

**Silk**  
**Simplified Sales Prospectus**  
**Silk - Road Frontiers Fund**

Investment fund comprising one or more subfunds (*fonds commun de placement à compartiments multiples*)  
in accordance with the law of the Grand Duchy of Luxembourg

This Simplified Sales Prospectus is merely a summary of the key investor information on the **Silk – Road Frontiers Fund**. More detailed information on the **Silk - Road Frontiers Fund can be found in the most recent Full Sales Prospectus (plus annexes) and the Fund Management Regulations. The legal basis** for the purchase of units in the fund is the aforementioned documentation in conjunction with the most recently published annual report, the year-end date of which must not be more than sixteen months ago. If more than eight months have elapsed since the annual report year-end date, the semi-annual report will also be the legal basis for the purchase of the units. By purchasing a unit, the investor acknowledges this documentation as well as all approved and published amendments thereto.

## 1. The Fund

The **Silk – Frontiers Fund** ("Subfund") is a subfund of **Silk** (the "Fund"), an investment fund established in accordance with part I of the Luxembourg Law of 20 December 2002 on Undertakings for Collective Investment ("Law of 2002"), which was established on 1 October 2008 in the legal form of a fonds commun de placement à compartiments multiples and is managed by IPConcept Fund Management S.A. The Fund currently includes three further subfunds in addition to this one.

## 2. Overview of the Subfund

Subfund currency	USD			
Duration of the Subfund	Unlimited			
<b>Unit class</b>	<b>Class R (USD)</b>	<b>Class I (USD)</b>	<b>Class R (EUR)</b>	<b>Class I (EUR)</b>
Initial subscription period	1 September 2010 to 21 September 2010		1 September 2010 to 21 September 2010	
Initial issue price	USD 100	USD 100	EUR 100	EUR 100
Payment of the initial issue price	23 September 2010		23 September 2010	
Minimum initial investment	USD 100	USD 100,000	EUR 100	EUR 100,000
Minimum subsequent investment	none	none	none	none
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			
Unit class currency	USD	USD	EUR	EUR
Type of certificates	Bearer units are documented by Global Certificates. Registered units are entered into the unit register.			
Denomination	Bearer units are issued as whole units and registered units up to three decimal places.			
Utilisation of income	Reinvested	Reinvested	Reinvested	Reinvested
Security code number ISIN	A1C1NH LU0523944816	A1C1NJ LU0523944907	A1C1NK LU0523945037	A1C1NL LU0523945110
Financial year	1 August to 31 July			
First financial year	Inception of fund - 31 July 2009			

Reports	1st Interim Report: 31. January 2010 1st Annual Report: 31. July 2009 The first report to be published will be the report for the period to 31 July 2009.
Publication of Fund Management Regulations	December 12, 2008
Latest publication of Fund Management Regulations	October 29, 2010

### 3. Publication of unit prices, issue prices and redemption prices

The latest unit prices, issue prices, redemption prices and all other information for investors can be obtained at any time from the registered offices of the fund management company or the depositary or from the paying agents or any selling agent. Issue and redemption prices are also published in the Tageblatt newspaper every stock market trading day in the Grand Duchy of Luxembourg. In addition, these prices are published on the fund management company's website at [www.ipc.lu](http://www.ipc.lu).

### 4. Investment objectives and policy of the Subfund

#### Investment objectives

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

In principle, past performance is no guarantee of future performance. **No assurance can be made that the objectives of the investment policy will be achieved.**

#### Investment policy

To achieve these investment objectives, the assets of the **Silk – Road Frontiers Fund** Subfund are mainly invested in equities issued by the following emerging market countries, observing the principle of risk-spreading.

In addition, the assets of the Subfund may, according to the market position and the judgement of the management of the Fund, invest throughout the world in equities, bonds, money-market instruments, 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 Subfund may be invested in liquid funds. However, depending on the market position, unlimited amounts of the net Subfund assets may be held in liquid funds subject to the legally permissible (short-term) limits and an exception to the above-mentioned investment principles is permitted.

Units in UCITS or other UCI (the "Target Funds") may be acquired up to a maximum of 10% of the assets of the Subfund, such that the Subfund 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, it also includes swaps and futures contracts on all underlying instruments under the law of 20 December 2002. 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, point 3 of the Management Regulations along with the investment in

- open regulated real estate and hedge funds,
- non-directive-compliant regulated commodities funds,
- Delta-1 commodities certificates, precious metals, hedge funds and real estate and in commodities, hedge fund and real estate indices,
- open ETFs to precious metals,

are subject to a limit of 10% of the Net Assets of the Fund.

## 5. Risk profile of the Subfund

The composition of the Subfund's portfolio presents a very high level of overall risk but also the potential for very high returns.

The Subfund is exposed to risks mainly in the form of country, transfer, currency, credit and equity risks as well as from changes in market interest rates.

As the Subfund primarily invests in securities issued by emerging countries, the Subfund's assets are therefore also subject to the following risks:

### **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 Subfund may also make use of derivative financial instruments (derivatives) within the limits specified by article 4 of the Fund 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 Subfund are permitted by the investment policy.

To this end, the Subfund 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 for efficient portfolio management with the aim of maximising returns within the Fund's assets.

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

### **6. Profile of the typical investor in the Subfund**

Investors should have a long-term investment outlook. 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 rate, credit, equity price and market interest rates.

### **7. Performance of the Subfund**

As the Subfund was launched in September 2010 no performance history is available at present.

### **8. Issue, redemption and exchange of units**

Investors can purchase, exchange or redeem units in the Subfund on any valuation day in Luxembourg. Applications to this effect can be submitted to the fund management company, the depositary, the registrar and transfer agent, the selling agent or the paying agents. Completed applications received by 5pm on a valuation day will be settled at the issue or redemption price for the following valuation day, providing the funds for the subscribed units are available. The Management Company shall in all cases ensure that the issue, redemption

and conversion of units shall be carried out on the basis of a net asset value unknown to the investor. If, however, there is a suspicion that an investor is engaging in late trading, the Management Company may refuse to accept the subscription application until the applicant has removed any doubt with regard to the subscription application.

Investing in the subfunds 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 rejects this arbitrage technique. To prevent such practices, the fund 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 subfund.

Completed applications received after 5pm on a valuation day will be settled at the issue or redemption price for the next valuation day, providing the funds for the subscribed units are available. Applications for registered units will only be deemed to have been received once they have been received by the registrar and transfer agent. In the case of bearer units, applications will be deemed to have been received once they have been received by the depositary.

## 9. Costs of the Subfund

Costs paid by the unitholders to the fund management company	Class R (USD)	Class I (USD)	Class R (EUR)	Class I (EUR)
Front end load	up to 5%	up to 5%	up to 5%	up to 5%
Redemption charge	None			
Unit exchange commission (related to the unit price of the units to be purchased)	Not applicable for units exchanged between either subfunds or unit classes			
Recurrent costs charged to the Subfund's assets	Class R (USD)	Class I (USD)	Class R (EUR)	Class I (EUR)
(The fees are calculated as a percentage of the Subfund's assets and are charged to the Subfund in full plus any applicable value-added tax (VAT). Unless otherwise stated, the fees are paid monthly in arrears.)				
Management fee	Up to 2.09% p.a.	Up to 1.59% p.a.	Up to 2.09% p.a.	Up to 1.59% p.a.
	plus €500 per month			
The performance fee paid to the fund management company (shall be calculated on a daily basis and paid half-yearly on the units in circulation).	Up to 20% of the growth of the net Subfund assets exceeding 4% p.a.			
	The increase in the Subfund's assets represents the difference between the net Subfund assets at the end of the respective half year (adjusted for inflows and outflows of funds) and the highest level of its net assets at the end of the previous half year (high-water-mark principle). The increase in the Subfund's assets at the end of the first half year represents the difference between the value of these net assets and the net Subfund assets at the end of the initial subscription period pro rata temporis. If the value of the Subfund'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 Subfund's assets has been fully offset.			

Fund management fee (paid from the management fee)	Up to 2.00% p.a.	Up to 1.50% p.a.	Up to 2.00% p.a.	Up to 1.50% p.a.
In addition, the fund manager receives the performance fee paid to the Fund Management Company from the net Subfund assets.				
Custodian bank fee	Up to 0.09% p.a. plus a minimum of €1,500 per month			
Central administration fee	Up to 0.03% p.a. plus up to €1,550 per month			
Registrar and transfer agent fee	Up to €2,400 p.a.			
Maximum management fee for Target Funds	3% per annum			

## 10. 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 annum of the Fund's net assets reported at the end of each quarter. If the Fund's assets are invested in other Luxembourg investment funds that are already subject to the *taxe d'abonnement* this tax is waived for the portion of the Fund's assets invested in such Luxembourg investment funds.

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 taxes in countries in which the Fund's assets are invested. In such cases, neither the custodian bank nor the Management Company is required to collect tax certificates.

### Taxation on the income investment fund units for the investor

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 applies to specific interest income paid in Luxembourg to natural persons who are tax residents in another Member State. This withholding tax may also apply to interest income of an investment fund under certain circumstances.

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 that end, an automatic exchange of information was stipulated between the national tax authorities. By way of exception, it was agreed that, for a transition period, Luxembourg would not participate in the automatic exchange of information agreed by the other states. Instead a withholding tax on interest income was introduced in Luxembourg. This withholding tax will amount to 20% of the interest payment until 30 June 2011 and 35% from 1 July 2011. It is transferred anonymously to the Luxembourg tax authorities and a certification thereof is issued to the investor. This certification can be used to fully apply the withholding tax that has been paid to the taxpayer's tax liability in his country of residence. 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. This withholding tax may also apply to interest income of an investment fund under certain circumstances. At the same time, the Grand Duchy of Luxembourg abolished wealth

tax.

Interested investors should obtain information and, if appropriate, consult an advisor concerning the laws and regulations applying to the purchase, holding and redemption of units.

## 11. Further information

Further information and the latest Sales Prospectus (plus annexes), the Fund Management Regulations, the Simplified Sales Prospectuses and the relevant annual and half-yearly reports can be obtained by investors free of charge at any time from the registered offices of the fund management company or depositary or from any paying agent.

## 12. Addresses

Fund management company: IPConcept Fund Management S.A., 4, rue Thomas Edison, L-1445 Luxembourg-Strassen

Regulatory authority: Commission de Surveillance du Secteur Financier, 110 route d'Arlon, L-2991 Luxembourg

Fund manager: Silk Invest Limited,

Depository and central administrative agent: DZ PRIVATBANK S.A., 4, rue Thomas Edison, L-1445 Luxembourg-Strassen

Registrar and transfer agent: DZ PRIVATBANK S.A., 4, rue Thomas Edison, L-1445 Luxembourg-Strassen

Independent auditors: KPMG Audit S.à r.l., 9, allée Scheffer, L-2120 Luxembourg

Paying agent in Luxembourg: DZ PRIVATBANK S.A., 4, rue Thomas Edison, L-1445 Luxembourg-Strassen

Promoter: IPConcept Fund Management S.A., 4, rue Thomas Edison, L-1445 Luxembourg-Strassen