risk of default for transactions of the relevant sub-fund involving OTC derivatives must not exceed the following: 10% of the net fund assets if the counterparty is a credit institution within the meaning of Article 41(1)(f) of the Law of 17 December 2010), and 5% of the net sub-fund assets in all other cases.

### **Currency risk**

If a sub-fund directly or indirectly holds assets which are denominated in foreign currencies, unless the foreign currency positions are hedged, it will be subject to currency risk. In the event of a devaluation of the foreign currency against the Reference Currency of the sub-fund, the value of the assets held in foreign currencies shall fall.

### **Sector risk**

If a sub-fund focuses its investments on specific sectors this will reduce risk diversification. As a result the sub-fund will be particularly dependent on both the general development and the development of the company profits of individual industries or influential industries.

### **Country and regional risk**

If a sub-fund focuses its investment on specific countries or regions, this will also reduce the risk diversification. Accordingly, the sub-fund will be particularly dependent on the development of individual or mutually interlinking countries and regions, and on companies which are located and/or active in these countries or regions.

## **Country and transfer risk**

Economic or political instability in countries in which the sub-fund invests may mean that a sub-fund does not receive, in whole or in part, the monies owing to it due to the insolvency of the issuer of the respective security or other form of assets. The reasons for this may include, for example, currency or transfer restrictions or other forms of legal changes.

## **Liquidity risk**

Particularly in the case of illiquid (restricted market) securities, even moderately-sized orders may lead to considerable changes in prices for both purchases and sales. If an asset is not liquid, there is a risk that it may not be possible to sell the asset or to only sell it at considerable discount. In the case of purchase, the illiquidity of an asset may cause the purchase price to rise considerably.

## **Custody risk**

Custody risk describes the risk arising from the fundamental possibility that the Fund's access to the assets held in custody may be partly or fully withdrawn to its detriment in the event of insolvency or negligent, deceitful or fraudulent dealings by of the custodian bank or a sub-custodian.

## **Emerging markets risks**

Investments in emerging markets are investments in countries that according to the World Bank's classification do not fall into the category of "high per capita gross national income," i.e. they are classified as "not developed." In addition to the specific risks of the specific investment class, investments in those countries are especially subject to the liquidity risk and the general market risk. Moreover, greater risks may arise when transactions in securities from such countries are processed which may lead to harm to the investor, in particular due to the fact that it is not possible or customary for securities to be delivered immediately upon payment in such countries. In addition, the legal and regulatory environment and the accounting, auditing and reporting standards in emerging markets may vary significantly from the level and standard which is otherwise customary internationally to the detriment of an investor. A higher custody risk may exist in such countries, which can result in particular from different forms of transfer of ownership of acquired assets.

## **Specific risks connected with investing in high-yield assets**

In terms of interest, high-yield investments are assets that do have an investment grade rating issued by a recognised rating agency or for which there is no rating at all, but it is assumed that if they did have a rating it would be non investment grade. These assets are subject to the general risks connected with these classes of assets but to a greater degree. A higher degree of creditworthiness risk, interest rate change risk, general market risk, company-specific risk as well as liquidity risk are particularly associated with such assets on a regular basis.



## **Inflation risk**

Inflation risk means the danger that there will be asset losses as a result of the devaluation of the currency. As a result of inflation, the income of a sub-fund as well as the value of the asset as such may decrease in terms of the purchasing power. A number of currencies are subject to inflation risk to varying high degrees.

## **Settlement risk**

In particular when an investment is made in unlisted securities, the risk exists that the settlement through a transfer system may not be executed as expected due to a delayed payment or delivery or one which is not in accordance with the agreement.

## **Risks arising from the usage of derivatives**

The leverage effect of options may result in a greater impact on the value of the respective sub-fund's assets - both positive and negative - than would be the case with the direct use of securities and other assets. To this extent, their use is associated with special risks.

Financial futures used for a purpose other than hedging also carry considerable opportunities and risks, as only a fraction of the contract value (the margin) needs to be paid immediately.

Price changes can therefore lead to substantial profits or losses. The risk and volatility of the sub-fund may therefore increase.

Depending on the structure of swaps, the value thereof can be affected by any future change in the market interest rate (interest rate risk), counterparty insolvency (counterparty risk) or a change in the underlying. In principle, any future (value) changes to the underlying payment flows, assets, income or risks may lead to gains as well as losses in the Fund.

## **Risk of suspension of redemption**

Investors may request the redemption of their units from the Management Company on any bwt. The Management Company may temporarily suspend the redemption of the units in the event of exceptional circumstances and then redeem the units at a later point at the price applicable at that time (see also article 7 of the Management Regulations "Suspension of the calculation of the unit price" and article 10 of the management regulations "Redemption and exchange of units"). This price can be lower than the price before redemption was suspended.

The Management Company may also be forced to suspend redemption in particular if one or more funds whose units were acquired for a sub-fund suspend the redemption of their units and these represent a considerable portion of the net assets of the respective fund.

### **Particular features of warrants**

In addition to the aforementioned risks associated with transferable securities and possible risks from changes in exchange rates, warrants are also characterised by leverage, which involves both risks and rewards. A call warrant is an example of leverage since the amount of capital required to purchase the warrant is lower than that needed for the direct purchase of the underlying asset. The same also applies to put warrants. The greater the leverage, the greater the change in the warrant price if there is a change in the price of the underlying asset (compared with the exercise price fixed in the option). The risks and rewards arising from warrants therefore tend to increase in line with the amount of leverage involved. Warrants normally only have a limited maturity and the possibility cannot therefore be ruled out that they will be worthless on the maturity date if, in the case of call warrants, the price of the underlying asset is lower than the exercise price fixed on the issue date or, in the case of put warrants, the price of the underlying asset is higher than the exercise price fixed on the issue date.

Warrants for the purchase or sale of financial futures and securities index options also involve additional risks. This is because two futures or options are exercised one after the other. These risks are dependent on the financial futures or options that are then created and may far exceed the warrant price originally paid.

### **Options**

Options are associated with particular risks, the size of which varies depending on the option concerned.

On the maturity date, the purchase price paid for a call or put option is lost.

If a call option is sold, there is a risk of a particularly strong increase in the value of the asset from which the Fund will no longer be able to benefit. If a put option is sold, there is a risk that the Fund will have to accept assets at the exercise price, even though the market value of these assets is significantly lower.

The leverage effect associated with options can result in a stronger impact on the value of the Fund than would be the case with a direct purchase of assets.

The risks arising from forward interest-rate agreements (FRAs) and interest-rate caps, floors and collars are similar to those associated with options.

The exercise of two futures and options one after the other (e.g. options on financial futures and securities index options) may give rise to additional risks, the size of which depends on the

financial futures or options that are then created and may far exceed the option or warrant price originally paid.

### **Financial futures**

Financial futures are associated with considerable rewards, but also some risks, because only a fraction of the contract amount (margin) has to be paid immediately. If the expectations of the board of directors are not met, the difference between the price on initiation of the contract and the market price must be borne by the Fund no later than on the maturity date of the contract. The amount of the downside risk is therefore not known in advance and may exceed any collateral security.

### **Swaps**

Swaps involve a market risk arising from a change in the market parameters that determine price. Swaps also involve a counterparty risk in that the other party to the contract may not meet some or all payment obligations, or may delay payments.

In the case of swaps involving foreign currencies, risks and rewards may also arise in connection with changes in exchange rates. In addition, these swaps are subject to transfer risk, which also affects other swaps involving cross-border transactions.

Downside risks on transferable securities options, financial futures, options on financial futures and securities index options

Transferable securities options, financial futures and options on financial futures and securities index options (options and warrants) are all exchange-traded futures or options.

However, since the opportunities for gains on such transactions are matched by a high level of downside risk, investors must take due note that

- the fixed-term rights purchased under futures and options may expire or may suffer a loss in value;
- the amount of the downside risk is not known in advance and may also exceed any collateral security;
- transactions in which the risks from exchange-traded futures and options are to be eliminated or restricted may not be possible or only possible at a market price that generates a loss;
- the downside risk increases if obligations under futures and options are financed by borrowing, or the obligation under futures and options or the required consideration in this regard is denominated in a foreign currency or unit of account;

- apart from the risks already mentioned, the exercise of two futures and options one after the other gives rise to additional risks, the size of which depends on the financial futures or securities index options that are then created and may far exceed the option or warrant price originally paid.

The size of the risks in futures and options varies depending on the assets taken into the Fund. Losses may therefore

- be restricted to the price paid for an option, or
- far exceed the security lodged (e.g. margins) and require additional collateral security;
- lead to a debt charged to the Fund, without the downside risk being determinable at any point in advance.

### **Risks arising from investments in undertakings for collective investment**

Investments in undertakings for collective investment (the legal form of such undertakings including, in particular, a fund, investment company or trust) are a type of investment characterised by the principle of risk-spreading. However, the possibility cannot be ruled out that investments in undertakings for collective investment will give rise to risks, in particular risks resulting from the investment policy of the Fund and the assets held in the Fund. The risks and rewards associated with units in undertakings for collective investment are similar to those associated with transferable securities, especially where techniques and instruments are also involved.

Units in undertakings for collective investment denominated in foreign currency are also subject to the effects of exchange-rate risks and rewards. The purchaser only generates a gain on the sale of units if the return on the units exceeds any front-end fee paid with the initial purchase and any redemption commission paid on the sale. A front-end fee can impair the performance of units for investors and even result in losses.

### **Currency hedging**

The purpose of currency hedging is to reduce exchange-rate risks. However, since these hedging transactions sometimes only protect some of the Fund assets and only hedge currency risks to a limited extent, the possibility cannot be ruled out that changes in exchange rates will have a negative impact on the performance of the Fund assets.

### **Currency forwards**

The costs and any losses arising on currency forwards or on the purchase of options and warrants impair the performance of the Fund. The statements made in respect of transferable securities options and financial futures therefore also apply in this case *mutatis mutandis*.

## **Potential conflicts of interests**

The Management Company and/or employees, representatives or associated companies may act as a member of the Board of Directors, investment adviser, fund manager, Custodian Bank, Central Administration Agent, registrar and transfer agent or as any other service provider on behalf of the Fund/sub-funds. The Management Company is aware that conflicts of interest may arise as a result of the various functions to be performed in relation to the management of the Fund. In accordance with the Law of 17 December 2010 and the applicable administrative provisions of the CSSF, the Management Company has adequate and appropriate organisational structures and control mechanisms. In particular, it acts in the best interest of the Fund and ensures that conflicts of interest are avoided. When outsourcing tasks to third parties, the Management Company ensures that the third parties have fulfilled the required measures for complying with all requirements for organisation and prevention of conflicts of interest as set forth in the applicable Luxembourg laws and regulations, and monitor compliance with these requirements.

## **Risk profiles**

The investment funds managed by the Management Company are organised into the following risk profiles. The risk profile for each sub-fund shall be stated in the relevant annex to the Sales Prospectus. The following profile descriptions were drawn up under normal market conditions. In unexpected market situations or market disturbances due to non-functioning markets, greater risks may occur than those stated in the risk profile.

### **Risk profile - Security-oriented**

The fund is suited to security-oriented investors. The composition of the Sub-fund's Net Assets presents a very high level of overall risk matched by the potential for very high returns. The risks may primarily consist of currency, creditworthiness, share price risks as well as changes in market interest rate risks.

### **Risk profile - Conservative**

The fund is suited to conservative investors. The composition of the Sub-fund's Net Assets presents a moderate level of overall risk matched by moderate potential returns. The risks may primarily consist of currency, creditworthiness, share price risks as well as from changes in market interest rate risks.

### **Risk profile - Growth-oriented**

The fund is suited to growth-oriented investors. The composition of the Sub-fund's Net Assets presents a high level of overall risk matched by high potential returns. The risks may primarily

consist of currency, creditworthiness, share price risks as well as from changes in market interest rate risks.

#### Risk profile - Speculative

The fund is suited to speculative investors. The composition of the Sub-fund's Net Assets presents a very high level of overall risk matched by very high potential returns. The risks may primarily consist of currency, creditworthiness, share price risks as well as changes in market interest rate risks.

#### Risk-management procedure

The Management Company employs a risk-management procedure enabling it to monitor and assess the risk connected with investment holdings as well as their share in the total risk profile of the investment portfolio of the funds it manages at any time. In accordance with the Law of 17 December 2010 and the applicable supervisory requirements of the Commission de Surveillance du Secteur Financier ("CSSF"), the Management Company reports regularly to the CSSF about the risk-management procedures used. Within the framework of the risk-management procedure and using the necessary and appropriate methods, the Management Company ensures that the overall risk of the funds managed bound up with derivatives does not go beyond the total net value of their portfolios. To this end, the Management Company makes use of the following methods:

- Commitment approach:

With the "commitment approach", the positions from derivative financial instruments are converted into their corresponding underlying equivalents using the delta approach. In doing so, the netting and hedging effects between derivative financial instruments and their underlyings are taken into account. The total of these underlying equivalents may not exceed the total net value of the Fund's portfolio.

- Value-at-risk (VaR) approach:

The VaR figure is a mathematical-statistical concept and is used as a standard risk measure in the financial sector. VaR indicates the possible loss of a portfolio that will not be exceeded during a certain period (the holding period) with a certain probability (the confidence level).

- Relative VaR approach:

With the relative VaR approach, the VaR of the Fund may not exceed a maximum of twice the VaR of a reference portfolio. The reference portfolio is essentially an accurate reflection of the Fund's investment policy.

- Absolute VaR approach:

With the absolute VaR approach, the VaR (99% confidence level, 20-day holding period) of the Fund may not exceed 20% of the Fund's assets.

For funds whose total risk associated with derivatives is determined using the VaR approach, the Management Company also determines the total of the nominal values or equivalent values of all relevant derivatives and estimates a degree of the estimated rate in this regard (leverage). Depending on the respective market situation, this degree of leverage may deviate from the actual value and may either exceed or be less than that value. Investors are notified that no conclusions about the risk content of the Fund may be drawn from this data. In addition, the published expected degree of leverage is explicitly not to be considered an investment limit. The method used in order to determine the total risk associated with derivatives and, if applicable, the disclosure of the reference portfolio and the determination of an expected rate of the total nominal values or equivalent values of all relevant derivatives of the managed funds will be indicated in the specific Annex for the respective sub-fund.

## **Fund taxation**

Fund assets invested in the Grand Duchy of Luxembourg are subject to a tax (*taxe d'abonnement*) that is currently payable at the rate of 0.05 per cent per annum or 0.01 per cent per annum for the sub-funds or unit classes whose units are issued exclusively to institutional investors. The "*taxe d'abonnement*" is payable quarterly on the Fund's net assets, reported at the end of each quarter. The amount of the *taxe d'abonnement* for the *relevant* sub-fund or the *unit class* is stated in the *relevant annex* to the *Sales Prospectus*. If the Fund's assets are invested in other Luxembourg investment funds that are themselves already subject to the *taxe d'abonnement*, the proportion of Fund assets invested in this way is exempt from the tax.

The income earned by the Fund from the investment of its assets is not taxed in the Grand Duchy of Luxembourg. However, this income may be subject to withholding tax in countries in which the Fund's assets are invested. In such cases, the Custodian Bank and the Management Company are not under any obligation to obtain tax certificates.

## **Taxation of investors' income from units held in the fund**

Since 1 July 2005, the Grand Duchy of Luxembourg has levied a withholding tax as part of its implementation of Directive 2003/48/EC on the taxation of savings income in the form of interest payments ("Directive"). This withholding tax relates to certain interest income paid in Luxembourg to individuals domiciled in another member state of the European Union for tax purposes. In certain circumstances, this withholding tax may also affect interest income from an investment fund.

By adopting this Directive, the EU member states agreed that all interest payments should be taxed in accordance with the legislation of the country of domicile. To this end, the member

states agreed that information should automatically be shared between national tax authorities. In a derogation, it was agreed that, for a transition period, Luxembourg would not participate in the automatic exchange of information agreed by the other states. In its place, Luxembourg introduced a withholding tax on interest income. This withholding tax has been levied at a rate of 35 per cent since 1 July 2011 on the interest payment. The amount will be paid over anonymously to the Luxembourg tax authorities, and the investor will be issued with a tax certificate to this effect. Investors can then use this certificate to offset the paid withholding tax in full against their tax liability in their country of domicile. The deduction of withholding tax can be avoided by issuing an authorisation for voluntary participation in the sharing of information between national tax authorities or by submitting a certificate of exemption from withholding tax issued by the tax authorities in the country of domicile.

Furthermore, investors who are not domiciled in the Grand Duchy of Luxembourg or who do not maintain a permanent establishment in that country are not liable to pay income tax, inheritance tax or wealth tax on their units or income from units in the Grand Duchy of Luxembourg. In such cases, investors are subject to their relevant national tax legislation.

Since 1 January 2006, individuals who are resident in the Grand Duchy of Luxembourg and who are not domiciled in another country for tax purposes have been liable to pay a flat-rate withholding tax of 10 per cent on interest income as specified in the Directive as a result of the Luxembourg law on the implementation of the Directive. In certain circumstances, this withholding tax may also affect interest income from an investment fund. At the same time, the Grand Duchy of Luxembourg abolished wealth tax.

Potential investors should obtain further information on the laws and regulations applicable to the purchase, ownership and redemption of units and, if necessary, seek professional advice.

### **Publication of the unit price, issue price and redemption price**

The latest unit prices, issue prices and Redemption Prices and all other information for investors can be obtained at any time from the registered offices of the Management Company or Custodian Bank or from the paying agents or any selling agent. Issue prices and redemption prices are published on the Management company's website ([www.ipconcept.com](http://www.ipconcept.com)).

### **Provision of information to investors**

Information – in particular notices to investors – is published on the Management Company's website ([www.ipconcept.com](http://www.ipconcept.com)). Furthermore, where required by law in the Grand Duchy of Luxembourg, notices will also be published in the *Mémorial* and in the *Tageblatt* newspaper. In the countries outside the Grand Duchy of Luxembourg in which the units are sold, notices will also be published in the relevant media where required by law.



The following documents can be inspected free of charge at the registered office of the Management Company during normal business hours on working days in Luxembourg (except Saturdays):

- Articles of association of the Management Company;
- Custodian Bank Agreement;
- Central administration agreement;
- Registrar and transfer agent agreement.

The current Sales Prospectus, KIID and the annual and semi-annual reports for the Fund are available free of charge on the Management Company's website ([www.ipconcept.com](http://www.ipconcept.com)). The current Sales Prospectus, KIID and the annual and semi-annual reports for the Fund can be obtained by investors in paper form also free of charge from the registered office of the Management Company, the Custodian Bank, or from the paying agents or selling agent.

Information on the principles and strategies of the Management Company regarding the exercise of voting rights arising from the assets held for the Fund can be obtained free of charge by investors from [www.ipconcept.com](http://www.ipconcept.com).

When exercising decisions regarding the purchase or sale of assets for a sub-fund, the Management Company shall act in the best interests of the investment fund. Information on the principles set by the Management Company for this purpose can be found at [www.ipconcept.com](http://www.ipconcept.com).

Investors may send any questions, comments and complaints in writing and in electronic form to the Management Company. Information regarding the complaints procedure can be obtained free of charge from the Management Company's website ([www.ipconcept.com](http://www.ipconcept.com)).

Information regarding perks received by the Management Company from third parties or which it may pay to third parties can be requested at any time, free of charge, from the Management Company.

## Information for investors relating to the United States of America

The units of the Fund are not registered under the United States Securities Act of 1933 in the United States of America (USA) and may not therefore be offered for sale in the USA or offered or sold to US citizens.

US citizens are deemed to be individuals, for example, who

- a) were born in the USA or in US sovereign territory,
- b) are naturalised American citizens (or Green Card holders),
- c) were born outside the USA as a child of a US citizen,
- d) without being a US citizen, have their main place of residence in the USA,
- e) are married to a US citizen or
- f) are liable to pay tax in the USA.

The definition of 'US citizen' also covers

- a) companies and limited companies established under the laws of one of the 50 US states or the District of Columbia,
- b) companies and partnerships established under an *Act of Congress*,
- c) pension funds established as US trusts and
- d) companies that are liable to pay tax in the USA.

## Annex 1

### Silk – African Lions Fund

The following provisions apply to this sub-fund in addition to and/or in derogation from article 4 of the Management Regulations.

#### Investment objectives and investment strategy

The objective of the investment policy for the **Silk – African Lions Fund** ("Sub-fund") is to achieve an appropriate return commensurate with the investment risk.

The performance of the relevant unit classes of the Sub-fund is set out in the corresponding KIID. In principle, past performance is no guarantee of future performance. **No assurance can be given that the objectives of the investment objectives will be achieved. The Management Company will exclusively review the investment principles described in the investment policy.**

#### Investment policy

To achieve these investment objectives, the assets in the **Silk – African Lions Fund** Sub-fund are mainly invested in shares and share underlyings from the African continent in accordance with the principle of risk-spreading.

The Sub-fund may also invest in further transferable securities as defined in article 41 (1) a) to d) of the Luxembourg Law of 17 December 2010.

The definition of the term 'transferable securities' in this context includes the following instruments traded in regulated markets:

- Equities
- Bonds and money-market instruments
- Certificates

These certificates are for legally permitted underlyings such as equities, bonds, investment fund units, financial indices and currencies. They may, however, also be certificates for other underlyings provided these do not have any derivative components (Delta 1 certificates) and the certificates also do not lead to a physical delivery of the underlying.

- other structured products (e.g. warrant bonds, option bonds, convertible bonds)

The investments of all securities shall be focussed on Egypt, Ghana, Kenya, Mauritius, Morocco, Nigeria, South Africa, Tunisia and Zambia. The Supervisory Board guarantees to the

Management Company that these are regulated markets or markets as defined in article 4 no. 1 a) of the Management Regulations.

In general, a maximum of 49% of the net assets of the sub-fund may be invested in liquid funds. However, depending on assessment of the market situation, a higher proportion of the net sub-fund assets may be held in liquid funds (over the short term), subject to the legally permissible limit, as an exception to the 49% and the abovementioned investment limits. In addition, depending on the assessment of the market situation, a short-term exception to the above-mentioned investment focal point is allowed, as is investment in liquid funds if the investment focus is generally observed when including the liquid funds.

All **assets under Article 4(3)** of the Management Regulations are, together with the investment, in:

Delta-1 certificates on commodities, precious metals, hedge funds and real estate as well as for raw material, hedge fund and real estate indices, restricted to a total of 10% of the net sub fund assets. The Fund is allowed to invest up to 10 per cent of its net assets in units of undertakings for collective investment in transferable securities (UCITS) and undertakings for collective investment (UCIs) as defined in article 41 (1) e) of the Law of 17 December 2010 ("Target Funds").

These Target Funds can be diversified funds (mixed funds); funds invested in equities, bonds, money market instruments, profit-participation certificates or convertible bonds; funds that track the performance of one or more indices of commodities, commodity futures or precious metals; country-specific, regional or sector funds; or funds focusing on certain issuers, currencies or maturities.

The use of derived financial instruments ("derivatives") is planned in order to achieve the aforementioned investment objectives as well as for investment and hedging purposes. In addition to option rights, this includes swaps and futures contracts on securities, money market instruments, financial indices within the meaning of Article 9 (1) of Directive 2007/16/EC and Article XIII of the ESMA Guidelines 2012/832, interest rates, exchange rates, currencies and investment funds pursuant to Article 41(1)e) of the Law of 17 December 2010. In addition, total return swaps may be used. As a result, the profit and loss profile of the underlying may be synthetically replicated without being invested in the relevant underlying. The investor's income from this total return swap depends on the performance of the underlying with its income (dividends, coupons, etc.) and the derivative instrument used. Derivatives may be used only within the limits outlined in Article 4 of the management regulations. Further details on techniques and instruments can be found in the Sales Prospectus in the chapter "Information on techniques and instruments".

Details of the relevant investment limits can be found in article 4 of the Management Regulations.

## Risk profile of the Sub-fund

### Risk profile - Speculative

The Fund is suited to speculative investors. The composition of the Sub-fund's Net Assets presents a very high level of overall risk, but also the potential for very high returns. The risks may arise in particular from currency, credit and price risks, as well as risks stemming from changes in market interest rates (regional and sector funds, emerging market funds, second-tier stocks, bond funds with a high risk profile e.g. speculative grade, high yield bonds, junk bonds).

### Relative VaR approach:

The relative VaR approach is used for monitoring and measuring the total risk associated with derivatives. The corresponding reference portfolio is composed of the FTSE/JSE Africa All Shares Index (25%) and the MSCI EFM Africa ex ZA (75%). The expected rate of the leverage effect, calculated using the nominal value method (total of the nominal values of all relevant derivatives), was estimated at 0%-30% of the (sub-)fund's volume. It should be noted that it is possible to have a higher leverage effect subject to the legal limits. The indicated reference portfolio is dependent on the portfolio allocation and can be adapted accordingly in the event of regrouping. This may involve updating the Sales Prospectus.

### ***Risks arising from investments in Egypt, Ghana, Kenya, Mauritius, Morocco, Nigeria, Zambia, South Africa and Tunisia(emerging markets)***

The term 'emerging markets' is used to denote countries that are in the process of developing economically and/or politically, which may give rise to additional risks that could impact on the Fund's performance.

There is a risk of the introduction of government restrictions on foreign investors, forced expropriation, nationalisation or adverse political events (e.g. coups in conjunction with changes in the prevailing legal system).

Furthermore, transferable securities traded in these countries may be impaired by low liquidity, heightened market volatility, poor transparency and greater financial risks. A further risk is the often inadequate regulation and supervision of stock markets in the developing countries.

In addition, the possibility cannot be ruled out that exchange-rate movements, stock market controls, taxation, restrictions on foreign investments and capital outflows could impair securities' marketability and the resultant income.

Moreover, the settlement of transactions in assets from these countries may give rise to a heightened risk to the detriment of investors, in particular because in these countries it may not be generally possible or customary for transferable securities to be delivered concurrently with payment. Furthermore, emerging markets' legal and regulatory frameworks and their accounting, auditing and financial reporting standards may fall well short of the usual international standards. In addition, these countries may involve a heightened custody risk,

which may especially result from the different ways in which ownership of assets is acquired. For hedging purposes and in order to manage the portfolio efficiently, the Fund may also make use of derivative financial instruments within the limits specified by article 4 of the Management Regulations. Such derivatives can be purchased if the underlying instrument involves transferable securities, money market instruments, financial indices, interest rates, exchange rates or currencies in which investments by the Fund are permitted by the investment policy.

***Risks arising from investments in derivative financial instruments***

For hedging purposes and in order to manage the portfolio efficiently, the Sub-fund may also make use of derivative financial instruments (derivatives) within the limits specified by article 4 of the Management Regulations. Such derivatives can be purchased if the underlying instrument involves transferable securities, money market instruments, financial indices, interest rates, exchange rates or currencies in which investments by the Sub-fund are permitted by the investment policy.

To this end, the Sub-fund may enter into transactions in instruments such as options, financial futures, currency futures, swaps and instruments for the management of credit risk.

Derivatives are used as part of an efficient portfolio management strategy to optimise returns on the Sub-fund's assets.

Further information on techniques and instruments can be found in the relevant section of the Sales Prospectus.

Investors should have a long-term investment horizon. The very high level of returns they expect is matched by their highly pronounced risk tolerance.

They are willing to accept very high levels of risk in terms of country, transfer, exchange rates, creditworthiness, share prices and market interest rates.

	Unit class R (EUR)	Unit class I (EUR)
Securities number	A0RAC3	A0RAC4
ISIN	LU0389403337	LU0389403410
Initial subscription period	1 March 2009 — 26 March 2009	
Initial unit price (The initial issue price is equal	EUR 100	EUR 100

to the initial unit price plus front-end fee)		
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Payment of initial issue price	30 March 2009			
Sub-fund currency	EUR			
Unit class currency	EUR		EUR	
Calculation of unit price	On every banking day in the Grand Duchy of Luxembourg with the exception of 24 and 31 December each year			
Fund year-end First year-end	31 July 31 July 2009			
Fund annual report/semi-annual report First semi-annual report (unaudited) First annual report (audited)	31 January 2010  31 July 2009			
Type of certificates	Bearer units are documented in global certificates; registered units are entered in the unit register.			
Denominations	Bearer units and registered units are issued with up to three decimal places.			
Minimum initial investment:	EUR 100		EUR 50,000	
Minimum subsequent investment:	None		None	
Monthly savings plans for registered shares contained in the unit register, minimum:	None		None	
Savings plans for bearer	You can obtain information from the institution that maintains your custody account			

shares which are contained in a bank custody account:		
Withdrawal plans for registered shares which are contained in the register of unit certificates - monthly from:	None	None
Withdrawal plans for bearer shares which are contained in a bank custody account:	You can obtain information from the institution that maintains your custody account	
Taxe d'abonnement	0.05% p.a.	0.05% p.a.

	Unit class R (USD)
Securities number	A1C1NM
ISIN	LU0523945383
Initial subscription period	1 September 2010 – 21 September 2010
Initial unit price (The initial issue price is the initial unit price plus front-end fee)	USD 100
Payment of the initial subscription price	23 September 2010
Sub-fund currency	EUR
Unit class currency	USD
Calculation of the unit price	On every banking day in the Grand Duchy of Luxembourg with the exception of the 24 and 31 December of each year
Fund year-end	31 July



First year-end	31 July 2009
Annual report/semi-annual report of the Fund (unaudited) First annual report (audited)	31 January 2010 31 July 2009
Type of certificates	Bearer units are documented in global certificates; registered units are entered in the unit register.
Denominations	Bearer units and registered units are issued with up to three decimal places.
Minimum initial investment	USD 100
Minimum subsequent investment	None
Monthly savings plan for registered shares that are listed in the unit register	None
Savings plans for bearer shares that are listed in the unit register	You can obtain information from the institution that maintains your custody account
Withdrawal plans for registered shares which are listed in the unit register – monthly from	None
Withdrawal plans for bearer shares which are listed in a bank custody account	You can obtain information from the institution that maintains your custody account
Taxe d'abonnement	0.05% p.a.

	Unit class AR (EUR)
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Securities number	A1JT3Q
ISIN	LU0747618790
Initial subscription period	23 February 2012 - 24 February 2012
Initial unit price: (The initial issue price is the initial unit price plus front-end fee)	EUR 100
Payment of the initial subscription price	28 February 2012
Sub-fund currency	EUR
Unit class currency	EUR
Calculation of the unit price	On every banking day in the Grand Duchy of Luxembourg with the exception of the 24 and 31 December of each year
Fund year-end First year-end	31 July 31 July 2009
Annual report/semi-annual report of the Fund (unaudited) First annual report (audited)	31 January 2010 31 July 2009
Type of certificates	Bearer units are documented in global certificates; registered units are entered in the unit register.
Denominations	Bearer units and registered units are issued with up to three decimal places.
Minimum initial investment	EUR 100
Minimum subsequent investment	None
Monthly savings plan for registered shares that are	None

contained in the unit register	
Savings plans for bearer shares which are contained in a bank custody account	You can obtain information from the institution that maintains your custody account
Withdrawal plans for registered shares which are contained in the unit register - monthly from	None
Withdrawal plans for bearer shares which are contained in a bank custody account	You can obtain information from the institution that maintains your custody account
Taxe d'abonnement	0.05% p.a.

The Sub-fund has been established for an indefinite period of time.

## Expenses paid from the Sub-fund's assets

### 1. Management fee

The Management Company receives a management fee of

- up to 2.59% p.a. of the net Sub-fund assets for unit class AR (EUR)
- up to 2.09% p.a. of the net Sub-fund assets for unit classes R (EUR) and R (USD)
- up to 1.59% p.a. of the net Sub-fund assets for unit class I (EUR)

This fee is calculated and paid *pro rata* in arrears on the last accounting day of each month. The Management Company also receives a monthly flat-rate fee of up to EUR 500, which is paid at the end of the month.

In addition, the Management Company is paid a performance fee from the net Sub-fund assets.

The Management Company does not receive a performance fee in respect of unit class AM and AR.

#### Performance fee

The Management Company will also receive from the net Sub-fund assets a performance fee currently amounting up to 20 per cent of the growth in the net Sub-fund assets in excess of 4 per cent per half-year. This performance fee will be calculated daily and paid every six months taking into account the units outstanding.

The increase in the Sub-fund's assets represents the difference between the net Sub-fund assets at the end of the respective six-month period (adjusted for inflows and outflows of funds) and the highest level of its net assets at the end of the previous six-month period (high-water-mark principle). The increase in the Sub-fund's assets at the end of the first six-month period represents the difference between the value of these net assets and the net Sub-fund assets at the end of the initial subscription period *pro rata temporis*. If the value of the Sub-fund's net assets decreases on balance in any one six-month period, this decrease is carried forward to the following six-month period for the purposes of calculating the performance fee, which means that no performance fee will be paid until the net decrease in the value of the Sub-fund's assets has been fully offset.

These fees shall be subject to the addition of any value-added tax.

### 2. Fund management fee

In return for the fulfilment of its responsibilities, the fund manager receives from the management fee a fee of

- up to 2.50% p.a. of the net sub-fund assets for unit class AR (EUR)
- up to 2.00% p.a. of the net sub-fund assets for unit classes R (EUR) and R (USD)
- up to 1.50% p.a. of the net sub-fund assets for unit class I (EUR)

This fee is calculated and paid *pro rata* in arrears on the last accounting day of each month.

In addition, the fund manager receives the performance fee paid to the Management Company from the net sub-fund assets.

These fees shall be subject to the addition of any value-added tax.

### **3. Custodian Bank fee**

In return for the fulfilment of its responsibilities in respect of the Sub-fund's assets, the Custodian Bank receives a fee of up to 0.09 per cent per annum of the Sub-fund's net assets, with a minimum of EUR 1,500 per month. The fee is calculated and paid *pro rata* monthly in arrears on the last accounting day of the month. This fee is subject to the addition of any value added tax.

### **4. Central administration fee**

In return for the fulfilment of its responsibilities in respect of the Sub-fund's assets, the central administrative agent receives a fee of up to 0.03 per cent per annum of the Sub-fund's net assets. The fee is calculated and paid *pro rata* monthly in arrears on the last accounting day of the month. In addition, the central administrative agent receives a basic fee of up to EUR 1,550. These fees are subject to the addition of any value-added tax.

### **5. Registrar and transfer agent fee**

In return for the fulfilment of its responsibilities, the registrar and transfer agent receives an annual flat-rate fee of up to EUR 2,400. This fee is paid in arrears at the end of each calendar year.

This fee is subject to the addition of any value-added tax.

### **6. Further costs**

In addition, the costs listed in Article 11 of the Management Regulations can be charged to the Sub-fund's assets.

### Costs borne by investors

	Unit class R (EUR)	Unit class I (EUR)
Front-load fee:	Up to 5.0%	Up to 5.0%
Redemption fee:	None	None
Unit exchange commission: (related to the unit price of the units to be purchased)	Not applicable for units exchanged between either sub-funds or unit classes	

	Unit class R (USD)
Front-load fee	Up to 5.0%
Redemption fee	None
Unit exchange commission (related to the unit price of the units to be purchased)	Not applicable for units exchanged between either sub-funds or unit classes

	Unit class AR (EUR)
Front-load fee	Up to 5.0%
Redemption fee	None
Unit exchange commission (related to the unit price of the units to be purchased)	Not applicable for units exchanged between either sub-funds or unit classes

### Use of income

The income from both unit classes is reinvested.

## Annex 2

### Silk – Arab Falcons Fund

The following provisions apply to this sub-fund in addition to and/or in derogation from Article 4 of the Management Regulations.

#### Investment objectives

The objective of the investment policy for the **Silk – Arab Falcons Fund** ("Sub-fund") is to achieve an appropriate return commensurate with the investment risk.

The performance of the Sub-fund's unit classes are set out in the relevant KIID. In principle, past performance is no guarantee of future performance. **No assurance can be given that the objectives of the investment objectives will be achieved. The Management Company will exclusively review the investment principles described in the investment policy.**

#### Investment policy

To achieve these investment objectives, the assets in the **Silk – Arab Falcons Fund** Sub-fund are mainly invested in shares and share underlyings from the Middle East and the African continent in accordance with the principle of risk-spreading.

The Sub-fund may also invest in further transferable securities as defined in Article 41(1)(a)-(d) of the Law of 17 December 2010.

The definition of the term 'transferable securities' in this context includes the following instruments traded in regulated markets:

- Equities
- Bonds and money-market instruments
- Certificates

These certificates are for legally permitted underlyings such as equities, bonds, investment fund units, financial indices and currencies. They may, however, also be certificates for other underlyings provided these do not have any derivative components (Delta 1 certificates) and the certificates also do not lead to a physical delivery of the underlying.

- other structured products (e.g. warrant bonds, option bonds, convertible bonds)

The countries on which all securities investments focus are Egypt, Bahrain, Jordan, Qatar, Kuwait, Morocco, Oman, Tunisia and the United Arab Emirates (Abu Dhabi, Dubai etc). The Management Company's Board will ensure that these countries possess regulated markets or stock markets as defined in article 4 no. 1 a) of the Management Regulations.

In general, a maximum of 49% of the net assets of the sub-fund may be invested in liquid funds. However, depending on assessment of the market situation, a higher proportion of the net sub-fund assets may be held in liquid funds (over the short term), subject to the legally permissible limit as an exception to the 49% and the abovementioned investment limit. In addition, depending on assessment of the market situation, a short-term exception to the above-mentioned investment focal point is allowed, as is investment in liquid funds if the investment focus is generally observed when including the liquid funds.

All **assets under Article 4(3)** of the Management Regulations are, together with the investment in Delta-1 certificates to commodities, precious metals, hedge funds and real estate, and in raw materials, hedge funds and real estate indices, reduced to a total of 10% of net sub fund assets.

The Fund is allowed to invest up to 10% of its net assets in units of undertakings for collective investment in transferable securities (UCITS) and undertakings for collective investment (UCIs) as defined in Article 41(1)(e) of the Law of 17 December 2010 ("Target Funds").

These Target Funds can be diversified funds (mixed funds); funds invested in equities, bonds, money market instruments, profit-participation certificates or convertible bonds; funds that track the performance of one or more indices of commodities, commodity futures or precious metals; country-specific, regional or sector funds; or funds focusing on certain issuers, currencies or maturities.

The use of derived financial instruments ("derivatives") is planned in order to achieve the aforementioned investment objectives as well as for investment and hedging purposes. In addition to option rights, this includes swaps and futures contracts on securities, money market instruments, financial indices within the meaning of Article 9(1) of Directive 2007/16/EC and Article XIII of the ESMA Guidelines 2012/832, interest rates, exchange rates, currencies and investment funds pursuant to Article 41(1)(e) of the Law of 17 December 2010. In addition, total return swaps may be used. As a result, the profit and loss profile of the underlying may be synthetically replicated without being invested in the relevant underlying. The investor's income from this total return swap depends on the performance of the underlying with its income (dividends, coupons, etc.) and the derivative instrument used. Derivatives may be used only within the limits outlined in Article 4 of the Management Regulations. Further details on techniques and instruments can be found in the Sales Prospectus in the chapter entitled "Information on techniques and instruments".

Details of the relevant investment limits can be found in article 4 of Management Regulations.

### **Risk profile of the Sub-fund**

Risk profile - Speculative

The Fund is suited to speculative investors. The composition of the Sub-fund's Net Assets presents a very high level of overall risk, but also the potential for very high returns. The risks comprise in particular currency, credit, price risks as well as changes in market interest rate risks.



(regional and sector funds, emerging market funds, second-tier stocks, bond funds with a high risk profile e.g. speculative grade, high yield bonds, junk bonds).

Relative VaR approach:

The relative VaR approach is used for monitoring and measuring the total risk associated with derivatives. The corresponding reference portfolio is composed of the S&P Pan Arab Investable (80%) and the Saudi Arabian Index (20%). The expected rate of the leverage effect, calculated using the nominal value method (total of the nominal values of all relevant derivatives), was estimated at 0%-30% of the (sub-)fund's volume. It should be noted that it is possible to have a higher leverage effect subject to the legal limits. The leverage effect is calculated in a similar way to the commitment approach. The indicated reference portfolio is dependent on the portfolio allocation and can be adapted accordingly in the event of regrouping. This may involve updating the Sales Prospectus.

Because the countries in whose transferable securities the Sub-fund is mainly invested are: *Egypt, Bahrain, Jordan, Qatar, Kuwait, Oman, Morocco and the United Arab Emirates (Abu Dhabi, Dubai etc)*, the investments in the Sub-fund are also subject to the risks described below.

*Risks arising from investments in Bahrain, Jordan, Qatar, Kuwait, Oman, and the United Arab Emirates (Abu Dhabi, Dubai etc).*

Rising commodity prices are currently providing the aforementioned countries with huge amounts of liquidity and very high levels of economic growth. Because the governments of these countries are aiming to make their economies less dependent on commodity exports, the high levels of revenue earned from oil exports are being invested in a wide range of industrial sectors to enable these countries' economies to diversify, prosper and grow over the long term. The high levels of capital spending on infrastructure and the expansion of the tourism industry are benefiting companies in the infrastructure, technology and construction sectors in particular. These countries are also setting up bodies modelled on mutual funds that are investing both domestically and internationally a large proportion of the revenue from their governments' oil reserves. Measures of this kind are likely to ensure that the economies of these Arab countries will continue to grow over the next few years.

Although the booming economies of Abu Dhabi, Dubai and Kuwait are generating high rates of growth that are boosting the still underdeveloped financial markets in this region, these countries are still undergoing a process of economic development. The risks of investing in emerging markets described in the section below therefore also apply to investments in Abu Dhabi, Dubai and Kuwait.

However, the Sub-fund provides a vehicle for investing in transferable securities of fast-growing, commodity-rich economies. Furthermore, investments in the aforementioned countries offer attractive upside potential owing to their high returns and low correlation with the stock markets of industrialised nations.

### ***Risks arising from investments in Egypt, Morocco and Tunisia (emerging markets)***

The term 'emerging markets' is used to denote countries that are in the process of developing economically and/or politically, which may give rise to additional risks that could impact on the Fund's performance.

There is a risk of the introduction of government restrictions on foreign investors, forced expropriation, nationalisation or adverse political events (e.g. coups in conjunction with changes in the prevailing legal system).

Furthermore, transferable securities traded in these countries may be impaired by low liquidity, heightened market volatility, poor transparency and greater financial risks. A further risk is the often inadequate regulation and supervision of stock markets in the developing countries.

In addition, the possibility cannot be ruled out that exchange-rate movements, stock market controls, taxation, restrictions on foreign investments and capital outflows could impair securities' marketability and the resultant income.

Moreover, the settlement of transactions in assets from these countries may give rise to a heightened risk to the detriment of investors, in particular because in these countries it may not be generally possible or customary for transferable securities to be delivered concurrently with payment. Furthermore, emerging markets' legal and regulatory frameworks and their accounting, auditing and financial reporting standards may fall well short of the usual international standards. In addition, these countries may involve a heightened custody risk, which may especially result from the different ways in which ownership of assets is acquired. For hedging purposes and in order to manage the portfolio efficiently, the Fund may also make use of derivative financial instruments within the limits specified by article 4 of the Management Regulations. Such derivatives can be purchased if the underlying instrument involves transferable securities, money market instruments, financial indices, interest rates, exchange rates or currencies in which investments by the Fund are permitted by the investment policy.

### ***Risks arising from investments in derivative financial instruments***

For hedging purposes and in order to manage the portfolio efficiently, the Sub-fund may also make use of derivative financial instruments (derivatives) within the limits specified by article 4 of the Management Regulations. Such derivatives can be purchased if the underlying instrument involves transferable securities, money market instruments, financial indices, interest rates, exchange rates or currencies in which investments by the Sub-fund are permitted by the investment policy.

To this end, the Sub-fund may enter into transactions in instruments such as options, financial futures, currency futures, swaps and instruments for the management of credit risk.

Derivatives are used as part of an efficient portfolio management strategy to optimise returns on the Sub-fund's assets.

Further information on techniques and instruments can be found in the relevant section of the Sales Prospectus.

	Unit class R (EUR)	Unit class I (EUR)	Unit class R (USD)	
Securities number:	A0RAC5	AoRAC6	A0YETY	
ISIN:	LU0389403501	LU0389403683	LU0485223860	
Initial subscription period:	1 March – 26 March 2009		22 February – 26 February 2010	
Initial unit price (the initial issue price is the same as the initial unit price plus front-end fee)	EUR 100	EUR 100	USD 100	
Payment of initial issue price:	30 March 2009		2 March 2010	
Sub-fund currency:	EUR			
Unit class currency:	EUR	EUR	USD	
Calculation of unit price:	On every banking day in the Grand Duchy of Luxembourg with the exception of 24 and 31 December each year			
Fund year-end: First year-end:	31 July 31 July 2009			
Fund annual report/semi-annual report First semi-annual report (unaudited): First annual report (audited):	31 January 2010  31 July 2009			
Type of certificates:	Bearer units are documented in global certificates; registered units are entered in the unit register.			
Denomination:	Bearer units and registered units are issued with up to three decimal places.			

Minimum initial investment:	EUR 100	EUR 50,000	USD 100	
Minimum subsequent investment:	None	None	None	
Monthly savings plan for registered shares which are contained in the unit register certificates, minimum:	None	None	None	
Savings plans for bearer shares which are contained in a bank custody account:	You can obtain information from the institution that maintains your custody account			
Withdrawal plans for registered shares which are contained in the unit register - monthly from:	None	None	None	
Withdrawal plans for bearer shares which are contained in a bank custody account:	You can obtain information from the institution that maintains your custody account			
Taxe d'abonnement	0.05% p.a.	0.05% p.a.	0.05% p.a.	

The Sub-fund has been established for an indefinite period of time.

## Expenses paid from the Sub-fund's assets

### 1. Management fee

The Management Company receives a management fee of up to 2.09 per cent per annum of the net Sub-fund assets for unit classes R (EUR) and R (USD) and up to 1.59 per cent per annum of the net Sub-fund assets for unit class I (EUR). This fee is calculated and paid *pro rata* in arrears on the last accounting day of each month. The Management Company also receives a monthly flat-rate fee of up to EUR 500, which is paid at the end of the month.

In addition, the Management Company is paid a performance fee from the net Sub-fund assets.

#### Performance fee

The Management Company also receives from the net Sub-fund assets a performance fee currently amounting to up to 20 per cent of the growth in the net Sub-fund assets in excess of 4 per cent per half-year. This performance fee is calculated daily and paid every six months taking into account the units outstanding.

The increase in the Sub-fund's assets represents the difference between the net Sub-fund assets at the end of the respective six-month period (adjusted for inflows and outflows of funds) and the highest level of its net assets at the end of the previous six-month period (high-water-mark principle). The increase in the Sub-fund's assets at the end of the first six-month period represents the difference between the value of these net assets and the net Sub-fund assets at the end of the initial subscription period *pro rata temporis*. If the value of the Sub-fund's net assets decreases on balance in any one six-month period, this decrease is carried forward to the following six-month period for the purposes of calculating the performance fee, which means that no performance fee will be paid until the net decrease in the value of the Sub-fund's assets has been fully offset.

These fees shall be subject to the addition of any value-added tax.

### 2. Fund management fee

For discharging its responsibilities the fund manager receives from the management fee a fee of

up to 2.00 per cent per annum of the net Sub-fund assets for unit classes R (EUR) and R (USD)

up to 1.50 per cent per annum of the net Sub-fund assets for unit class I (EUR).

This fee is calculated and paid *pro rata* in arrears on the last accounting day of each month.

In addition, the fund manager receives the performance fee paid to the Management Company from the net Sub-fund assets.

These fees shall be subject to the addition of any value-added tax.

### 3. Custodian Bank fee

In return for discharging its responsibilities in respect of the Sub-fund's assets, the Custodian Bank receives a fee of up to 0.09 per cent per annum of the Sub-fund's net assets, with a minimum of EUR 1,500 per month. The fee is calculated and paid *pro rata* monthly in arrears on the last accounting day of the month. This fee is subject to the addition of any value-added tax.

### 4. Central administration fee

In return for discharging its responsibilities in respect of the Sub-fund's assets, the central administrative agent receives a fee of up to 0.03 per cent per annum of the Sub-fund's net assets. The fee is calculated and paid *pro rata* monthly in arrears on the last accounting day of the month. In addition, the central administrative agent receives a monthly flat-rate fee of up to EUR 1,550. These fees are subject to the addition of any value-added tax.

### 5. Registrar and transfer agent fee

In return for discharging its responsibilities, the registrar and transfer agent receives an annual flat-rate fee of up to EUR 2,400. This fee is paid in arrears at the end of each calendar year.

This fee is subject to the addition of any value-added tax.

### 6. Further costs

In addition, the costs listed in article 11 of the Management Regulations can be charged to the Sub-fund's assets.

#### Costs borne by investors

	Unit class R (EUR)	Unit class I (EUR)	Unit class R (USD)	
Front-load fee:	Up to 5.0%	Up to 5.0%	Up to 5.0%	
Redemption charge:	None	None	None	
Unit exchange commission: (related to the unit price of the units to be purchased)	Not applicable for units exchanged between either sub-funds or unit classes			

#### Use of income

The income from the unit classes is reinvested.

## Annex 3

### Silk – African Bond Fund

The following provisions apply in addition to or by way of derogation to Article 4 of Management Regulations.

#### Investment objectives

The investment policy of **Silk – African Bond Fund** (the "Sub-fund") is to achieve a reasonable growth whilst giving consideration to the investment risk.

The Performance of the relevant unit classes shall be stated in the corresponding KIID. As a general rule, past results offer no guarantee of future performance. **No assurance can be made that the objectives of the investment policy will be achieved. The Management Company will exclusively review the investment principles described in the investment policy.**

#### Investment policy

To achieve these investment objectives, the assets of the **Silk – African Bond Fund** Sub-fund are mainly invested in assets issued by the following African countries, observing the principle of risk-spreading.

The investment focus of all securities in such situations is on Egypt, Ghana, Kenya, Mauritius, Morocco, Nigeria, Zambia, South Africa and Tunisia. The Board of the Management Company ensures that only regulated markets or stock exchanges as defined in Article 4 (1)(a) of the Management Regulation are used.

#### **1. Permitted assets**

In order to achieve the investment objectives, the Sub-fund invests in

- **Bonds and money-market instruments** as defined under Article 41(1)(a)-(d) of the Luxembourg law of 17 December 2010 (the "Law of 2010").
- Units in **bond funds** as defined in Article 41(1)(e) of the Law of 17 December 2010 (the "Target Funds"),
- Shares
- **Certificates**  
These certificates are for bonds and bond indices.
- **other structured products** (e.g. warrant bonds, option bonds, convertible bonds)
- **Time deposits**

- **Derivatives** and
- **liquid funds** (current accounts and overnight money accounts).

Other assets as described in Article 4 of the Management Regulations apart from other **assets as described in Article 4(3)** are not permitted.

All permitted assets comply with Article 4 of the Management Regulations.

## **2. Specific investment principles**

Subject to Article 4 of the Management Regulations, the following provisions apply to the Sub-fund:

- **Bond funds** of a maximum of 10 per cent of the assets of the Sub-fund may be acquired.
- Investment in **bonds and money-market instruments** shall amount to a minimum of 51 per cent of the net assets of the Sub-fund.
- Investment in **certificates** shall amount to a maximum of 49 per cent of the net assets of the Sub-fund.
- Investment in **shares** amounts to a maximum of 6% of the net sub-fund assets.

In general, a maximum of 49% of the net assets of the sub-fund may be invested in liquid funds. However, depending on the market position, the net assets of the sub-fund may also be held in liquid funds subject to the legally permissible (short-term) limits and an exception to these and the other abovementioned investment limits is permitted. In addition, depending on the market position, a short-term exception to the abovementioned investment focal point is permitted and investment in liquid funds is permitted if in such case the investment focus is on the whole adhered to when including the liquid funds.

The usage of derivative financial instruments ("**derivatives**") is permitted in order to achieve the investment aims as well as for hedging purposes and the efficient management of the portfolio. This includes option rights, this includes swaps and futures contracts on securities, money market instruments, financial indices within the meaning of Article 9 (1) of Directive 2007/16/EC and Article XIII of the ESMA Guidelines 2012/832, interest rates, exchange rates, currencies and investment funds pursuant to Article 41(1)e) of the Law of 17 December 2010. In addition, total return swaps may be used. As a result, the profit and loss profile of the underlying may be synthetically replicated without being invested in the relevant underlying. The investor's income from this total return swap depends on the performance of the underlying with its income (dividends, coupons, etc.) and the derivative instrument used. . Such derivatives may only be employed subject to the limits of article 4 of the Management Regulations. Further details regarding the techniques and instruments can be found in the "Techniques and Instruments" section of the Sales Prospectus.



### 3. Target fund definition

Units in bond funds may be acquired up to a maximum of **10%** of the net assets of the Sub-fund, such that the Sub-fund qualifies as a **target fund**.

### **Risk profile of the Sub-fund**

Risk profile - Speculative

The Fund is suited to speculative investors. The composition of the Sub-fund's Net Assets presents a very high level of overall risk, but also the potential for very high returns. The risks comprise in particular currency, credit, price risks as well as changes in market interest rate risks. (regional and sector funds, emerging market funds, second-tier stocks, bond funds with a high risk profile e.g. speculative grade, high yield bonds, junk bonds).

Commitment approach

The commitment approach is used for monitoring and measuring the total risk associated with derivatives.

	Unit Class R (USD)	Unit class I (USD)	Unit class R (EUR)
Securities number:	A0X918	AoX919	A0YEUF
ISIN:	LU0445778870	LU0445780934	LU0485226459
Initial subscription period:	1 October 2009 - 20 October 2009		22 February 2010 - 26 February 2010
Initial unit price (the initial issue price is the same as the initial unit price plus front-end fee)	USD 100	USD 100	EUR 100
Payment of the initial issue price:	22 October 2009		2 March 2010
Currency of the Sub-fund:	USD		
Unit class currency:	USD	USD	EUR
Calculation of unit price:	The valuation date is every Wednesday of a calendar week. However, if this does not fall on a banking day, the valuation date shall be the next banking day, subject to different		

	provisions for an initial offer of shares.		
Financial year end of the Fund: First year end:	31 July 31 July 2009		
Annual report/semi-annual report First semi-annual report (unaudited) initially: First annual report (audited):	31 January 2010  31 July 2009		
Type of certificates:	Bearer units are securitized via global certificates; registered units are entered in the unit register.		
Denominations:	Bearer units and registered units are issued with up to three decimal places.		
Minimum initial investment:	USD 100	USD 100,000	EUR 100
Minimum subsequent investment:	None	None	None
Savings plans for registered shares which are contained in the unit register, monthly from:	None	None	None
Savings plans for bearer shares which are contained in a bank custody account:	Information can be obtained from the institution that maintains your custody account		
Withdrawal plans for registered shares which are contained in the unit register - monthly from:	None	None	None
Withdrawal plans for bearer shares which are contained in a bank custody account:	Information can be obtained from the institution that maintains your custody account		
Taxe d'abonnement	0.05% p.a.	0.05% p.a.	0.05% p.a.

The Sub-fund has been established for an indefinite period of time.

## Cost refunded from the Sub-fund's assets:

### 1. Management fee

In consideration for the administration of the Sub-fund, the Management Company shall receive a fee of up to 1.84 per cent p.a. of the net assets of the Sub-fund for unit classes R (USD) and R (EUR) and up to 1.34 per cent p.a. of the net assets of the Sub-fund for unit class I (USD).

This fee shall be calculated and paid monthly pro rate in arrears at the end of the month. In addition, the Management Company shall receive a fixed monthly sum of up to EUR 500 paid at the end of the month.

In addition the Management Company shall receive a performance fee from the Sub-fund's net assets:

#### Performance fee:

The Management Company shall also receive from the Sub-fund's net assets a performance fee which currently amounts to up to 20 per cent of the amount by which the increase in the value of the Sub-fund's net assets exceeds 2.75 per cent per half-year; this amount includes the units in issue and is calculated daily and paid every six months.

For both unit classes the increase in the Sub-fund's assets represents the difference between the net Sub-fund assets at the end of the respective six-month period (adjusted for inflows and outflows of funds) and the highest level of its net assets at the end of the previous six-month period (high-water-mark principle). The increase in the Sub-fund's assets at the end of the first six-month period represents the difference between the value of these net assets and the net Sub-fund assets at the end of the initial subscription period *pro rata temporis*. If the value of the Sub-fund's net assets decreases on balance in any six-month period, this decrease is carried forward to the following six-month period for the purposes of calculating the performance fee, which means that no performance fee will be paid until the net decrease in the value of the Sub-fund's assets has been fully offset.

These fees shall be subject to the addition of any value-added tax.

### 2. Fund management fee

In consideration for its duties, the Management Company shall receive from the management fee a fee of

up to 1.75 per cent p.a. of the net assets of the Sub-fund for unit classes R (USD) and R (EUR)

up to 1.25 per cent p.a. of the net assets of the Sub-fund for unit class I (USD).

This fee shall be calculated and paid monthly pro rate in arrears at the end of the month.

In addition, the fund manager receives the performance fee paid to the Management Company from the Sub-fund's net assets.

The fees are stated plus any value-added tax.

### **3. Custodian Bank fee**

In consideration for its duties, the Custodian Bank shall receive from the Sub-fund's net assets a fee amounting to up to 0.09 per cent p.a. of the net assets of the Sub-fund which shall amount to at least EUR 1,500. This fee shall be calculated and paid monthly pro rata in arrears at the end of the month. The fee is stated plus any value-added tax.

### **4. Central administration agent fee**

In consideration for its duties, the central administration agent shall receive from the Sub-fund's net assets a fee amounting to up to 0.03 per cent p.a. of the net assets of the Sub-fund. This fee shall be calculated and paid monthly pro rate in arrears at the end of the month. In addition, the central administration agent shall receive a basic fee of up to EUR 1,550 per month. The fees are stated plus any value-added tax.

### **5. Registrar and transfer agent fee**

The registrar and transfer agent shall receive in consideration for its duties an annual basic fee of up to EUR 2,400. The basic fee is paid in arrears at the end of the calendar year.

The fees are stated plus any value-added tax.

### **6. Other costs**

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

#### **Costs payable by investors**

	Unit Class R (USD)	Unit class I (USD)	Unit class R (EUR)	
Sales charge:	Up to 5.0 %	Up to 5.0%	Up to 5.0 %	
Redemption charge:	None	None	None	
Conversion fee:	Not applicable to units exchanged between either Sub-funds			

(related to the unit price of the units to be purchased)	or unit classes
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### **Use of income**

The income from the unit classes is reinvested.

## Annex 4

### Silk – Road Frontiers Fund

The following provisions apply in addition to or by way of exception to Article 4 of the Management Regulations.

#### Investment objectives

The investment policy of **Silk – Road Frontiers Fund** (the "Sub-fund") is to achieve a reasonable growth whilst giving consideration to the investment risk.

The performance of the relevant unit classes is stated in the corresponding KIID. In principle, past performance is no guarantee of future performance. **No assurance can be given that the objectives of the investment objectives will be achieved. The Management Company will exclusively review the investment principles described in the investment policy.**

#### Investment policy

To achieve these investment objectives, the assets of the **Silk – Road Frontiers Fund** Sub-fund are mainly invested in equities and equity underlyings issued by emerging markets observing the principle of risk-spreading.

In addition the net assets of the Sub-fund may, according to the market position and the judgement of the management of the Fund, invest worldwide in equities, bonds, money-market instrument, certificates, other structured products (e.g. equity bonds, option bonds, convertible bonds), target funds and fixed term deposits. The certificates will be for legally permitted underlying instruments such as equities, bonds, investment fund units, financial indices and currencies.

In general, a maximum of 49% of the net assets of the sub-fund may be invested in liquid funds. However, depending on the market position, the net assets of the sub-fund may also be held in liquid funds subject to the legally permissible (short-term) limits and an exception to these and the other abovementioned investment limits is permitted. In addition, depending on the market position, a short-term exception to the abovementioned investment focal point is permitted and investment in liquid funds is permitted if in such case the investment focus is on the whole adhered to when including the liquid funds. Units in UCITS or other UCI (the "Target Funds") may be acquired up to a maximum of 10% of the assets of the Sub-fund, such that the Sub-fund qualifies as a target fund.

The usage of derivative financial instruments ("**derivatives**") is permitted in order to achieve the investment aims as well as for investment and hedging purposes. In addition to option rights, this includes swaps and futures contracts on securities, money market instruments, financial indices within the meaning of Article 9 (1) of Directive 2007/16/EC and Article XIII of the ESMA Guidelines 2012/832, interest rates, exchange rates, currencies and investment funds pursuant

to Article 41(1)(e) of the Law of 17 December 2010. In addition, total return swaps may be used. As a result, the profit and loss profile of the underlying may be synthetically replicated without being invested in the relevant underlying. The investor's income from this total return swap depends on the performance of the underlying with its income (dividends, coupons, etc.) and the derivative instrument used. . These derivatives may only be used within the limits of Article 4 of the Management Regulations. Further details regarding the techniques and instruments can be found in the "Techniques and Instruments" section of the Sales Prospectus.

All **investments in accordance with Article 4(3)** of the Management Regulations along with the investment in Delta-1 certificates to commodities, precious metals, hedge funds and real estate and commodities, hedge fund and real estate indices, are subject to a limit of 10% of the Net Assets of the Sub-fund.

### **Risk profile of the Sub-fund**

Risk profile - Speculative

The Fund is suited to speculative investors. The composition of the Sub-fund's Net Assets presents a very high level of overall risk, but also the potential for very high returns. The risks may arise mainly from currency, credit risks and price risks as well as from changes in market interest rates. (Regional and sector funds, emerging market funds, second-tier stocks, bond funds with a high risk profile e.g. speculative grade, high yield bonds, junk bonds).

Relative VaR approach:

The relative VaR approach is used for monitoring and measuring the total risk associated with derivatives. The corresponding reference portfolio is composed of the MSCI Frontier Markets (100%). The expected rate of the leverage effect, calculated using the nominal value method (total of the nominal values of all relevant derivatives), was estimated at 0%-30% of the (sub-)fund's volume. It should be noted that it is possible to have a higher leverage effect subject to the legal limits. The indicated reference portfolio is dependent on the portfolio allocation and can be adapted accordingly in the event of regrouping. This may involve updating the Sales Prospectus.

### ***Risks stemming from investing in emerging markets***

The term emerging markets is used to denote countries that are in the process of developing economically and/or politically, which may give rise to additional risks that could impact on the Fund's performance.

There is a risk of the introduction of government restrictions on foreign investors, forced expropriation, nationalisation or adverse political events (e.g. coups in conjunction with changes in the prevailing legal system).

Furthermore, transferable securities traded in these countries may be impaired by low liquidity, heightened market volatility, poor transparency and greater financial risks. A further risk is the often inadequate regulation and supervision of stock markets in the developing countries.

In addition, the possibility cannot be ruled out that exchange-rate movements, stock market controls, taxation, restrictions on foreign investments and capital outflows could impair securities' marketability and the resultant income.

Moreover, the settlement of transactions in assets from these countries may give rise to a heightened risk to the detriment of investors, in particular because in these countries it may not be generally possible or customary for transferable securities to be delivered concurrently with payment. Furthermore, emerging markets' legal and regulatory frameworks and their accounting, auditing and financial reporting standards may fall well short of the usual international standards. A higher custody risk may exist in such countries, which can result in particular from different forms of transfer of ownership of acquired assets.

### ***Risks arising from investments in derivative financial instruments***

For hedging purposes and in order to manage the portfolio efficiently, the Sub-fund may also make use of derivative financial instruments (derivatives) within the limits specified by article 4 of the Management Regulations. Such derivatives may be purchased if the underlying instrument involves transferable securities, money-market instruments, financial indices, interest rates, exchange rates or currencies in which investments by the Sub-fund are permitted by the investment policy.

To this end, the Sub-fund may enter into transactions in instruments such as options, financial futures, currency futures, swaps and instruments for the management of credit risk.

Derivatives are used as part of an efficient portfolio management strategy to optimise returns on the Sub-fund's assets.

Further details regarding the techniques and instruments can be found in the "Techniques and Instruments" section of the Sales Prospectus.



## Risk profile of a typical investor

Investors should have a long-term investment horizon. The very high level of returns they expect is matched by their highly pronounced risk tolerance.

They are willing to accept very high levels of risk in terms of country, transfer, exchange rates, creditworthiness and market interest rates.

	Unit class R (USD)	Unit class I (USD)
Securities number:	A1C1NH	A1C1NJ
ISIN:	LU0523944816	LU0523944907
Initial subscription period:	1 September 2010 – 21 September 2010	
Initial value: (The initial issue price is the same as the initial unit price plus front-end fee)	USD 100	USD 100
Payment of the initial issue price:	23 September 2010	
Currency of the Sub-fund:	USD	
Unit class currency:	USD	USD
Calculation of Net Asset Value:	On every bank working day in the Grand Duchy of Luxembourg with the exception of 24 and 31 December each year	
Financial year-end of the Fund: First year end:	31 July 31 July 2009	
Annual report/semi-annual report First semi-annual report (unaudited): First annual report	31 January 2010	

(audited):	31 July 2009	
Type of certificate:	Bearer units are denominated in global certificates; registered units are entered in the unit register.	
Denominations:	Bearer units and registered units are issued with up to three decimal places.	
Minimum initial investment:	USD 100	USD 100,000
Minimum subsequent investment:	None	None
Savings plans for registered shares which are contained in the unit register, monthly from:	None	None

Savings plans for bearer shares which are contained in a bank custody account:	You can obtain information from the institution that maintains your custody account		
Withdrawal plans for registered shares which are contained in the unit register - monthly from:	None	None	
Withdrawal plans for bearer shares which are contained in a bank custody account:	You can obtain information from the institution that maintains your custody account		
Taxe d'abonnement	0.05% p.a.	0.05% p.a.	0.05% p.a.

	Unit class R (EUR)	Unit class I (EUR)	
Securities number:	A1C1NK	A1C1NL	
ISIN:	LU0523945037	LU0523945110	
Initial subscription period:	1 September 2010 – 21 September 2010		
Initial unit price: (the initial issue price is the initial unit price plus front-end fee)	EUR 100	EUR 100	
Payment of the initial subscription price:	23 September 2010		
Currency of the Sub-fund:	USD		
Unit class currency:	EUR	EUR	
Calculation of Net Asset Value:	On every bank working day in the Grand Duchy of Luxembourg with the exception of 24 and 31 December each year		
Financial year-end of the Fund:	31 July		
First year end:	31 July 2009		
Annual report/semi-annual report First semi-annual report (unaudited): First annual report (audited):	31 January 2010  31 July 2009		
Type of certificate:	Bearer units are documented in global certificates; registered units are entered in the unit register.		
Denominations:	Bearer units and registered units are issued with up to three decimal places.		
Minimum initial investment:	EUR 100	EUR 100,000	

Minimum subsequent investment:	None	None	
Savings plans for registered shares which are contained in the unit register, monthly from:	None	None	
Savings plans for bearer shares which are contained in a bank custody account:	You can obtain information from the institution that maintains your custody account		
Withdrawal plans for registered shares which are contained in the unit register - monthly from:	None	None	
Withdrawal plans for bearer shares which are contained in a bank custody account:	You can obtain information from the institution that maintains your custody account		
Taxe d'abonnement	0.05% p.a.	0.05% p.a.	

The Sub-fund has been established for an indefinite period of time.

#### **Expenses paid from the Sub-fund's assets:**

##### **1. Management fee**

In consideration for the administration of the Sub-fund, the Management Company shall receive a fee of up to 2.09 per cent p.a. of the net assets of the Sub-fund for unit classes R (USD) and R (EUR), up to 1.59 per cent p.a. of the net assets of the Sub-fund for unit classes I (USD) and I (EUR).

This fee is calculated and paid *pro rata* in arrears at the end of each month. The Management Company also receives a flat-rate fee of up to EUR 500 which is paid at the end of the month.

In addition the Management Company is paid a performance fee from the Sub-fund's net assets:

#### Performance fee:

The Management Company will also receive from the net Sub-fund assets a performance fee which currently amounts to up to 20 per cent of the growth in the net Sub-fund assets in excess of 4 per cent per half-year. This performance fee will be calculated daily and paid every six months taking into account the units outstanding.

The increase in the Sub-fund's assets represents the difference between the net Sub-fund assets at the end of the respective six-month period (adjusted for inflows and outflows of funds) and the highest level of its net assets at the end of the previous six-month period (high-water-mark principle). The increase in the Sub-fund's assets at the end of the first six-month period represents the difference between the value of these net assets and the net Sub-fund assets at the end of the initial subscription period *pro rata temporis*. If the value of the Sub-fund's net assets decreases on balance in any six-month period, this decrease is carried forward to the following six-month period for the purposes of calculating the performance fee, which means that no performance fee will be paid until the net decrease in the value of the Sub-fund's assets has been fully offset.

These fees shall be subject to the addition of any value-added tax.

## **2. Fund management fee**

For discharging its responsibilities, the fund manager receives from the management fee a fee of

up to 2.0% p.a. of the net assets of the Sub-fund for unit classes R (USD) and R (EUR)

up to 1.5% p.a. of the net assets of the Sub-fund for unit classes I (USD) and I (EUR)

This fee is calculated and paid *pro rata* in arrears at the end of each month.

In addition, the fund manager receives the performance fee paid to the Management Company from the net Sub-fund assets.

These fees shall be subject to the addition of any value-added tax.

## **3. Custodian Bank fee**

In return for discharging its responsibilities in respect of the Sub-fund's assets, the Custodian Bank receives a fee of up to 0.09 per cent per annum of the Sub-fund's net assets, with a minimum of EUR 1,500 per month. This fee is calculated and paid *pro rata* in arrears at the end of each month. This fee shall be subject to the addition of any value-added tax.

#### 4. Central administration fee

In return for discharging its responsibilities in respect of the Sub-fund's assets, the central administrative agent receives a fee of up to 0.03 per cent per annum of the Sub-fund's net assets. This fee is calculated and paid *pro rata* in arrears at the end of each month.

In addition, the central administrative agent receives a basic fee of up to EUR 1,550 per month. These fees are subject to the addition of any value-added tax.

#### 5. Registrar and transfer agent fee

In return for discharging its responsibilities, the registrar and transfer agent receives an annual flat-rate fee of up to EUR 2,400. This fee is paid in arrears at the end of the calendar year.

This fee is subject to the addition of any value-added tax.

#### 6. Further costs

In addition, the costs listed in article 11 of the Management Regulations can be charged to the Sub-fund's assets.

##### Costs borne by investors

	Unit class R (USD)	Unit class I (USD)
Front-end fee:	Up to 5.0%	Up to 5.0%
Redemption charge:	None	None
Unit exchange commission: (related to the unit price of the units to be purchased)	Not applicable to units exchanged between either Sub-funds or unit classes	

	Unit class R (EUR)	Unit class I (EUR)	
Front-load fee:	Up to 5.0%	Up to 5.0%	
Redemption charge:	None	None	
Unit exchange commission: (related to the unit price of the	Not applicable to units exchanged between either Sub-funds		

units to be purchased)	or unit classes
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### **Use of income**

The income from the unit classes is reinvested.

## Management Regulations

The contractual rights and obligations of the Management Company, the Custodian Bank and the investor with regard to the fund shall be determined in accordance with the following Management Regulations. The Management Regulations first came into force on 1 October 2008. These regulations have been entered in the Luxembourg commercial register and a notice to this effect published on 12 December 2008 in the "*Mémorial, Recueil des Sociétés et Associations*", the Official Journal of the Grand Duchy of Luxembourg ("Mémorial").

The Management Regulations were last amended on 18 February 2014, and a notice of its being lodged with the Commercial Register in Luxembourg was published in the Mémorial on 25 March 2014.

### Article 1 – The Fund

1. The **Silk** fund ("Fund") shall be a legally non-independent fund (*fonds commun de placement*) of transferable securities and other assets ("Fund Assets") administered for the joint account of the holders of units ("Investors") and managed in accordance with the principle of risk-spreading. The Fund consists of one or more sub-funds within the meaning of article 181 of the Law of 17 December 2010 concerning undertakings for collective investment ("Law of 17 December 2010"). The totality of the sub-funds constitutes the Fund. The Investors have a holding in the Fund equivalent to the value of the units they hold in a sub-fund.
2. The contractual rights and obligations of the Investors, the Management Company and the Custodian Bank are set out in these Management Regulations, of which the currently applicable version of 1 December 2012, together with any amendments, is entered in the Luxembourg commercial register on 31 January 2013 and a notice to this effect published in the *Mémorial*. By purchasing a unit, the Investor acknowledges the Management Regulations as well as all approved amendments thereto published by means of a notice of entry in the commercial register.
3. The Management Company has also prepared a Sales Prospectus (plus annexes) in accordance with the regulations of the Grand Duchy of Luxembourg.
4. The Net Fund Assets (i.e. the total of all assets less all liabilities in the Fund) must reach a total of EUR 1,250,000 within six months of authorisation of the Fund. This total relates to the net assets in the Fund as a whole and constitutes the totality of the sub-funds' net assets.
5. The Management Company is entitled to launch further sub-funds at any time. If it does so, an annex to this effect will be added to the Sales Prospectus. Sub-funds can be established for an indefinite period of time.



6. In the relationship between Investors, each sub-fund shall be deemed to be an independent Fund. The rights and obligations of the Investors in a sub-fund shall be separate from those of the Investors in other sub-funds. A sub-fund's assets shall be liable to third parties solely for the liabilities into which that particular sub-fund has entered.
7. The unit price of each sub-fund is calculated separately in accordance with the rules laid down in Article 6 of these Management Regulations.

## Article 2 – The Management Company

1. The Management Company is **IPConcept (Luxembourg) S.A.** ("Management Company"), a public limited company under the law of the Grand Duchy of Luxembourg. Its registered office is located at 4, rue Thomas Edison, 1445 Luxembourg-Strassen. It was established on 23 May 2001 for an indefinite period.
2. The Management Company shall be represented by its Board. The Supervisory Board may delegate day-to-day management to one or more of its members and/or salaried employees of the Management Company and may also delegate the execution of management functions and/or day-to-day investment policy to other persons.
3. The Management Company shall manage the Fund independently of the Custodian Bank in its own name, but exclusively in the interests and for the joint account of the Investors, in accordance with these Management Regulations. Management authority shall extend to the exercise of all rights directly or indirectly associated with the assets of the Fund and its sub-funds.
4. The Management Company shall define the investment policy of the Fund taking into account statutory and contractual investment restrictions. The Management Company shall be entitled, in accordance with the provisions set out in these Management Regulations and in the annex prepared for the relevant sub-fund and attached to the Sales Prospectus, to invest the relevant sub-fund's assets and otherwise engage in all transactions that are required for the management of the sub-fund's assets.
5. The Management Company is under an obligation to employ a risk management system that allows the company at all times to monitor and measure the risks associated with the investment positions and the relative importance of these risks in the overall risk profile of the investment portfolio. The Management Company must also employ a system that allows it to obtain an accurate, independent measurement of the value of OTC derivatives. In accordance with the procedure specified for the Fund by the *Commission de Surveillance du Secteur Financier* (CSSF), the Luxembourg regulatory authority, the Management Company must regularly report to the CSSF the types of derivative in the portfolio, the risks associated with each underlying instrument, the investment limits and the methods used to measure the risks associated with the derivative transactions.

6. Subject to its own responsibility and control, the Management Company may employ an investment consultant and/or fund manager, the cost of which shall be borne by the relevant sub-fund's assets.

The management of the Fund may only be transferred to a company duly authorised to manage investments. The transfer of the management of the Fund must be in accordance with the investment guidelines defined by the Management Company.

The Management Company may also be advised by an investment committee, the composition of which shall be determined by the Management Company.

7. In order to discharge its responsibilities and subject to the prior consent of the Management Company, the investment consultant may, at its own expense and subject to its own responsibility, make use of third-party individuals or legal entities as well as other investment consultants.

### **Article 3 – The Custodian Bank**

1. The Custodian Bank for the Fund shall be **DZ PRIVATBANK S.A.**, a public limited company under the law of the Grand Duchy of Luxembourg. Its registered office is located at 4, rue Thomas Edison, 1445 Luxembourg-Strassen and its operating activities comprise banking. The function of the Custodian Bank shall be specified by the Law of 17 December 2010, the Custodian Bank agreement, these Management Regulations and the Sales Prospectus (including annexes).
2. The Custodian Bank shall engage in all transactions in connection with the ongoing management of the Fund Assets. In discharging its responsibilities, the Custodian Bank shall operate independently of the Management Company and exclusively in the interests of the Investors. However, the Custodian Bank shall follow the instructions of the Management Company unless to do so would involve an infringement of the law or the Management Regulations.
3. The Custodian Bank shall be responsible for the safe custody of the assets of the sub-funds.
  - a) The Custodian Bank shall hold all transferable securities, other legally permissible assets and cash representing the assets of the Fund in blocked accounts or blocked custody accounts that the Custodian Bank may only access in accordance with the provisions of the Custodian Bank agreement, the Sales Prospectus (plus annexes and Management Regulations) ("Sales Prospectus") and the law.
  - b) Subject to the retention of its responsibility and subject to supervision by the Custodian Bank, the Custodian Bank may entrust the safe custody of the assets of the Fund to third parties.

4. To the extent permitted by the law, the Custodian Bank shall be entitled, and shall be under an obligation, in its own name
  - a) to pursue claims by Investors against the Management Company or a previous Custodian Bank;
  - b) to oppose enforcement measures by third parties and take appropriate action if efforts are made to seize a sub-fund's assets in connection with a claim for which the relevant sub-fund's assets are not liable.

The provision under a) above shall not preclude the direct pursuit of claims by Investors against the decision-making bodies of the Management Company or previous Custodian Bank.

5. The Management Company shall be entitled and under an obligation, in its own name, to pursue Investor claims against the Custodian Bank. This shall not preclude the direct pursuit of claims by Investors against the Custodian Bank if the Management Company, despite written notification from one or more Investors, fails to respond within three months of receiving the notification.
6. The Custodian Bank shall pay to the Management Company from the blocked accounts or blocked custody accounts of the relevant sub-fund only the remuneration fixed in these Management Regulations and the latest version of the Sales Prospectus (plus annexes) together with any reimbursement of expenses.

The Custodian Bank shall be entitled to receive the remuneration due to it in each case under these Management Regulations, the latest version of the Sales Prospectus (plus annexes) and the Custodian Bank agreement. It shall take this remuneration from the blocked accounts of the relevant sub-fund only after the Management Company has given its consent.

In addition, the Custodian Bank shall ensure that third-party costs are charged to the relevant sub-fund's assets only in accordance with the Management Regulations, the Sales Prospectus (including annexes) and the Custodian Bank Agreement.

#### **Article 4 – General provisions on investment policy**

The objective of the investment policy of the individual sub-funds shall be to achieve an appropriate return in the respective sub-fund currency (as defined in Article 6(2) of these Management Regulations in conjunction with the relevant annex to the Sales Prospectus). The investment policy specific to each sub-fund is described in the relevant annex to the Sales Prospectus.

Only assets whose price meets the valuation criteria in article 6 of these Management Regulations may be purchased and sold for the relevant sub-fund.

The following general basic investment principles and restrictions shall apply to all sub-funds unless differences or additional details are specified for an individual sub-fund in the relevant annex to the Sales Prospectus.

The relevant sub-fund's assets shall be invested in accordance with the principle of risk-spreading within the meaning of the rules in part I of the Law of 17 December 2010, in accordance with the investment policy principles described in this article below, and within the investment restrictions.

## 1. Definitions

### a) 'Regulated market'

'Regulated market' shall mean a market for financial instruments within the meaning of article 4 no. 14 of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 2009/65/EC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Directive 93/22/EEC.

### b) 'Transferable securities'

'Transferable securities' shall include the following:

- shares in companies and other securities equivalent to shares in companies ("Shares");
- bonds and other forms of securitised debt ("Debt Instruments");
- any other marketable securities conferring the right to purchase transferable securities by means of subscription or exchange.

The techniques and instruments specified in article 42 of the Law of 17 December 2010 shall not be included.

### c) 'Money market instruments'

'Money market instruments' shall mean instruments normally traded on the money markets that are liquid and have a value that can be accurately determined at any time.

### d) "Undertakings for collective investment in transferable securities" ("UCITS")

In the case of a UCITS that consists of several sub-funds, each sub-fund is treated as a single UCITS in order to apply the investment limit.

## 2. Fund investments shall consist solely of

- (a) transferable securities and money market instruments admitted to official listing, or traded, on a regulated market within the meaning of Directive 2004/39/EC;
- (b) transferable securities and money market instruments traded on another regulated market in a member state of the European Union (EU) ("Member State") that is recognised, open to the public and operates regularly;
- (c) transferable securities and money market instruments admitted to official listing on a stock exchange in a non-member state of the EU or traded on another regulated market in a non-member state of the EU that is recognised, open to the public and operates regularly;
- (d) recently issued transferable securities and money market instruments, providing that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another regulated market that is recognised, open to the public and operates regularly and providing that such admission is secured within one year of issue;

transferable securities and money market instruments specified under 2c) and 2d) shall be officially listed on a stock exchange or traded within North America, South America, Australia (including Oceania), Africa, Asia and/or Europe;

- (e) units in undertakings for collective investment in transferable securities (UCITS) that have been authorised in accordance with Directive 2009/65/EC and/or in other undertakings for collective investment (UCIs) within the meaning of letters a) and b) under article 1 (2) of Directive 2009/65/EC, irrespective whether they are established in a Member State of the EU or not, providing that
  - these UCIs have been authorised under laws that provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in Community law and that cooperation between authorities is sufficiently ensured (currently the case for the United States of America, Canada, Switzerland, Hong Kong, Japan, Norway and Liechtenstein),
  - the level of protection for Investors in these UCIs is equivalent to that provided for Investors in a UCITS and in particular that the rules on segregation, borrowing, lending and short-selling of transferable securities and money market instruments are equivalent to the requirements under Directive 2009/65/EC,
  - the business of these UCIs is described in semi-annual and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period,

- no more than 10 per cent of the assets of the UCITS or other UCI, the purchase of units in which is contemplated, can, according to their fund rules or articles of association, be invested in aggregate in units of other UCITS or other UCIs;
- (f) deposits with credit institutions that are repayable on demand or have the right to be withdrawn, and maturing in no more than twelve months, providing that the credit institution has its registered office in a Member State of the EU, OECD or FATF or, if the registered office of the credit institution is situated in another country, providing that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community law;
- (g) financial derivative instruments ("Derivatives") including equivalent cash-settled instruments that are traded on one of the regulated markets referred to in (a), (b) and (c) above, and/or financial derivative instruments traded over the counter ("OTC Derivatives"), providing that
- the underlying instrument consists of instruments within the meaning of Article 41(1) of the Law of 17 December 2010 or financial indices, interest rates, exchange rates or currencies, in which the Fund may invest according to the investment objectives as stated in these Management Regulations,
  - the counterparties to OTC Derivative transactions are top-ranking institutions subject to prudential supervision, belonging to the categories approved by the CSSF and specialising in this type of transaction,
  - and the OTC Derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the initiative of the Fund,
- (h) money market instruments other than those traded on a regulated market and that fall within the scope of the definition under Article 1 of the Law of 17 December 2010, if the issue or the issuer of such instruments is itself regulated for the purposes of protecting Investors and savings, and providing that such instruments are
- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-member state or, in the case of a federal nation state, by one of the federal states making up the federation, or by a public international body to which one or more Member States belong, or
  - issued by an undertaking, any securities of which are traded on regulated markets referred to in (a),( b) or (c) above, or

- issued or guaranteed by an establishment subject to prudential supervision in accordance with the criteria defined by Community law, or by an establishment that is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community law, or
  - issued by other bodies belonging to the categories approved by the CSSF providing that investments in such instruments are subject to Investor protection equivalent to that laid down in the first, second or third indent and providing that the issuer is a company whose capital and reserves amount to at least EUR 10 million and that presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity that, within a group of companies that includes one or several listed companies, is dedicated to the financing of the group, or is an entity that is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.
3. Whereby, however, a sub-fund may invest up to 10 per cent of its net assets in transferable securities and money market instruments other than those specified under no. 2 of this article.
4. Techniques and instruments
- (a) Subject to the conditions and limits laid down by the CSSF, a sub-fund may employ techniques and instruments relating to transferable securities and money market instruments provided that these techniques and instruments are used for the purposes of efficient management of the relevant sub-fund's assets. If these techniques and instruments involve the use of Derivatives, the conditions and limits must conform to the provisions specified in the Law of 17 December 2010.

Under no circumstances must these techniques and instruments cause the Fund to diverge from the investment objectives as laid down in the Sales Prospectus.

- (b) The Management Company must ensure that its global exposure relating to Derivatives does not exceed the total net value of its portfolio.

The total risk of the Fund may double as a result of the usage of derivative financial instruments and is therefore limited to 200% of the net fund assets. The Management Company employs a risk management system that takes into account the supervisory requirements in Luxembourg and that allows it at all times to monitor and measure the risks associated with the investment positions and the relative importance of these risks in the overall risk profile of the investment portfolio. The procedure used for the corresponding sub-fund to measure risk, as well as other more specific information, are described in the Annex for the respective sub-fund.

As part of its investment policy and within the limits specified by Article 43(5) of the Law of 17 December 2010, the Fund may invest in Derivatives providing that the exposure in respect of the underlying assets does not exceed in aggregate the investment limits specified in Article 43 of the Law of 17 December 2010. If the Fund invests in index-based Derivatives, these investments shall not be taken into account in the total exposure subject to the investment limits in Article 43 of the Law of 17 December 2010.

When a transferable security or money market instrument embeds a Derivative, the latter must be taken into account when ensuring compliance with the provisions of Article 42 of the Law of 17 December 2010.

## 5. Repurchase agreements

The Management Company may, on behalf of the relevant sub-fund, engage in repurchase agreements involving the buying and selling of transferable securities in which buyers are accorded the right, or are under an obligation, to repurchase the sold transferable securities from the buyer at a price and within a period agreed between the parties when the agreement is signed.

The Management Company may be involved in repurchase agreements either as a buyer or a seller. However, involvement in transactions of this kind is subject to the following guidelines:

- a) Transferable securities may only be bought or sold under a repurchase agreement if the counterparty is a top-ranking financial institution specialising in this type of business;
- b) Transferable securities subject to such agreements may not be sold during the maturity of the repurchase agreement, i.e. before the right to repurchase these transferable securities is exercised or before the specified repurchase date.

For cases where the Management Company concludes a repurchase agreement, it must be ensured that the Management Company can reclaim the full amount of the repurchase agreement concluded or terminate it at the current market value, including the total amount accrued, at any time. In addition, the Management Company must ensure that the pension transaction may be terminated at any point and that underlying securities may be claimed back.

The Management Company may make suitable arrangements and, with the consent of the Custodian Bank, accept further investment restrictions that may be necessary to meet requirements in those countries in which units in the relevant sub-fund are to be sold.



## 6. Risk diversification

- (a) No more than 10 per cent of the net assets in the relevant sub-fund may be invested in transferable securities or money market instruments issued by the same body. The sub-fund may not invest more than 20 per cent of its assets in deposits held with the same body.

The default risk attaching to the sub-fund's business in OTC Derivatives must not exceed the following levels:

- 10 per cent of the sub-fund's net assets if the counterparty is a credit institution within the meaning of Article 41(1)(f) of the Law of 17 December 2010 or
  - 5 per cent of the sub-fund's net assets in all other cases.
- (b) The total value of transferable securities and money market instruments from issuers in each of which the Management Company has invested more than 5 per cent of the relevant sub-fund's net assets must not exceed 40 per cent of the relevant sub-fund's net assets. This limit shall not apply to deposits and OTC Derivative transactions with financial institutions subject to prudential supervision.

Notwithstanding the individual upper limits specified in 6(a) above, no more than 20 per cent of the relevant sub-fund's assets may be invested by the Management Company with a single body in a combination of

- transferable securities or money market instruments issued by this body and/or
  - deposits held with this body and/or
  - OTC Derivatives purchased from this body.
- (c) The investment limit of 10 per cent of the sub-fund's net assets specified in no. 6 a) sentence 1 of this article shall be increased to 35 per cent of the relevant sub-fund's net assets if the transferable securities or money market instruments are issued or guaranteed by a Member State of the EU, by its local authorities, by a non-member state of the EU or by public international bodies to which one or more Member States belong.
- (d) The investment limit of 10 per cent of the sub-fund's net assets specified in 6(a), sentence 1 of this article shall be increased to 25% of the relevant sub-fund's net assets if bonds to be purchased are issued by a credit institution that has its registered office in a Member State of the EU and the credit institution is by law subject to special public supervision that is designed to protect bondholders. In

particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets that, during the entire maturity of the bonds, are capable of covering the claims attaching to the bonds and that, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

If more than 5 per cent of the relevant sub-fund's net assets are invested in bonds issued by such bodies, the aggregate value of all such investments in bonds must not exceed 80 per cent of the relevant sub-fund's net assets.

- (e) The restriction of the total value to 40 per cent of the relevant sub-fund's net assets specified in 6(b), sentence 1 of this article shall not apply to the instances described under 6(c) and 6(d).
- (f) The investment limits of 10 per cent, 35 per cent and 25 per cent of the relevant sub-fund's net assets specified under 6(a) to (d) of this article must not be combined, and thus investments in transferable securities and money market instruments issued by the same body or in deposits or Derivatives with this body must not exceed a total of 35 per cent of the sub-fund's net assets.

Companies that are included in the same group for the purposes of preparing consolidated financial statements within the meaning of Council Directive 83/349/EEC of 13 June 1983 based on Article 54(3)(g) of the Treaty on consolidated accounts (Official Journal L 193 of 18 July 1983, page 1) or belong to the same group of companies in accordance with recognised international accounting standards must be regarded as a single body for the purposes of determining compliance with the investment limits specified in 6(a) to (f) of this article.

The relevant sub-fund may invest up to 20 per cent of its net assets in transferable securities and money market instruments issued by companies in the same corporate group.

- (g) Without prejudice to the investment limits specified in Article 48 of the Law of 17 December 2010, the Management Company may invest up to 20 per cent of the relevant sub-fund's net assets in Shares and Debt Instruments issued by the same body if the objective of the relevant sub-fund's investment policy is to replicate the composition of a certain stock or debt securities index recognised by the CSSF. However, the prerequisites for the application of this rule shall be:
  - the composition of the index must be sufficiently diversified,
  - the index must represent an adequate benchmark for the market to which it refers, and

- the index must be published in an appropriate manner.

The aforementioned investment limit shall be raised to 35 per cent of the relevant sub-fund's net assets where this proves to be justified by exceptional market conditions, in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to this limit shall only be permitted for a single issuer.

The relevant annex to the Sales Prospectus shall state whether the Management Company has utilised this option for the relevant sub-fund.

- (h) **Without prejudice to the provisions set out under Article 43 of the Law of 17 December 2010, and in accordance with the principle of risk-spreading, up to 100 per cent of the relevant sub-fund's net assets may be invested in transferable securities and money market instruments issued or guaranteed by a Member State of the EU, by its local authorities, by a member state of the OECD, or by public international bodies to which one or more Member States of the EU belong. In each case, the transferable securities held in the relevant sub-fund's assets must be derived from six different issues, and the value of transferable securities derived from any single issue must not exceed 30 per cent of the relevant sub-fund's net assets.**
- (i) No more than 10 per cent of the relevant sub-fund's net assets shall be invested in UCITS or UCIs within the meaning of 2(e) of this article unless the relevant annex to the Sales Prospectus includes alternative provisions for the relevant sub-fund. If the investment policy of the relevant sub-fund provides for an investment of more than 10 per cent of the relevant sub-fund's net assets in UCITS or UCIs within the meaning of no. 2 e) of this article, the following provisions under 6(j) and 6(k) shall apply.
- (j) No more than 20 per cent of the relevant sub-fund's net assets may be invested in the units of a single UCITS or a single other UCI as set out in Article 41(1)(e) of the Law of 17 December 2010. Within the meaning of Article 41(1)(e) of the Law of 17 December 2010, each sub-fund in a UCITS or UCI consisting of several sub-funds, where the assets are exclusively liable for the claims of the Investors in this sub-fund with respect to the creditors, whose receivables have arisen as a result of the establishment, maturity period or liquidation of the sub-fund, is deemed to be an independent UCITS or UCI.
- (k) Investments made in other UCIs must not exceed 30 per cent of the relevant sub-fund's net assets. In such cases, the investment limits in Article 43 of the Law of 17 December 2010 do not need to take into account the assets of UCITS or UCIs in which units have been purchased.

- (l) If a UCITS invests in units of other UCITS and/or other UCIs that are managed, directly or by delegation, by the same Management Company or by any other company with which the Management Company is linked by common management or control or by a substantial direct or indirect holding of more than 10 per cent of the capital or votes, the Management Company or that company may not charge via the UCITS subscription or redemption fees related to the relevant sub-fund's investment in the units of these other UCITS and/or UCIs.

Generally, when units in target funds are purchased, a management fee may be charged at the level of the target fund and any front-end fee and redemption fees may need to be taken into account. The Fund shall not therefore invest in target funds in which the management fee amounts to more than 3 per cent. The Fund's annual report will contain information on the maximum share of the management fee to which the Sub-fund and the target funds are subject for the respective sub-fund.

- (m) A sub-fund which is part of an umbrella fund may invest in other sub-funds of the same umbrella fund. In addition to the terms already stated for investments in Target Funds, the following terms apply to investing in a target fund which is a sub-fund of the same umbrella fund:

- Circular investments are not permitted. This means that the target sub-fund may not invest in the sub-fund of the same umbrella fund which is itself invested in the target sub-fund.
- The sub-funds of an umbrella fund acquired by another sub-fund of the same umbrella fund, should, in accordance with its Management Regulations or articles of association, be permitted to invest a maximum 10% of its assets in units of other target sub-funds of the same umbrella fund.
- Voting rights from the ownership of units in target funds that are also target funds of the same umbrella fund may not be exercised whilst these units are held by a sub-fund of the same umbrella fund. A reasonable accounting record in the reporting and the periodic reports is not affected by the regulation,
- If a sub-fund holds units of another sub-fund which is part of the same umbrella fund, the units of the target sub-fund are not taken into consideration when calculating the net asset value if the calculation is used in order to establish the legal minimum capital of the umbrella fund, and

If a sub-fund acquires units of another sub-fund which is part of the same umbrella fund, it must not result in a doubling of the management, subscription or redemption fees at the level of the sub-fund which has invested in the target fund of the same umbrella fund.

- (n) In accordance with part I of the Law of 17 December 2010, the Management Company shall not be permitted to use UCITS that it manages to purchase units carrying voting rights that would enable the Management Company to exercise significant influence over the management of the issuer.
- (o) Furthermore, the following limits shall apply to purchases made by the Management Company for the Fund:
  - 10 per cent of the non-voting units in the same issuer,
  - 10 per cent of the outstanding Debt Instruments from the same issuer,
  - 25 per cent of the outstanding units in the same UCITS and/or UCI,
  - 10 per cent of the money market instruments from the same issuer.
- p) The investment limits specified in 6(m) and 6(n) shall not apply if the investments involve:
  - transferable securities and money market instruments issued or guaranteed by a Member State of the EU, its local authorities, or by a non-member state of the EU;
  - transferable securities and money market instruments issued by public international bodies of which one or more Member States of the EU are members;
  - Shares held by the relevant sub-fund in the capital of a company incorporated in a non-member state of the EU that invests its assets mainly in the transferable securities of issuing bodies having their registered office in that country, where, under the legislation of that country, such a holding represents the only way in which the relevant sub-fund can invest in the transferable securities of issuing bodies in that country. This derogation, however, shall apply only if, in its investment policy, the company from the non-member state of the EU complies with the limits specified in Articles 43, 46 and 48(1) and 48(2) of the Law of 17 December 2010. Where the limits set in Articles 43 and 46 of the Law of 17 December 2010 are exceeded, Article 49 of the Law of 17 December 2010 shall apply *mutatis mutandis*.

## 7. Cash

The Fund may in principle hold cash in the form of investment accounts (current accounts) and overnight money, but only on an ancillary basis.

## 8. Prohibitions on borrowing and charges

- a) The relevant sub-fund's assets may not be mortgaged or otherwise encumbered or assigned or made over as collateral unless in connection with borrowing within the meaning of b) below or in connection with the pledging of security in the processing of financial instrument transactions.
  - b) The relevant sub-fund may only borrow against its assets on a short-term basis and then only up to the equivalent of 10 per cent of its net assets. The purchase of foreign currency by means of back-to-back loans shall be an exception to this rule.
  - c) The Management Company shall neither grant loans nor act as a guarantor for third parties using the relevant sub-fund's assets, although this shall not prevent the purchase of transferable securities, money market instruments or other financial instruments under Article 41(1)(e), (g) and (h) of the Law of 17 December 2010 that are not yet fully paid.
9. Further investment guidelines
- a) The short-selling of transferable securities shall not be permitted.
  - b) The relevant sub-fund's assets may not be invested in real estate, precious metals or certificates representing such precious metals, precious metal contracts, commodities or commodity contracts.
10. The investment limits specified in this article shall relate to the point at which transferable securities are purchased. If the specified percentages are exceeded subsequently as a result of exchange-rate or price movements or reasons other than additional purchases, the Management Company shall endeavour without delay to restore compliance with the specified limits with due regard to the interests of the Investors.

## **Article 5 – Units**

1. Units are units in the relevant sub-fund. Units are documented in the form of certificates. The units in the respective sub-funds are issued in the form of certificates and denominations stated in the annex to the specific sub-fund. Registered units shall be issued in fractions rounded up to three decimal places. If registered units are issued, they shall be entered by the registrar and transfer agent in the unit register maintained for the Fund. In such cases, Investors shall be sent confirmation of the units' entry in the unit register; the confirmation shall be sent to the address listed in the unit register. Investors shall have no entitlement to receive physical unit certificates in the case of either bearer units or registered units. The type of units applicable to the relevant sub-fund is specified in the relevant annex to the Sales Prospectus.

2. All units in a sub-fund shall have the same rights unless the Management Company decides to issue different classes of units within a sub-fund in accordance with 3. below.
3. The Management Company may from time to time decide to provide for two or more classes of units within a sub-fund. The characteristics and rights of the unit classes may differ in terms of income use, fee structure or other specific characteristics and rights. From the date of their issue, all units in a unit class shall benefit in the same way from income, capital gains and liquidation proceeds. Where unit classes have been created for the relevant sub-funds, this shall be stated together with the specific characteristics or rights for each unit class in the relevant annex to the Sales Prospectus.

## **Article 6 – Calculation of the unit price**

1. The Net Fund Assets for the Fund shall be stated in euro ("Reference Currency").
2. The price of a unit ("Unit Price") is stated in the currency specified in the relevant annex to the Sales Prospectus ("Sub-fund Currency") unless a currency other than the Sub-fund Currency is specified for any other unit classes in the relevant annex to the Sales Prospectus ("Unit Class Currency").
3. Subject to supervision by the Custodian Bank, the Unit Price shall be calculated by the Management Company or by an entity on behalf of the Management Company on every banking day in Luxembourg, with the exception of 24 and 31 December each year ("Valuation Day"), and is rounded to two decimal places. The Management Company may decide on a different arrangement for individual sub-funds, in which case it should be taken into account that the unit value should be calculated at least twice a month.

However, the Management Company may decide to determine the Unit Price on 24 and 31 December each year without reference to a calculation of the Unit Price on a Valuation Day as specified in the first sentence above of this paragraph. As a consequence, Investors shall not be entitled to demand the issue, redemption and/or exchange of units on the basis of a Unit Price calculated on 24 December and/or 31 December in any year.

4. To calculate the Unit Price, the Management Company determines the value of the assets in the relevant sub-fund less any liabilities relating to the relevant sub-fund ("Net Sub-fund Assets") on each Valuation Day, divides this amount by the number of outstanding units in the relevant sub-fund on the Valuation Day..
5. Where information regarding the overall position of the relevant sub-fund's assets needs to be provided in annual reports, semi-annual reports or other financial statistics in accordance with legal requirements or the rules in these Management Regulations, the assets in the relevant sub-fund shall be translated into the Reference Currency. The

relevant Net Sub-fund Assets shall be calculated in accordance with the following principles:

- (a) transferable securities, money-market instruments, derivatives and other assets officially listed on a stock exchange shall be valued using the latest available price that guarantees a reliable valuation of the trading day preceding the valuation day. If transferable securities, money-market instruments, derivatives and other assets are listed on several stock exchanges, the relevant stock exchange shall be the one with the highest liquidity;
- (b) transferable securities, money-market instruments, derivatives and other assets that are not officially listed on a stock exchange (or whose stock-market price cannot be considered to be representative due to e.g. lack of liquidity), but that are traded on a regulated market shall be valued at a price that may be no lower than the bid price and no higher than the offered price on the trading day preceding the valuation day and that the Management Company, in good faith, considers to be the best-possible price at which the securities, money-market instruments, derivatives and other assets concerned can be sold;
- (c) OTC Derivatives shall be valued on a daily basis by means of a valuation to be determined and able to be checked by the Management Company;
- (d) UCITS and UCIs shall, in principle, be rated using the latest specified redemption price preceding the valuation day or valued using the last available price that guarantees a reliable valuation; if redemption is not available for investment fund units or a redemption price has not been specified, these units shall be valued in the same way as all other assets at the relevant market value, as determined by the Management Company in good faith using generally accepted valuation rules that can be verified by independent auditors;
- (e) if prices are not equivalent to market prices and if no prices have been specified for financial instruments other than those under a) to d), these financial instruments and any of the other assets permitted by law shall be valued at fair value, as determined by the Management Company in good faith and in line with the generally accepted valuation standards (e.g. suitable valuation models taking into account the current market situation);
- (f) cash shall be valued at face value plus interest;
- (g) Amounts due, for example deferred interest claims and liabilities, shall in principle be rated at the nominal value.
- (h) the market value of transferable securities, money-market instruments, derivatives and other assets denominated in a currency other than the relevant Sub-fund



Currency shall be translated into the relevant Sub-fund Currency at the exchange rate of the trading day preceding the valuation day, ascertained on the basis of WM/Reuters-Fixing at 5 p.m. (4 p.m. GMT). Gains and losses on currency transactions shall be added or deducted as appropriate.

The relevant Net Sub-fund Assets shall be reduced by any distributions paid to Investors in the relevant sub-fund.

6. The Unit Price shall be calculated separately for each sub-fund in accordance with the aforementioned criteria. However, if unit classes have been created within a sub-fund, the Unit Price shall be calculated in accordance with the aforementioned criteria separately for each unit class within the relevant sub-fund.

#### **Article 7 – Suspension of the calculation of the unit price**

1. The Management Company shall be entitled temporarily to suspend the calculation of the Unit Price if circumstances so require and if the suspension is justified having due regard to the interests of the Investors, in particular:
  - a) during a period in which a stock exchange or another regulated market on which a substantial portion of the assets are listed or traded is closed for reasons other than a statutory or bank holiday, or trading on this stock exchange or market concerned is suspended or restricted;
  - b) in emergency situations where the Management Company does not have access to the sub-fund's assets, it is impossible for the Management Company to freely transfer the value of investment purchases or sales, or the Management Company cannot properly carry out the calculation of the Unit Price.

The issue, redemption and exchange of units shall be suspended whilst the calculation of the net asset value per unit is temporarily suspended. The temporary suspension of the calculation of the net asset value per unit of the units of a sub-fund shall not lead to the temporary suspension of other sub-funds that are not affected by these events.

- c) if disruptions in the communications network, or any other reason, make it impossible to calculate the value of a considerable part of the net assets either quickly or sufficiently;
2. Investors who have made a subscription application, redemption request or exchange application shall be informed without delay of any suspension of the calculation of the Unit Price and shall be informed again without delay as soon as the calculation of the Unit Price has been resumed.

3. In the event of any temporary suspension of the calculation of the net asset value, subscription, redemption or exchange applications shall be automatically cancelled. Investors and potential investors are advised that subscription, redemption and exchange orders must be resubmitted after the calculation of the net asset value has been resumed.

#### **Article 8 – Issue of units**

1. Units shall be issued on each Valuation Day at the issue price. The issue price is the Unit Price in accordance with article 6 no. 4 of these Management Regulations plus a front-end fee paid to the any selling agent, the maximum amount of which for the relevant sub-fund is listed in the relevant annex to the Sales Prospectus. The issue price may be increased by fees or other charges incurred in the respective countries of sale.
2. Applications for subscriptions to registered units may be submitted to the Management Company, Custodian Bank, registrar and transfer agent, any selling agent or paying agents. These receiving agents are obliged to forward the subscription applications to the registrar and transfer agent without delay. Applications shall only be deemed to have been received when they have been received by the registrar and transfer agent. This agent accepts subscription applications on behalf of the Management Company.

Applications for subscriptions to bearer units are forwarded to the registrar and transfer agent by the agent responsible for maintaining the subscriber's custody account. Applications shall only be deemed to have been received when they have been received by the registrar and transfer agent.

The following rules apply exclusively to the issue of units in the **Silk – African Lions Fund**, the **Silk – Arab Falcons Fund** and the **Silk – Road Frontiers Fund**

Fully completed subscription applications received by the relevant agent no later than 5pm on a Valuation Day will be settled at the issue price for the following Valuation Day providing the funds for the subscribed units are available. In all cases, the Management Company will ensure that the issuance of units is settled on the basis of a Unit Price that is unknown to the Investor in advance. However, if there is a suspicion that an investor is engaged in late trading, the Management Company may refuse to accept the subscription application until the applicant has removed all doubt in relation to this application. Subscription applications received by the relevant agent after 17:00 on a Valuation Day will be settled at the issue price for the next Valuation Day but one.

The following rules apply exclusively to the issue of units in the **Silk – African Bond Fund**:

Fully completed subscription applications received by the relevant agent no later than 5pm on a Valuation Day will be settled at the issue price for the following Valuation Day. In all cases, the Management Company will ensure that the issue of units is settled on the basis of a unit price that is unknown to the investor beforehand. However, if there is a suspicion

that an investor is engaged in late trading, the Management Company may refuse to accept the subscription application until the applicant has removed all doubt in relation to this application. Fully completed subscription applications received by the relevant agent after 5pm on a Valuation Day will be settled at the issue price for the next but one Valuation Day.

If there are insufficient funds available for the subscribed registered units when the fully completed subscription application is received by the registrar and transfer agent or if the subscription application is defective or incomplete, the subscription application shall be deemed to have been received by the registrar and transfer agent on the date sufficient funds for the subscribed units become available or on the date a properly completed subscription application is received.

Bearer units shall be transferred by the Custodian Bank on behalf of the Management Company on receipt of the issue price by the Custodian Bank in that they shall be credited to the agent responsible for maintaining the subscriber's custody account.

The issue price is payable to the Custodian Bank in Luxembourg in the relevant Sub-fund Currency, or in the relevant Unit Class Currency where there are multiple unit classes, within two Luxembourg banking days of the relevant Valuation Day.

If funds paid for units are removed from the Fund Assets, specifically as a result of the rejection of an application, the failure to honour a direct debit or other reasons, the Management Company shall, in the interests of the Fund, redeem the units concerned. Any differences arising on such a redemption of units with a negative impact on the Fund Assets shall be borne by the applicant. Rejections under consumer protection regulations shall not be covered by this rule.

3. In the case of savings plans, a maximum of one third of each of the payments agreed for the first year shall be used to cover costs, the remaining costs being apportioned evenly against all subsequent payments.

#### **Article 9 - Restriction and suspension of the issue of units**

1. The Management Company may at any time, at its own discretion and without specifying reasons, reject a subscription application, temporarily restrict, suspend or definitively discontinue the issue of units, or repurchase units in return for the payment of the redemption price if this appears to be necessary in the interests of the Investors, in the public interest, or for the protection of the Fund or the relevant sub-fund, in particular in cases where:

- (a) there is a suspicion that the respective unitholder will on acquiring the units engage in market timing, late trading or other market techniques that could be harmful to all the investors;
  - (b) the investor does not fulfil the conditions to acquire the units, or
  - (c) the units are sold in a country or are acquired in such a country by a person (e.g. a US citizen), in which it is not permitted to sell the units to such persons.
- 2. Should such a situation occur, the registrar and transfer agent (in the case of registered units) and the Custodian Bank (in the case of bearer units) shall reimburse, without delay and without interest, any payments received in respect of subscription applications not yet executed.

## **Article 10 – Redemption and exchange of units**

1. Investors shall be entitled to demand the redemption of their units at any time at the Unit Price in accordance with article 6 no. 4 of these Management Regulations, less any redemption charge where appropriate ("Redemption Price"). Units can only be redeemed on a Valuation Day. If a redemption charge is to be levied, the maximum charge that may be levied for the relevant sub-fund shall be stated in the relevant annex to the Sales Prospectus. The Redemption Price is reduced in certain countries as a result of taxes and other charges payable in the country concerned. On payment of the Redemption Price, the corresponding unit is extinguished.
2. The Redemption Price and any other payments to Investors shall be made via the Custodian Bank and via the paying agents. The Custodian Bank shall only be obliged to make payment if there are no statutory provisions, such as foreign-exchange regulations, or other circumstances beyond the Custodian Bank's control that prohibit the Redemption Price from being transferred to the applicant's home country.

The Management Company may unilaterally repurchase units in return for payment of the Redemption Price if this appears to be necessary in the interests of all the Investors, or for the protection of the Investors or of a sub-fund, in particular in cases where:

- (a) there is a suspicion that the respective unitholder will on acquiring the units engage in market timing, late trading or other market techniques that could be harmful to all the investors;
- (b) the investor does not fulfil the conditions to acquire the units, or

(c) the units are sold in a country or are acquired in such a country by a person (e.g. a US citizen), in which it is not permitted to sell the units to such persons.

3. Some or all of the units in a sub-fund can be exchanged for units in another sub-fund on the basis of the relevant Unit Price for the relevant sub-fund pursuant to article 6 no. 4 of these Management Regulations taking into account any unit exchange commission paid to the any selling agent. This commission is equivalent to a maximum of 1 per cent of the Unit Price for the subscribed units, but subject to a minimum of the difference between the front-end fee for the sub-fund whose units are being exchanged and the front-end fee for the sub-fund whose units are being acquired. If no unit exchange commission is charged, this will be mentioned in the relevant annex to the Sales Prospectus for the relevant sub-fund.

If different unit classes are available within a sub-fund, units of one unit class may be exchanged for units of another unit class within the sub-fund unless such exchanges are prohibited by provisions included in the relevant annex to the Sales Prospectus and providing that Investors satisfy the conditions specified in the annex for a direct investment in this unit class. No unit exchange commission is payable for such exchanges.

The Management Company may reject an exchange application for the relevant sub-fund if it believes this to be appropriate in the interests of the Fund or sub-fund or of Investors.

4. Fully completed redemption requests or exchange applications for the redemption or exchange of registered units can be submitted to the Management Company, Custodian Bank, registrar and transfer agent, the selling agent or paying agents. These receiving agents shall be obliged to forward the redemption requests or exchange applications to the registrar and transfer agent without delay.

A redemption request or exchange application for the redemption or exchange of registered units shall be deemed to be fully completed if it bears the name and address of the Investor, the number and value of the units to be redeemed or exchanged, the name of the sub-fund and the signature of the relevant Investor.

Fully completed redemption requests or exchange applications for the redemption or exchange of bearer units shall be forwarded to the registrar and transfer agent by the agent responsible for maintaining the Investor's custody account.

The following rules apply exclusively to the redemption and exchange of units in the **Silk – African Lions Fund, Silk – Arab Falcons Fund and Silk – Road Frontiers Fund**:

The settlement for fully completed redemption requests or exchange applications received no later than 5pm on a Valuation Day shall be based on the Unit Price for the subsequent Valuation Day, less any redemption charge or exchange commission. In all cases, the Management Company shall ensure that the redemption or exchange of units is settled

on the basis of a Unit Price that is unknown to the Investor in advance. The settlement for fully completed redemption requests or exchange applications received after 5pm on a Valuation Day shall be based on the Unit Price for the subsequent Valuation Day but one, less any redemption charge or exchange commission.

The following rules apply exclusively to the issue of units in the **Silk African Bond Fund**:

Fully completed redemption applications or fully completed exchange applications that are received no later than 5pm on the day before a Valuation Day shall be settled on the next Valuation Day less any redemption charge or subject to the exchange commission. In all cases, the Management Company will ensure that the redemption or exchange of units is settled on the basis of a unit price that is unknown to the investor beforehand. Fully completed redemption applications or fully completed exchange applications that are received after 5pm on the day before a Valuation Day shall be settled on the next but one Valuation Day less any redemption charge or subject to the exchange commission.

Redemption requests or exchange applications shall be deemed to have been received when they have been received by the registrar and transfer agent.

The Redemption Price shall be paid in the relevant Sub-fund Currency, or in the relevant Unit Class Currency where there are multiple unit classes, within two valuation days of the relevant Valuation Day. In the case of registered units, payment shall be made to an account to be specified by the Investor.

Any fractional amounts arising from the exchange of bearer units shall be settled by the Custodian Bank in cash.

5. The Management Company is required to suspend the redemption or exchange of units temporarily if the calculation of the Unit Price is also suspended.
6. Subject to the prior consent of the Custodian Bank, and having due regard to the interests of the Investors, the Management Company shall be entitled to delay the redemption of significant unit volumes until it has first sold corresponding assets in the relevant sub-fund without delay. In this case, units shall then be redeemed at the Redemption Price then applicable. The same shall also apply to applications for the exchange of units. However, the Management Company shall ensure that sufficient cash is available in the relevant sub-fund's assets so that, under normal circumstances, units can be redeemed or exchanged without delay on receipt of applications from Investors.
7. Pursuant to a decision taken by the Board of the Management Company, the unit classes of the sub-funds may be subject to a unit split.

## Article 11 – Costs

The relevant sub-fund shall bear the following costs, providing that they arise in connection with its assets.

1. In return for managing the relevant sub-fund, the Management Company shall receive from the relevant sub-fund's assets a fee equivalent to a maximum of 2.5 per cent per annum of the Net Sub-fund Assets, subject to a maximum fixed fee of EUR 500 per month if applicable. Details of the amount, calculation and payment of the fee shall be specified for the relevant sub-fund in the relevant annex to the Sales Prospectus. This fee shall be subject to the addition of any value-added tax.

In addition, the Management Company or any investment consultant may be paid from the relevant sub-fund's assets a performance fee. Details of the percentage, calculation and payment of the fee shall be specified for the relevant sub-fund in the relevant annex to the Sales Prospectus.

2. The investment consultant may receive a fee from the relevant sub-fund's assets or from the Management Company's fee. Details of the maximum amount, calculation and payment of this fee shall be specified for the relevant sub-fund in the relevant annex to the Sales Prospectus. This fee shall be subject to the addition of any value-added tax.
3. The fund manager may receive a fee from the relevant sub-fund's assets or from the Management Company's fee. Details of the maximum amount, calculation and payment of this fee shall be specified for the relevant sub-fund in the relevant annex to the Sales Prospectus. This fee shall be subject to the addition of any value-added tax.
4. Under the Custodian Bank and central administration agreements, the Custodian Bank and the central administrative agent shall, in return for discharging their responsibilities, each receive a fee at the normal level for banks in the Grand Duchy of Luxembourg calculated monthly in arrears and paid monthly in arrears. Details regarding the amount, calculation and payment of the fee shall be specified in the annex to the Sales Prospectus. These fees shall be subject to the addition of any value-added tax.
5. In return for discharging its responsibilities under the registrar and transfer agent agreement, the registrar and transfer agent shall receive a fee at the normal level for banks in the Grand Duchy of Luxembourg consisting of a fixed amount per investment account or per account with savings plan and/or withdrawal plan. The fee shall be calculated and paid in arrears at the end of each calendar year. In addition, the registrar and transfer agent shall receive for each sub-fund an annual flat-rate fee, the details of which shall be specified for the relevant sub-fund in the relevant annex to the Sales Prospectus. These fees shall be subject to the addition of any value-added tax.

6. The selling agent may receive a fee from the relevant sub-fund's assets. Details of the maximum amount, calculation and payment of this fee shall be specified for the relevant sub-fund in the relevant annex to the Sales Prospectus. This fee shall be subject to the addition of any value-added tax.
7. In addition to the aforementioned costs, the relevant sub-fund shall also bear the following costs, providing that they arise in connection with its assets:
  - (a) costs incurred in connection with the purchase, holding and sale of assets, in particular standard bank charges for transactions in transferable securities, other assets and rights of the Fund or a sub-fund and the custody thereof; standard bank charges for the custody of foreign investment fund units abroad;
  - (b) all third-party management and custody fees charged by other correspondent banks and/or clearing houses (e.g. Clearstream Banking S.A.) for the assets of the relevant sub-fund, as well as all third-party processing, dispatch and insurance charges incurred in connection with the relevant sub-fund's investment transactions involving units in other funds;
  - (c) transaction costs for the issue and redemption of fund units;
  - (d) reimbursements to the Custodian Bank, the central administrative agent and the registrar and transfer agent for out-of-pocket expenses and other costs incurred by these agents in connection with the relevant sub-fund and further out-of-pocket expenses and other costs arising from any necessary services purchased from third parties; the Custodian Bank shall also receive the normal fees charged by banks;
  - (e) taxes levied on the assets of the Fund or relevant sub-fund, its income and the out-of-pocket expenses charged to the relevant sub-fund;
  - (f) cost of legal advice incurred by the Management Company or the Custodian Bank when acting in the interests of the Investors in the relevant sub-fund;
  - (g) independent auditing costs;
  - (h) costs for the creation, preparation, storing, publishing, printing and dispatch of all documents for the Fund, in particular any unit certificates, replacement coupons and forms, the Sales Prospectus, KIID, annual and semi-annual reports, asset schedules, notices to investors, notices convening meetings, sales advertisements and applications for authorisation in countries in which the units in the Fund or a sub-fund are to be sold, and correspondence with the relevant regulatory authorities;
  - (i) administrative fees to be paid for the Fund or a sub-fund to all the authorities involved, in particular administrative fees to be paid to CSSF and regulatory



authorities in other countries as well as fees for the storing of the Fund's documents;

- (j) costs in connection with any admission to trading on a stock exchange;
- (k) advertising costs and any other such costs incurred directly in connection with the offer and sale of units;
- (l) insurance costs;
- (m) fees, out-of-pocket expenses and other costs in connection with the relevant sub-fund's assets incurred by the paying agents, the selling agents, and any other necessary agents abroad;
- (n) interest on loans taken out in accordance with Article 4 of the Management Regulations;
- (o) reimbursement of out-of-pocket expenses for any investment committee;
- (p) reimbursement of out-of-pocket expenses incurred by the supervisory board;
- (q) costs of establishing the Fund and individual sub-funds, and the initial issue of units;
- (r) further administrative costs including the costs of professional associations;
- (s) performance attribution costs; and
- (t) costs of credit ratings for the Fund and/or its sub-funds by nationally and internationally recognised rating agencies and
- (u) reasonable costs for risk controlling.

All the aforementioned costs, fees and expenses shall be subject to the addition of any value-added tax.

All costs shall initially be offset against ordinary income and capital gains, and then against the relevant sub-fund's assets.

The costs of establishing the Fund and the initial issue of units shall be amortised over the first five financial years against the assets of the sub-funds in existence on establishment of the Fund. The Management Company shall apportion these establishment costs and the above costs not incurred exclusively in connection with a specific sub-fund *pro rata* among the relevant sub-funds' assets. Costs incurred in connection with the launch of further sub-funds shall be amortised over a period of no longer than five years after the launch against the relevant sub-fund's assets to which they are attributable.

## **Article 12 – Use of income**

1. The Management Company may distribute the income generated by a sub-fund to the Investors in this sub-fund or reinvest this income in the relevant sub-fund. The policy on the use of income for the relevant sub-fund shall be described in the relevant annex to the Sales Prospectus.
2. Both ordinary net income and realised gains may be distributed. Furthermore, non-realised gains and other assets may be distributed, providing that the total Net Fund Assets do not as a result of the distribution fall below the minimum amount of EUR 1,250,000.
3. Distributions shall be paid out based on the units outstanding on the distribution date. Some or all of the distributions may take the form of bonus units. Any remaining fractional amounts may be settled in cash. Income that has not been claimed five years after publication of the declaration of a distribution shall lapse in favour of the relevant sub-fund.
4. Distributions to the holders of registered units shall take the form of the reinvestment of the distribution amount in favour of the holder of the registered units. If the unitholder concerned would prefer an alternative distribution, he/she may, within ten days of receipt of the distribution notice, request from the registrar and transfer agent payment of the relevant amount to a specified account. Distributions to the holders of bearer units shall be made in the same way as payment of the Redemption Price to the holders of bearer units.

## **Article 13 – Financial year, audit**

1. The financial year for the Fund shall begin on 1 August and end on 31 July of the following year. The first financial year shall begin on the date of the establishment of the Fund and shall end on 31 July 2009.
2. The annual financial statements of the Fund shall be audited by a firm of independent auditors appointed by the Management Company.
3. No later than four months after the end of each financial year, the Management Company shall publish an audited annual report in accordance with the law of the Grand Duchy of Luxembourg.
4. Two months after the end of the first half of the financial year, the Management Company shall publish an unaudited semi-annual report. The first report shall be an unaudited annual report for the twelve months ended 31 July 2009. Additional audited and unaudited interim reports may be prepared if required in order to obtain authorisation for the sale of Fund units in other countries.

## **Article 14 – Publication of information**

1. Unit Prices, issue prices, redemption prices and all other information may be obtained from the Management Company, Custodian Bank, each paying agent and from the any selling agent. This information shall also be published in the appropriate media in each country in which the Fund units are sold.
2. The current Sales Prospectus, KIID and the annual and semi-annual reports of the Fund can be obtained free of charge from the Management Company's website ([www.ipconcept.com](http://www.ipconcept.com)). The Fund's current Sales Prospectus, KIID and the annual and semi-annual reports can also be obtained in paper form free of charge from the registered offices of the Management Company or the Custodian Bank, or from the paying agents or the selling agents.
3. Furthermore, the latest version of the Custodian Bank agreement, the Management Company's articles of association, the central administration agreement and the registrar and transfer agent agreement may be inspected at the respective registered offices of the Management Company, the paying agents or the selling agent.

## **Article 15 – Merger of the Fund or of sub-funds**

1. The Management Company's Board may, by approval of a resolution in accordance with the following conditions, decide to merge the Fund or a sub-fund with another UCITS managed by the same Management Company or managed by a different Management Company. A merger may be decided, in particular, in the following situations:
  - if, on the Valuation Day, the net assets of the Fund or of a sub-fund have fallen below an amount that is considered the minimum amount required to enable the Fund or sub-fund to be managed economically; the Management Company has set this amount at EUR 5 million;
  - if the continued management of the Fund or sub-fund is no longer considered commercially viable owing to a substantial change in economic or political circumstances or for reasons of profitability.
2. The Board of the Management Company may also decide to merge another fund or sub-fund managed by the same or a different Management Company into the fund or a sub-fund.
3. It is permitted to merge both two Luxembourg funds or sub-funds (domestic merger) and funds or sub-funds registered in two different European Union Member States (cross-border merger).

4. Such a merger may only be implemented if the investment policy of the Fund or sub-fund to be absorbed is consistent with the investment policy of the absorbing UCITS.
5. The implementation of such a merger shall take the form of a liquidation of the Fund or sub-fund to be absorbed and the simultaneous transfer of all assets to the absorbing Fund or sub-fund. Investors in the acquired fund shall receive units of the acquiring fund, the number of which shall be based on the net asset ratio of the respective fund at the time of the merger and where necessary with a settlement for fractions.
6. Both the acquired fund or sub-fund and the acquiring fund or sub-fund shall inform the investors in a suitable form of the planned merger by publishing an announcement in a Luxembourg daily newspaper and as stipulated in the countries in which the acquiring or acquired fund or sub-fund are distributed.
7. The investors of the acquiring and transferring fund or sub-fund are entitled for a period of thirty days to request at no additional cost the redemption of all or some of their units at the relevant unit price or, if possible, the exchange into units of another fund with a similar investment policy that is managed by the same Management Company or another company with which the Management Company is connected through joint management or control or through a substantial direct or indirect shareholding. The right shall become effective from the time the unitholder of the transferred and acquired fund is informed of the planned merger and shall expire five banking days before the time the exchange ratio is calculated.
8. In the event of a merger between two or more funds or sub-funds, the respective funds or sub-funds may temporarily suspend the subscription, redemption or exchange of units if such suspension is justified in order to protect the unitholders.
9. The merger shall be audited and confirmed by an independent auditor. The investors in the transferred and acquired fund or sub-funds as well as the respective supervisory authorities shall provide copy of the auditors' report on request free of charge.
10. The aforementioned provisions shall also apply to the merger of two sub-funds within the Fund and the merger of unit classes within a sub-fund.

#### **Article 16 – Liquidation of the Fund or of sub-funds**

1. The Fund shall be established for an indefinite period. Without prejudice to this rule, the Fund or one or more sub-funds may be liquidated by the Management Company at any time, particularly if significant economic and/or political changes have occurred since the launch of the Fund.
2. The liquidation of the Fund shall be mandatory in the following instances:

- a) if the appointment of the Custodian Bank is terminated without the appointment of a new Custodian Bank within two months;
  - b) if insolvency proceedings are instigated against the Management Company and no other Management Company declares an interest in taking over the Fund, or the Management Company is liquidated;
  - c) if the Fund Assets remain below an amount of EUR 312,500 for a period of more than six months;
  - d) if other circumstances as specified in the Law of 17 December 2010 occur.
3. If circumstances occur that then lead to the liquidation of the Fund or of a sub-fund, the issue and redemption of units shall be suspended. On the instructions of the Management Company or any liquidators appointed by the Management Company or the Custodian Bank with the consent of CSSF, the Custodian Bank shall distribute the liquidation proceeds, net of any liquidation costs and fees, to the Investors in the relevant sub-fund in accordance with their respective entitlements. Net liquidation proceeds not claimed by Investors by the end of the liquidation process shall be deposited at the end of the liquidation process by the Custodian Bank with the *Caisse des Consignations* in the Grand Duchy of Luxembourg for the account of the beneficiary Investors. If these amounts are not claimed within the period specified by law, all such claims shall then lapse.
  4. Investors, their heirs, creditors or legal successors may not request that the Fund or a sub-fund be either prematurely liquidated or split.
  5. The liquidation of the Fund in accordance with this article shall be published by the Management Company in accordance with statutory provisions in the *Mémorial* and in at least two national daily newspapers, including the *Tageblatt*.
  6. The liquidation of sub-funds shall be published in the manner prescribed in the Sales Prospectus for notices to Investors.

#### **Article 17 – Time-barring and submission period**

Claims by Investors against the Management Company or the Custodian Bank may no longer be enforced in the courts after a period of five years after the claim arises; the rules in article 16 no. 3 of these Management Regulations shall remain unaffected by this provision.

The submission period for income coupons shall be five years after publication of the relevant distribution declaration. Distribution amounts that are not claimed within this period shall lapse in favour of the Fund.

## **Article 18 – Applicable law, place of jurisdiction and contract language**

1. The Management Regulations shall be subject to the law of the Grand Duchy of Luxembourg. The same shall also apply to the legal relationships between the Investors, the Management Company and the Custodian Bank, unless independently another jurisdiction subjects these legal relationships to special rules. In particular, the provisions of the Law of 17 December 2010 shall apply in addition to these Management Regulations. The Management Regulations shall be entered in the Luxembourg commercial register. Any legal dispute between the Investors, the Management Company and the Custodian Bank shall be subject to the jurisdiction of the competent court in the Luxembourg judicial district in the Grand Duchy of Luxembourg. The Management Company and the Custodian Bank shall be entitled to submit themselves and the Fund to the jurisdiction and the law of any country in which the units of the Fund are sold if the matter to be brought before the courts involves claims by Investors domiciled in the country concerned and the claims relate to the Fund or sub-fund.
2. In the event of a legal dispute, the German text of these Management Regulations shall be authoritative. With regard to units in the Fund sold to Investors in a non German-speaking country, the Management Company and the Custodian Bank may declare, for themselves and for the Fund, that translations in the languages of the countries in which the units have been authorised for public sale are legally binding.
3. If terms that are not defined by the Management Company require interpretation, the provisions of the Law of 17 December 2010 shall apply. This applies in particular to the terms set forth in the Law of 17 December 2010.

## **Article 19 – Amendments to the Management Regulations**

1. With the consent of the Custodian Bank, the Management Company may at any time amend some or all of these Management Regulations.
2. Amendments to these Management Regulations shall be entered in the Luxembourg commercial register and, unless specified otherwise, shall enter into force on the day they are signed. Notice of the entry of an amendment in the commercial register shall be published in the *Mémorial*.

## **Article 20 – Entry into force**

These Management Regulations shall enter into force on 18 February 2014.