

Rüd Blass Swiss Real Estate Fund of Funds

Investment fund under Swiss law in the "Other funds for traditional investments" category

Prospectus with integrated fund contract, issue date: 05.02.2010

Fund management company: PvB Pernet von Ballmoos AG, Zurich

Custodian bank: Banque Cantonale Vaudoise, Lausanne

This prospectus, dated 05.02.2010 and with integrated fund contract, contains information on the Rüd Blass Swiss Real Estate Fund of Funds. The issuing of any information not contained in this prospectus or in the fund contract and the documents cited herein is unauthorized. In particular, it is not permissible to issue information or provide clarifications which deviate from the current prospectus with integrated fund contract and annual and semi-annual reports. Events and information of material significance will be mentioned in these periodic reports.

Responsibility for the distribution of the fund lies with the fund management company and its appointed distributors in Switzerland and abroad. The fund prospectus with integrated fund contract is complemented by the latest annual or semi-annual report together with other periodically produced and updated documentation on the fund.

The fund was approved by the Swiss Federal Banking Commission SFBC (new: Swiss Financial Market Supervisory Authority FINMA) on 29 October 2008 and may be distributed in Switzerland without restriction in accordance with the statutory provisions.

Distribution of this prospectus, as well as the offering and selling of units in the fund, may be subject to restriction in individual jurisdictions. Any person gaining possession of this prospectus with integrated fund contract should inform themselves as to the legal framework (including the provisions of tax law) that applies in the relevant jurisdiction, i.e. that of their country of residence or origin.

The units of the fund have not been registered under the United States Securities Act of 1933. Furthermore, the fund is not subject to the US Investment Company Act of 1940 or any other US federal laws. Therefore, no units may be offered to citizens of the United States of America (as defined in the US federal securities and commodities acts).

Part I: Prospectus

This prospectus with integrated fund contract, simplified prospectus and the most recent annual or semi-annual report (if published after the latest annual report) serve as the basis for all subscriptions of units in this fund.

Only the information contained in the prospectus and fund contract is deemed to be valid.

1 Information on the fund

1.1 General information on the fund

Rüd Blass Swiss Real Estate Fund of Funds (the "fund") is an investment fund under Swiss law in the "Other funds for traditional investments" category and established under the Swiss Collective Investment Schemes Act of 23 June 2006 ("CISA"). The fund contract was drawn up by PvB Pernet von Ballmoos AG, as fund management company, with the approval of Banque Cantonale Vaudoise, as custodian bank. It was submitted to the Swiss Federal Banking Commission (new: FINMA) and approved on 29 October 2008.

The fund is based upon a collective investment agreement (fund contract), under which the fund management company undertakes to provide the investor with a stake in the fund in proportion to the fund units acquired by said investor, and to manage the fund at its own discretion and for its own account in accordance with the provisions of the law and the fund contract. The custodian bank is party to the fund contract in accordance with the tasks conferred upon it by the law and the fund contract.

The following classes of units exist:

- A (CHF)
- A (EUR)
- I (CHF)
- I (EUR)

The unit classes are each denominated in CHF and EUR. The performance of the investment vehicles is calculated in CHF. The fund and its investors are therefore exposed to the risk that the value of the reference currency of a unit class will rise or fall in relation to such currency. The fund management company undertakes to minimize the impact of exchange rate fluctuations through permanent, rolling hedging transactions. However, there is no guarantee that these hedging transactions will be successful or will not themselves lead to considerable losses. Cross-class losses may also arise. Under the fund contract, the fund management company is entitled to establish, liquidate or merge unit

classes at any time, subject to the consent of the custodian bank and the approval of the supervisory authority.

The individual unit classes do not constitute segregated pools of assets. Although costs are in principle charged only to the unit class for which the service in question was rendered, the possibility of a unit class being held liable for the liabilities of another unit class cannot be ruled out.

1.2 Investment objective of the fund

The primary investment objective of the fund, as a fund of funds, is to generate an overall return in CHF that is in excess of its benchmark return by investing indirectly in the Swiss real estate sector. The benchmark is synthetic, 70% of it consisting of the Rüd Blass Real Estate Fund Index (reinvested and capital-weighted by net assets) and 30% the SWX Swiss Real Estate Total Return Index.

The fund is suitable for risk-tolerant investors with a long-term horizon who wish to benefit from the development of the Swiss real estate sector in the context of a diversified, actively managed fund.

1.3 Investment policy of the fund

To achieve its investment objective, the fund invests indirectly in a portfolio that is diversified in terms of investment vehicles and type of real estate (office properties, residential properties, retail space, etc.). With relatively low volatility and correlation with traditional equity and bond markets, its objective is to benefit from the long-term increase in capital values in the Swiss real estate sector.

Subject to the provisions contained in this document, the fund is not bound by any fixed criteria in terms of allocating its capital to the various investment vehicles.

In relation to the allocation of the fund's assets, investment vehicles from all markets which exhibit a relevant connection to the Swiss real estate sector may be considered provided they meet the criteria. In particular, the fund management company may also invest in collective investment schemes which are managed directly or indirectly by the fund management company itself or by a company with which the fund management company is linked by way of common management or control or by way of a direct or indirect interest of more than 10 percent of the capital or votes. In such cases, however, no issue or redemption fees and

no management fees pursuant to § 19 of the fund contract may be charged.

The investment universe that is used is briefly listed below. The investment regulations of the investment vehicles and other publications produced by the respective management companies are among the tools used for monitoring compliance with the fund's investment regulations. Subject to the provisions, surplus liquid assets may be invested in short-term instruments.

- Listed real estate funds under Swiss law and investment companies with variable capital ("target funds I") that invest primarily in Swiss real estate and are traded on the Swiss exchange;
- Unlisted open or closed-end collective investment vehicles ("target funds II") that invest primarily in Swiss real estate;
- Equities and equity-type rights ("securities I") of investment companies that invest primarily in Swiss real estate and are traded on the Swiss exchange or another regulated market that is open to the public;
- Bonds (including convertible bonds, convertible loans, convertible notes) ("securities II") of listed undertakings or public institutions that invest primarily in Swiss real estate;
- Money market instruments, provided they are liquid, can be readily valued and are traded on an exchange or other regulated market open to the public; money market instruments which are not traded on an exchange or other regulated market open to the public may only be acquired if the issue or issuer is subject to provisions regarding creditor or investor protection and if the money market instruments are issued or guaranteed by issuers pursuant to Art. 74 para. 2 CISO.

Target funds I, target funds II, securities I, II and money market instruments are together referred to hereinafter as "investment vehicles".

Target funds I and II are together referred to hereinafter as "target funds".

To ensure efficient management of the fund's assets, the fund management company may use standardized and non-standardized (customized) derivative financial instruments. It may conclude the transactions on an exchange, other regulated market open to the public or directly with a bank or financial institution specializing in this kind of transaction and acting as counterparty (OTC transaction). Credit derivatives may not be used, however. In addition to market risks, derivatives also involve counterparty risk, i.e. the risk that the

party to the contract may not be able to meet its obligations and may thus cause a financial loss.

Even in extreme market circumstances, the use of these instruments must not result in a deviation from the investment objectives or a change in the investment character of the fund.

Based on its envisaged use of derivatives, this fund qualifies as a "simple investment fund". The commitment I approach (simplified process) is applied for the assessment of risk.

Derivatives form part of the investment strategy and with a view to the efficient management of the portion of the fund's assets that is not invested in target funds are not used solely to hedge investment positions. With regard to the portion of the fund assets invested in target funds, the fund management company may only use derivatives for the purpose of currency hedging. Only basic forms of derivatives may be used, i.e. call or put options, as well as futures and forward transactions, as described in more detail in the fund contract, provided the underlying securities are permitted as investments under the fund contract. The derivative transactions may be concluded on an exchange or other regulated market open to the public, or in OTC (over-the-counter) trading. In addition to market risks, derivatives are also subject to counterparty risk, i.e. the risk that the party to the contract may not be able to meet its obligations and may thus cause a financial loss.

1.4 Selection and monitoring of individual investment vehicles

The fund's investment decisions are taken by the asset manager, Deutsche Bank (Schweiz) AG, Bahnhofquai 9/11. Deutsche Bank (Schweiz) AG is a bank that is subject to supervision by the Swiss Financial Market Supervisory Authority FINMA. Deutsche Bank (Schweiz) AG employs a proven investment process for the selection and monitoring of investment vehicles.

1.5 Fund of funds structure

As the fund invests in target funds as well as direct investments in securities, it is deemed a fund of funds. This special structure of the fund has advantages over funds which invest exclusively on a direct basis:

- The fund endeavours to construct a portfolio of securities and target funds, as a result of which even better diversification is achieved in comparison with a direct investment in an individual fund or portfolio of securities.
- Thanks to the proven investment process, suitable securities and target funds can be identified.

- Through constant monitoring, the portfolio is regularly reviewed with respect to the investment objective and adjusted to changing market conditions where necessary.

The disadvantages of a fund of funds structure in relation to funds which invest exclusively on a direct basis include:

- By investing directly in individual funds, an additional layer of costs could be avoided (costs are charged to each target fund; these costs are incurred in addition to the direct costs of the fund of funds).
- Owing to the broad diversification, a poorer return may have to be accepted.

1.6 Investment restrictions

The fund generally seeks broad diversification for the purpose of implementing its investment policy. The restrictions mentioned in this paragraph reproduce the diversification currently expected. The fund management company may adjust this allocation at any time in the event of a change in overall conditions, subject to the fund contract.

In the interests of the investors, the fund management company at all times reserves the right to modify the composition of the fund's portfolio as well as to supplement or amend the investment restrictions. The absolute restrictions relating to the investment policy and its implementation (investment strategy) are set out in the investment restrictions in the fund contract, in particular in § 16, and listed below.

The following investment restrictions currently apply in the context of the fund contract:

- The fund management company may not invest more than 15% of the fund's assets in securities and money market instruments of the same issuer; however, units of target funds are not deemed securities and are not subject to this restriction. The total value of the securities and money market instruments of the issuers in which more than 5% of the fund's assets are invested may not exceed 40% of the fund's assets.
- The 15% limit specified in the above paragraph is raised to 35% if the securities and money market instruments are issued or guaranteed by an OECD country, a public body from the OECD or an international organization of a public nature to which Switzerland or a member state of the European Union belongs.
- The 15% limit specified in the first point is raised to 50% if the securities and money market instruments are issued or guaranteed

by an OECD country, a public body from the OECD or an international organization of a public nature to which Switzerland or a member state of the European Union belongs. In such cases, the fund must invest in securities or money market instruments from at least six different issues; no more than 30% of the fund's assets may be invested in securities or money market instruments from the same issue.

- The fund management company must not invest more than 20% of the fund's assets in sight and time deposits with the same bank.
- No more than 20% of the fund's assets may be invested in a single target fund.
- The fund management company may not acquire participation rights which in total represent more than 10% of the voting rights in a company or which would enable it to exert a material influence on the management of an issuer, unless an exception is granted by the supervisory authority.
- The fund management company may acquire for the fund's assets up to 10% of the non-voting equity and debt instruments and/or money market instruments of the same issuer as well as a maximum of 25% of the units of other collective investment schemes. These restrictions do not apply if the gross amount of the debt instruments, money market instruments or the units of other collective investment schemes cannot be calculated at the time of the acquisition.
- The aforementioned restriction does not apply to securities and money market instruments which are issued or guaranteed by a state or a public body from the OECD or an international organization of a public nature to which Switzerland or a member state of the European Union belongs.

After deduction of liquid assets, the fund management company shall observe the following restrictions in relation to the investment of the fund's assets:

- Target funds I: minimum 30%, maximum 100%;
- Target funds II: minimum 0%, maximum 20%;
- Target funds total: minimum 50%;
- Securities I: minimum 0%, maximum 50%;
- Securities II: minimum 0%, maximum 20%;
- Money market instruments: maximum 20%

Raising and granting of loans: The fund management company may not grant loans for the account of the fund. For investment purposes as well as for the purpose of satisfying redemption requests, the fund management company may raise loans amounting to a maximum of 10% of the fund's assets on market terms.

Encumbrance of the fund's assets: A maximum of 10% of the fund's assets may be pledged or assigned as collateral, although this is exclusively for the purpose of satisfying redemption requests and providing collateral for currency hedging transactions. Pledging for any other purpose is not permitted.

The fund's assets may not be encumbered with guarantees.

Short-selling is not permitted.

The target funds selected for the fund are subject only to those restrictions laid down in their information memoranda and prospectuses. Neither the fund management company nor the custodian bank shall be held responsible for compliance with such guidelines and restrictions on the part of individual target funds.

The investment restrictions must have been met no later than six months after the payment date of the launch (first issue).

Leaving aside the money market instruments and sight and time deposits at the bank with a maturity of up to 12 months which may be held in accordance with the investment policy, the fund management company may hold liquid assets in an appropriate amount in accordance with § 9 of the fund contract.

1.7 Information concerning certain special risks

General risks

An investment in the fund involves various risks. The value of a fund unit may be subject to considerable fluctuation. There is no certainty that the desired investment objective will be achieved. An investment in this fund is suitable only for sufficiently risk-tolerant investors with a long-term investment horizon, and as a top-up for portfolios which are already well diversified.

Market risks

The fund invests in vehicles which are for their part invested predominantly in Swiss real estate. The value of the investments involved, together with the income from such investments, may be adversely affected by political uncertainties, fiscal policy measures, currency restrictions or legislative changes.

Insufficient liquidity

It is possible that there will not be a liquid market for units of individual target funds II; consequently, the units may be difficult to value as well as to buy or sell. The primary reasons for this are premiums and discounts, which can lead to unfavourable transaction prices. In some circumstances, buy and sell prices which differ from the net asset value may therefore have to be accepted.

Transparency

Not all target funds II are under an obligation to publish accounts in relation to their activities and transactions. This can make it difficult to identify changes in strategy and the associated risks to investors.

Counterparty risks

In addition to market risks, derivatives are also subject to counterparty risk, i.e. the risk that the party to the contract may not be able to meet its obligations and may thus cause a financial loss.

THE ABOVE DOES NOT REPRESENT AN EXHAUSTIVE LIST OF THE INVESTOR RISKS PERTAINING TO THE RÜD BLASS SWISS REAL ESTATE FUND OF FUNDS.

BY STRICTLY MONITORING THE INDIVIDUAL INVESTMENT VEHICLES, THE FUND MANAGEMENT COMPANY AND DEUTSCHE BANK (SCHWEIZ) AG ENDEAVOUR TO REDUCE THE RISKS THEY HAVE IDENTIFIED TO A LEVEL THEY REGARD AS COMMERCIALY REASONABLE.

PVB PERNET VON BALLMOOS AG ADVISES ALL INVESTORS TO HOLD ONLY A SMALL PORTION OF THEIR PORTFOLIO IN UNITS OF THE FUND. INVESTORS SHOULD CONSIDER ANY INVESTMENT IN THE FUND TO BE A LONG-TERM COMMITMENT THAT MAY BE SUBJECT TO CERTAIN FLUCTUATIONS IN VALUE.

THE ABOVE RISK NOTICE DOES NOT CONSTITUTE A FULL EXPLANATION OF ALL RISKS ASSOCIATED WITH THIS INVESTMENT. PRIOR TO ANY DECISION IN FAVOUR OF INVESTING IN THIS FUND, PROSPECTIVE INVESTORS ARE ADVISED TO READ THE FULL PROSPECTUS, INCLUDING ALL APPENDICES, AND CONSULT THEIR OWN INDEPENDENT EXPERTS.

1.8 Conflicts of interest

The fund management company and other officers may also act in a similar capacity or otherwise on behalf of other funds or collective

investment instruments ("other clients"), some of which may pursue similar investment objectives to the fund. The fund management company may at the same time be involved in transactions on behalf of other clients or act as their investment advisor with or without a management mandate, and this may concern the same investment vehicles.

In some circumstances, similar conflicts of interest to those described above may arise in the case of the target funds in which the fund invests, as well as their managers.

1.9 Profile of the typical investor

The fund is suitable for sufficiently risk-tolerant investors with a long-term investment horizon who are primarily seeking growth of the invested capital and wish to benefit from the long-term performance of investments in the Swiss real estate sector. Investors are familiar with the key risks of investing in real estate markets and should only invest in the fund if they already have a well diversified portfolio.

1.10 Tax regulations relevant to the fund

The fund has no legal personality in Switzerland. It is not subject to either income or capital taxes.

Swiss federal withholding tax deducted on income from Switzerland can be reclaimed in full for the fund by the fund management company.

Distributions of income are subject to Swiss federal withholding tax (source tax) at 35%. Any capital gains distributed on a separate coupon or listed separately in the statement sent to investors are not subject to withholding tax.

Investors domiciled in Switzerland may reclaim the deducted withholding tax via their tax returns or by submitting a separate refund application.

Investors domiciled outside Switzerland may reclaim withholding tax under the terms of any double taxation treaty between Switzerland and their country of domicile. If no such treaty exists, the withholding tax may not be reclaimed.

This tax information is based on the current legal situation and practice. The right to amend this information in the event of changes to legislation, legal or fiscal practice is expressly reserved.

TAXATION AND THE OTHER TAX IMPLICATIONS FOR INVESTORS WHO HOLD, BUY OR SELL FUND UNITS ARE DEFINED BY THE TAX LAWS AND REGULATIONS IN THE INVESTOR'S COUNTRY OF DOMICILE.

2 Information on the fund management company

2.1 General information on the fund management company

PvB Pernet von Ballmoos AG, Zurich, is responsible for the management of the fund. It was founded as a joint-stock company on 7 July 2004 and has its registered office in Zurich.

On 31 December 2008, the subscribed share capital of the fund management company amounted to CHF 3,333,300. The share capital is divided into 33,333 registered shares of CHF 100 and has been fully paid up. Its shareholders are Christian von Ballmoos and Pascal Pernet, each with 33.79%, as well as Altium Capital AG with 25% and ABS Investment Management LLC with 7.42%. As at 31 December 2008, the fund management company managed 14 securities funds (including segments) in Switzerland with total assets of approximately CHF 550 million.

The Board of Directors of PvB Pernet von Ballmoos AG currently comprises the following persons:

Martin Vogel, Chairman

Mr. Vogel is Member of the Board of Directors. He is an entrepreneur and holds various advisory mandates and board memberships for the Julius Bär Group and other international companies. After his law studies at the University of Zurich he passed the exams as attorney of the Canton of Zurich and worked for various law firms. From 1996 until 2008 he worked in different functions at Bank Julius Bär & Co. AG, where he worked as Managing Director and Member of the Executive Board in the function of Head Product Management, Private Labelling & Global Custody before he became independent.

Christian von Ballmoos, Deputy Chairman

Mr. von Ballmoos is also a member of the Executive Board of the fund management company.

After graduating in economics (lic. oec. HSG [now the University of St. Gallen]) with a specialism in finance and capital markets in 1997, Mr. von Ballmoos worked from 1998 to 1999 at Credit Suisse Private Banking in the Special Services Team, where he was responsible for tailored investment solutions with alternative investments and corporate finance transactions. From 1999 until 2000 he was Assistant Vice President in the Product Structuring Alternative Investments department, where he was responsible for launching various investment products in the hedge fund arena. From 2001 to 2002, Mr. von Ballmoos was Vice President at Credit Suisse Financial Services; as

Subdepartment Head and Head of Product Management he was responsible for structures in connection with alternative investment products and the supervision of external asset managers. From 2003 until spring 2004, Mr. von Ballmoos was Director, Subdepartment Head and Co-Head of Private Client Sales, where he was responsible for global product distribution to private, retail and corporate banking clients.

Pascal Pernet, member

Mr. Pernet is also a member of the Executive Board of the fund management company.

After graduating in economics (lic. oec HSG [now the University of St. Gallen]) with a specialism in finance in 1997 and gaining his doctorate with a specialism in banking and finance in 1998, Mr. Pernet worked in the Special Services Team of Credit Suisse Private Banking in Zurich and New York from 1998 to 1999. From 1999 until 2000, he was Assistant Vice President in product structuring for alternative investments at Credit Suisse Private Banking in Zurich; there he was responsible for structuring numerous investment companies, certificates and capital-protected notes in the alternative investment strategies area. From 2001 until 2002 he was Vice President, Subdepartment Head and Head of Product Incubation & Sales at Credit Suisse Financial Services. There he held worldwide responsibility for the development and distribution of new investment products in private and affluent banking, with a special focus on alternative investment strategies. From 2003 until spring 2004, as Director, he was Subdepartment Head and Co-Head of Private Client Sales at Credit Suisse Financial Services, Zurich. There he was responsible for global product distribution for private, retail and corporate clients with a special focus on alternative investment strategies.

The Executive Board comprises Pascal Pernet and Christian von Ballmoos. Pascal Pernet is a member of the Executive Board, and is responsible for Compliance and Distribution. Christian von Ballmoos is a member of the Executive Board, and is responsible for Finance, Tax and Controlling at PvB Pernet von Ballmoos AG:

2.2 Asset manager

Deutsche Bank (Schweiz) AG with its locations in Geneva, Zurich, Lugano and a representation office in St. Moritz is a subsidiary of Deutsche Bank AG and hence has direct access to the network and knowhow of a global financial

service provider. The private wealth management of Deutsche Bank (Schweiz) AG manages more than 54 Mrd. CHF in assets. More than 800 employees focus on delivering first class advisory and asset management services for a demanding Swiss and international client base. A special service for the Swiss market is the management of indirect real estate investments, a tradition of the former Rüd, Blass Private Bank, which was integrated into Deutsche Bank (Schweiz) AG in June 2009.

Pierre de Weck, Chairman Board of Directors

Mr. de Weck studied mechanical engineering at the Swiss Federal Institute of Technology in Zurich until 1973 and he received his Master of Science in Management from the Massachusetts Institute of Technology in 1976. In 1985 he joined Union Bank of Switzerland, where he served as CEO for the US and Canadian markets from 1987 to 1992. In 1994 he was appointed as Member of the Group Executive Board with responsibility for the Global Corporate and Institutional Division. After the merger with Swiss Banking Corporation in 1998 he was appointed as Member of the Group Executive Board in the new organisation.

Mr. de Weck moved to Deutsche Bank AG in April 2002 where he was appointed Global Head of Private Wealth Management and Member of the Executive Board.

Rudolf W. Hug, Member of the Board of Directors

Rudolf W. Hug participated in 1985 in the executive program of the Graduate School of Business at Stanford University. He worked from 1977 until 1997 in different positions at Credit Suisse where he was the Head of the International Division and Member of the Executive Board of Credit Suisse and Credit Suisse First Boston between 1987 and 1997. Since 1998 he acts as an independent management consultant and holds various board mandates, i. e. as Chairman of the Board of Directors of Panalpina and as Deputy Chairman of the Board of Directors of Deutsche Bank (Schweiz) AG. Mr. Hug is a Swiss citizen and holds a PHD in law of the University of Zurich, as well as an MBA of INSEAD in Fontainebleau (France).

Marco Bizzozero, CEO

Marco Bizzozero is Chief Executive Officer of Deutsche Bank (Schweiz) AG, Head of Private Wealth Management NEMEA (Northern Europe, Eastern Europe, Switzerland, Middle East and Africa), Chief Country Officer Switzerland as well as member of the Deutsche Bank Private Wealth Management Global Executive Committee. Since his start in the Private Wealth Management of

Deutsche Bank in 2004 he was the responsible Managing Director till April 2009 for the Private Equity Group, a private equity investment platform targeting high net worth individuals and institutional investors around the globe. Before joining Deutsche Bank in 2004 he was Head of Private Equity Secondary Investments at LGT Capital Partners, a leading firm for alternative asset management. Between 1994 and 2004, Mr. Bizzozero had different positions at UBS in Switzerland, London and New York. Mr. Bizzozero is Swiss citizen and holds a Master Degree in Finance and Economics from the University of St. Gallen (lic. oec. HSG), Switzerland.

Dr. Hans-Jürgen Koch, member of the Executive Board

Dr. Hans-Jürgen Koch graduated in politics, German literature and oriental studies from the University of Freiburg (Germany) with a Master of Arts and PhD. Following subsequent scholarships in New York and Cairo and three years' scientific work at the Arnold-Bergstraesser-Institut, he joined Deutsche Bank AG in Freiburg as a trainee in 1988. Before being appointed Head of the Deutsche Bank Representative Office for the Gulf region in Manama (Bahrain) in 1991, he spent several years working in the corporate clients area. In 1995 he joined Deutsche Bank (Switzerland) AG, initially as Head of the Global Market Team for Middle East & Africa.

Dr. Koch has managed Deutsche Bank's Private Wealth Management International unit from January 2004 till 2008. Until 2009 he was also Chief Executive Officer of Deutsche Bank (Schweiz) AG. Since May 2009 Dr. Koch is responsible for the Global Market Team Middle East & Africa. Dr. Koch is German citizen.

Jürgen Dobritzsch, member of the Executive Board

Jürgen Dobritzsch started in 1975 with Deutsche Bank. After a three years apprenticeship in Hamburg and over a decade in Credit Risk Management, Mr. Dobritzsch worked from 1989 until 1992 in the Relationship Management for Financial Institutions in Frankfurt and New York. Before working in New York and Frankfurt for the Global Business Area Controlling (BAC) of various divisions between 1997 and 2006 he was Global Head of Marketing & Business Development, Financial Institutions in Frankfurt. In his current function (since 2006) as CFO Private Wealth Management as well as Head of Finance Switzerland, Mr. Dobritzsch is a Member of the Executive Board of Deutsche Bank (Schweiz) AG. Mr. Dobritzsch is German citizen.

Colin Woolcock, member of the Executive Board

Colin Woolcock is Head of Private Wealth Management SELA (Southern Europe, Latin America) and Head of Financial Intermediaries Group of Deutsche Bank (Schweiz) AG. Before he joined Deutsche Bank (Schweiz) AG in 2005, Mr. Woolcock was partner of Socinvest Finance SA – an independent asset manager focused on Latin-American clients. Before that Mr. Woolcock worked 22 years for Citibank in various investment- and corporate banking responsibilities in Switzerland, Indonesia, Brazil, Spain, Venezuela, as well as Argentina. Mr. Woolcock was born in Uruguay and holds also the British citizenship. He holds a degree of the Universidad Catolica in Argentina.

2.3 Exercising of membership and creditors' rights

The fund management company exercises the membership and creditors' rights associated with the investments of the funds it manages independently and exclusively in the interests of the investors. The fund management company will, upon request, provide the investors with information on exercising of membership and creditors' rights. In the case of scheduled routine transactions, the fund management company is free to exercise membership and creditors' rights itself or to delegate their exercise to the custodian bank or a third party. In the case of all other events that might have a lasting impact on the interests of the investors, such as, in particular, the exercise of membership and creditors' rights the fund management company holds as a shareholder or creditor of the custodian bank or another related legal entity, the fund management company will exercise the voting rights itself or issue explicit instructions. In such cases, it may base its actions on information it receives from the custodian bank, the portfolio manager, the company or from third parties. The fund management company is free to waive the exercise of membership and creditors' rights.

3 Information on the custodian bank

Custodian bank activities are carried out by Banque Cantonale Vaudoise ("BCV"). BCV was founded on 19 December 1845 by the Vaud Cantonal Parliament as a corporation organized under public law. The duration of the Bank is unlimited. Its registered office and Executive Board are at place St-François 14, 1003, Lausanne, Switzerland. BCV may establish subsidiaries, bank branches, branch offices, or representative offices.

With more than 150 years of experience, nearly 2,000 employees and over 70 branch outlets in Vaud Canton, BCV operates as a full-service bank with a community focus. As such, it contributes to the development of all sectors of the economy of its home region and to the financing of public-sector entities, and helps meet demand for mortgage lending in the Canton. To do this, the bank carries out the full range of banking activities either for its own account or for that of third parties (pursuant to Article 4 of the Cantonal Act Governing the Organization of Banque Cantonale Vaudoise and Article 4 of BCV's Articles of Association). The Bank conducts its business primarily in the Canton of Vaud; in the interests of the cantonal economy, it may do business elsewhere in Switzerland and abroad. As a cantonal bank, BCV has a particular concern for the development of Vaud Canton's economy, in keeping with the principles of economically, environmentally and socially sustainable development. The custodian bank may delegate the safekeeping of the fund's assets to third party custodians and collective securities depositories in Switzerland or abroad. In such cases it is liable for applying due diligence when choosing and instructing the third parties, as well as monitoring their constant compliance with the selection criteria. The use of third party custodians and collective securities are no longer owned solely by the fund management company, which instead becomes only a co owner.

4 Information on third parties

4.1 Paying agents

Banque Cantonale Vaudoise, P.O Box, CH-1001 Lausanne, together with all its branches, acts as paying agent in Switzerland.

4.2 Auditor

KPMG AG, Badenerstrasse 172, CH-8026 Zurich, has been appointed as auditor to the fund.

5 Further information

5.1 Key data

Security numbers:	4,734,863 (Class A (CHF); 4,734,865 (Class A (EUR); 4,734,867 Class I (CHF); 4,734,869 Class I (EUR)
ISIN:	CH0047348633 Class A (CHF); CH0047348658 Class A (EUR); CH0047348674 Class I (CHF); CH0047348690 Class I (EUR)
Listing:	None; fund units are issued and redeemed weekly at the net asset value.
Financial year:	1 October to 30 September, and for the first time on 30 September 2009
Term:	Unlimited
Unit classes:	A (CHF); A (EUR); I (CHF); I (EUR)
Units:	In bearer form; in principle, the units are held in book-entry form. Investors cannot request the delivery of their units.
Distributions:	The fund's income is in principle distributed on an annual basis. Capital gains are not generally distributed, and are instead retained for reinvestment.

5.2 Terms for the issue and redemption of fund units

Fund units are issued and redeemed on the third bank working day of each week ("valuation day"; normally Wednesdays). No valuation, issuance or redemption takes place at the registered office of the fund management company and custodian bank on public holidays (Easter, Whitsun, Christmas, New Year, Swiss National Day, etc.) or on days when 50% or more of the fund's investments cannot be properly valued or in the event of extraordinary circumstances as defined in § 18 prov. 4 of the fund contract. The fund management company and the custodian bank are entitled to refuse subscription applications at their own discretion.

The order day is the bank working day on which an order for subscription or redemption of fund units is received by the custodian bank. Subscription and redemption orders received by the custodian bank no later than 12.00 (cut-off time) two bank working days prior to the next valuation day will be settled on the next valuation day on the basis of the net asset value calculated on that day.

Therefore, the net asset value of a unit for settlement purposes is not known at the time the order is placed (forward pricing). It is calculated on the valuation day based on the closing prices of the preceding bank working day (normally the closing prices for Tuesday) or, if the fund

management company does not believe that this reflects the true market value, at the prices last available at the time of the valuation. If, due to special circumstances, a valuation in accordance with the above rule proves to be impossible or inaccurate, the fund management company is entitled to apply all other generally recognized and verifiable valuation criteria in order to achieve a fair valuation of the fund's net assets.

The net asset value of a unit in a particular class is obtained by calculating the share of that class in the market value of fund assets attributable to the class, subtracting any liabilities of the fund attributable to that unit class, and dividing the result by the number of units of that class in circulation. It is rounded mathematically to the nearest 0.01 CHF or 0.01 EUR.

The issue price of a unit class corresponds to the net asset value of such class as calculated on the valuation day, plus the issuing commission. The level of issuing commission is defined in prov. 5.3 below.

The redemption price of a unit class corresponds to the net asset value of such class as calculated on the valuation day.

Additional expenses (standard brokerage charges, fees, taxes, etc.) incurred by the fund in connection with the investment of the amount paid in, or with the sale of a redeemed portion of investments corresponding to the unit, will be charged to the fund's assets.

Payment is made three bank working days after the valuation date (value date plus 3 bank working days).

As a rule, units shall not take the form of actual certificates but shall exist purely as book entries.

5.3 Fees and incidental costs

For the management, administration and distribution of the fund, the fund management company shall charge the fund a management fee, to be charged to the fund's assets on a pro rata basis every time the net asset value is calculated and paid out at the end of each month. The management fee currently amounts to a maximum of 2.0% p.a. of the net asset value (flat fee).

Additional expenses (standard brokerage charges, fees, taxes, etc.) incurred by the fund in connection with the investment of the amount paid in, or with the sale of a redeemed portion of investments corresponding to the unit, will be charged to the fund's assets.

For the safekeeping of the fund's assets, the handling of the fund's payment transactions and performance of the other tasks of the custodian bank listed under § 4 of the fund contract, the

custodian bank shall charge an annual commission of up to 0.20% to the fund's assets, levied on a pro rata basis each time the net asset value of the fund's assets is calculated and paid out at the end of each month. The rate actually charged is listed in the annual and semi-annual reports.

For payment of the annual income to investors, the custodian bank charges the fund a maximum commission of 0.20% of the gross amount of the distribution.

Furthermore, the fees and incidental costs listed under § 20 may also be charged to the fund.

The issuing commission payable to the fund management company and distributors is a maximum of 3%.

No redemption commission is charged.

The management fee of the target funds in which the fund is invested must not exceed 2%. The maximum rate of management fee for the target funds in which the fund is invested must be indicated in the annual report.

5.3.1 Remuneration due to distributors

The fund management company may pay reimbursements from the distribution component to the following qualified investors who, from a commercial perspective, hold the fund units for third parties:

- life insurance companies;
- pension funds and other retirement provision institutions;
- investment foundations;
- Swiss fund management companies;
- foreign fund management companies and providers;
- investment companies.

The fund management company may also pay remuneration from the distribution component to the following distributors and sales partners:

- authorized distributors pursuant to Art. 19 para. 1 CISA;
- fund management companies, banks, securities dealers, Swiss Post and insurance companies;
- distribution partners which place fund units exclusively with qualified investors with professional treasury operations;
- asset managers.

Remuneration payable to distributors amounts to a maximum of 1.0% p.a. of the net asset value and is not charged to the fund's assets but is instead paid out of the fees accruing to the fund management company (management fees). These fees are calculated on a pro-rata basis in accordance with the portfolio of fund units at the

end of the month and transferred to the distributors.

5.3.2 TER and PTR

Immediately following publication of the first set of annual financial statements, the fund management company will publish the total expense ratio (TER) and portfolio turnover rate (PTR) at this location in the prospectus and in the simplified prospectus.

5.3.3 Investments in linked collective investment schemes

In the case of collective investment schemes which are managed directly or indirectly by the fund management company itself or by a company with which the fund management company is linked by way of common management or control or by way of a direct or indirect interest of more than 10% of the capital or votes, no issuing or redemption fees and no management fees are charged pursuant to § 20 of the fund contract.

5.3.4 Soft commissions – fee-sharing agreements

The fund management company has not concluded any fee-sharing agreements or agreements in respect of "soft commissions".

5.4 Publication of official notices by the fund

Further information on the fund is contained in the latest annual and semi-annual reports. In addition, the latest information can be found on the Internet at www.pvbswiss.com.

The prospectus with integrated fund contract, simplified prospectus and latest annual or semi-annual report may be obtained free of charge on the Internet at www.pvbswiss.com, or from the fund management company, custodian bank, Deutsche Bank (Schweiz) AG and all distributors.

In the event of an amendment to the fund contract, a change of fund management company or custodian bank, or a dissolution of the fund, a corresponding notice will be published by the fund management company in the Swiss Official Commercial Gazette ("Schweizerische Handelsamtsblatt", SHAB) and on www.fundinfo.com.

The latest issue and redemption prices, or net asset value, are published daily with the note "exclusive of commission" for all classes of units. Prices are published in the "Neue Zürcher

Zeitung" and in the electronic media, for instance at www.pvbswiss.com.

5.5 Sales restrictions

If units of the fund are issued or redeemed abroad, the regulations valid in the country in question shall apply.

Units of the fund may not be offered, sold or delivered within the USA or to persons resident in the USA.

5.6 Detailed provisions

All other information on the fund, such as the valuation of the fund's assets, the list of all fees and expenses charged to the investor and the fund and the appropriation of income, is shown in detail in the fund contract.

Part II: Fund Contract

Rüd Blass Swiss Real Estate Fund of Funds

A) Basic principles

§ 1 Name of the fund; name and registered office of the fund management company and the custodian bank

1. Under the name Rüd Blass Swiss Real Estate Fund of Funds, an investment fund in the category "Other funds for traditional investments" (hereinafter the "fund") has been established in accordance with Art. 25 in conjunction with Art. 70 of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA).

2. PVB Pernet von Ballmoos AG, Zurich, is the fund management company.

3. Banque Cantonale Vaudoise, Lausanne, is the custodian bank.

B) Rights and obligations of the parties to the contract

§ 2 The fund contract

The legal relationship between the investor on the one hand and the fund management company and the custodian bank on the other shall be governed by the present fund contract and the applicable provisions of the legislation on collective investment schemes.

§ 3 The fund management company

1. The fund management company manages the fund at its own discretion and in its own name, but for the account of the investors. It decides in particular on the issue of units, the assets and their valuation. It calculates the net asset value (NAV) and sets the issue and redemption prices and profit distributions. It exercises all rights associated with the fund.

2. The fund management company and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests

of the investors. They implement the organizational measures that are necessary for proper management. They ensure the provision of transparent financial statements and provide appropriate information about the fund.

3. The fund management company can delegate investment decisions as well as other specific tasks, provided that this is in the interests of efficient management. It shall commission only those persons who are properly qualified to execute the task, and ensure the instruction, monitoring and control necessary with respect to implementation of the tasks assigned. The fund management company shall be liable for the actions of its authorized agents as if they were its own actions.

4. The fund management company may file amendments to the present fund contract with the supervisory authority, subject to the approval of the custodian bank (see § 27).

5. The fund management company can merge any of the investment funds it manages pursuant to the provisions set down under § 25 and can liquidate any of the investment funds it manages pursuant to the provisions set down under § 26.

6. The fund management company is entitled to the fees provided for in § 19 and § 20, to release from obligations entered into in the proper performance of its duties, and to reimbursement of expenses incurred in meeting these obligations.

§ 4 The custodian bank

1. The custodian bank acts as custodian of the fund's assets. It handles the issue and redemption of units as well as payments on behalf of the fund.

2. The custodian bank and its agents are subject to the duties of loyalty, due diligence and disclosure. They act independently and exclusively in the interests of the investors. They implement the organizational measures that are necessary for proper management. They ensure the provision of transparent financial statements and provide appropriate information about the fund.

3. The custodian bank may delegate the safekeeping of the fund's assets to third-party custodians and collective securities depositories in Switzerland or abroad. It is liable for applying due diligence when choosing and instructing the third party, as well as for monitoring that such third party complies at all times with the selection criteria. The prospectus contains information on the risks involved.

4. The custodian bank ensures that the fund management company complies with the law and the fund contract. It checks whether the calculation of the net asset value and of the issue and redemption prices of the units as well as the investment decisions are in compliance with the law and the fund contract, and whether the income is appropriated in accordance with the fund contract. The custodian bank is not responsible for the choice of investments which the fund management company makes in accordance with the investment regulations.

5. The custodian bank is entitled to the fees provided for in § 19 and § 20, to release from obligations entered into in the proper performance of the fund contract, and to reimbursement of expenses incurred in meeting these obligations.

6. The custodian bank is not liable for the safekeeping of the assets of the target funds in which this fund invests, unless this task has been delegated to it.

§ 5 The investors

1. By signing the contract, and through their payment in cash, the investors acquire claims on the fund management company to a share in the assets and income of the fund. The investors' claims are evidenced in the form of fund units.

2. The investors are only obliged to remit payment for the units of the fund they subscribe. They shall not be held personally liable for the liabilities of the fund.

3. Investors may at any time request that the fund management company supply them with the necessary information regarding the basis on which the net asset value per unit is calculated. If investors express an interest in more detailed information on specific business transactions effected by the fund management

company, such as the exercising of membership and creditors' rights, they must be given such information by the fund management company at any time. The investors may request at the courts of the registered office of the fund management company that the auditors or another expert investigate the matter which requires clarification and furnish the investors with a report.

4. Subject to the required period of notice, the investors may withdraw from the fund contract any week by requesting that their units in the fund be redeemed in cash.

5. If requested, the investors are obliged to provide the fund management company, custodian bank and their agents with proof that they comply with or continue to comply with the provisions laid down in the law or the fund contract in respect of participation in the fund or in a unit class. Furthermore, they are obliged to inform the fund management company, custodian bank and their agents immediately once they no longer meet these prerequisites.

6. The fund management company in conjunction with the custodian bank must make an enforced redemption of the units of an investor at the current redemption price if:

- a) this is necessary to safeguard the reputation of the financial market, specifically to combat money laundering;
- b) the investor no longer meets the statutory or contractual requirements for participation in this fund.

7. In addition, the fund management company in conjunction with the custodian bank can also make an enforced redemption of the units of an investor at the current redemption price if:

- a) the participation of the investor in the fund is such that it could have a significant detrimental impact on the economic interests of the other investors, in particular if the participation could result in tax disadvantages for the fund in Switzerland or abroad;
- b) the investors have acquired or hold their units in violation of provisions of a law to which they are subject either in Switzerland or abroad, of the present fund contract or the prospectus;
- c) there is a detrimental impact on the economic interests of the investors, in particular in cases where individual

investors seek by way of systematic subscriptions and immediate redemptions to achieve a pecuniary gain by exploiting the time differences between the setting of the closing prices and the valuation of the fund's assets (market timing).

§ 6 Units and unit classes

1. The fund management company can establish different unit classes and can also merge or dissolve unit classes at any time subject to the consent of the custodian bank and the approval of the supervisory authority. All classes of units embody an entitlement to a share in the undivided assets of the fund, which are not segmented. This share may differ due to class-specific costs or distributions or class-specific income and the various classes may therefore have different net asset values per unit. Class-specific costs are covered by the assets of the fund as a whole.

2. Notification of the establishment, dissolution or merger of unit classes shall be published in the media of publication. Only mergers shall be deemed a change to the fund contract pursuant to § 27.

3. The various unit classes may differ from one another in terms of their cost structure, reference currency, currency hedging, policy with regard to distribution or reinvestment of income, the minimum investment required and investor eligibility.

Fees and costs are only charged to the unit class for which the respective service is performed. Fees and costs that cannot be unequivocally allocated to a unit class shall be charged to the individual unit classes on a pro rata basis in relation to their share of the fund's assets.

4. The following classes of unit currently exist:

- A (CHF): all types of investor, whole units only, minimum initial investment of one unit;
- I (CHF): all types of investor, whole units only, minimum initial investment of CHF 1 million;
- A (EUR): all types of investor, whole units only, minimum initial investment of one unit;
- I (EUR): all types of investor, whole units only, minimum initial investment of EUR equivalent of CHF 1 million;

The various unit classes are denominated in different currencies; the fund's unit of account is the Swiss franc (CHF).

5. Units do not take the form of actual certificates but exist purely as book entries. The investor is not entitled to request delivery of a certificate for the units.

6. The fund management company is obliged to instruct investors who no longer meet the prerequisites for holding a unit class to ensure within 30 calendar days that their units are redeemed pursuant to § 18, transferred to a person who does meet the aforementioned prerequisites, or switched into units of another unit class whose prerequisites they do meet. If an investor fails to comply with this demand, the fund management company may, in cooperation with the custodian bank, make an enforced switch into another unit class of this fund or, should this not be possible, enforce the redemption of the units in question pursuant to § 5 prov. 6.

C) Investment policy guidelines

I. Investment principles

§ 7 Compliance with investment regulations

1. In selecting the individual investments, the fund management company adheres to the principle of balanced risk diversification by complying with the percentage limits defined below. These percentages relate to the fund's assets at current values and must be complied with at all times. The fund must have fulfilled the terms of the investment restrictions no later than six months after the subscription period (launch).

2. If the limits are exceeded as a result of changes in the market, the permitted levels of investment must be restored within a reasonable period while safeguarding the interests of investors. If the limits relating to derivatives pursuant to § 12 below are exceeded due to a change in the delta, this is to be rectified within three bank working days at the latest while safeguarding the interests of investors.

§ 8 Investment policy

1. The fund management company may invest the assets of this fund, which is managed as a fund of funds, in the following instruments. The risks associated with these investments must be disclosed in the prospectus.

- a) Bulk issues of securities and uncertificated rights having the same function of investment companies which invest primarily in real estate in Switzerland and are traded on the Swiss exchange or another regulated market open to the public, and which embody a participation right or claim or the right to acquire such securities and uncertificated rights by way of subscription or exchange, for example warrants;

Investments in securities from new issues are only permitted if their admission to the Swiss exchange or another regulated market open to the public is envisaged under the terms of issue. If they have not been admitted to an exchange or other regulated market open to the public within a year after their acquisition, these securities must be sold within one month or included under the restriction set down in prov. 1 g);

- b) Derivatives, if (i) the underlying securities are securities pursuant to a), derivatives pursuant to b), units in collective investment schemes pursuant to c) and d), money market instruments pursuant to e), financial indices, interest rates, exchange rates or currencies, and (ii) the underlying securities are permitted as investments under the fund contract. Derivatives are either traded on an exchange or other regulated market open to the public, or are traded OTC. Investments in derivatives traded OTC (OTC transactions) are only permitted if (i) the counterparty is a regulated financial intermediary specializing in such transactions, and (ii) the OTC derivatives can be traded daily or a return to the issuer is possible at any time. In addition, it shall be possible for them to be valued in a reliable and transparent manner. Derivatives may be used pursuant to § 12.
- c) Units of listed real estate funds based on Swiss law (contractual investment funds pursuant to CISA) and investment companies with variable capital (SICAVs pursuant to CISA), which invest primarily in real estate in Switzerland and are traded on the Swiss exchange ("target funds I");

- d) Units of unlisted, open or closed-end collective investment schemes (investment funds, LPCIs, SICAFs) which invest primarily in real estate in Switzerland, provided that (i) their documents restrict investments for their part in other investment vehicles funds to a total of 20%; (ii) these target funds are subject to provisions set down in writing with respect to the purpose, organization, investment policy, investor protection, risk diversification, asset segregation, borrowing, lending, short-selling of securities and money market instruments, the issuing and redemption of fund units and the content of the semi-annual and annual reports, and that such provisions meet standard market conditions ("target funds II");
- e) Money market instruments, provided they are liquid, can be readily valued and are traded on an exchange or other regulated market open to the public; money market instruments which are not traded on an exchange or other regulated market open to the public may only be acquired if the issue or issuer is subject to provisions regarding creditor or investor protection and if the money market instruments are issued or guaranteed by issuers pursuant to Art. 74 para. 2 CISO.
- f) Sight or time deposits with a term to maturity not exceeding twelve months with banks domiciled in Switzerland or in a member state of the European Union or in another country provided that the bank is subject to supervision in this country which is equivalent to the supervision in Switzerland;
- g) Investments other than those specified in a) to f) up to a total of 10% of the fund's assets. The following are not permitted: (i) investments in precious metals, precious metals certificates, commodities and commodity certificates as well as (ii) short-selling of investments in accordance with a to e) above.

2. By means of active management and through indirect investments in the Swiss real estate sector, the fund pursues its objective of generating an overall return in CHF that is in excess of the benchmark specified in the prospectus.

3. After deduction of liquid assets, the fund management company shall observe the following restrictions in relation to the investment of the fund's assets:

- Target funds I: minimum 30%, maximum 100%;
- Target funds II: minimum 0%, maximum 20%;
- Target funds total: minimum 50%;
- Equities and equity-type securities: minimum 0%, maximum 50%;
- Bonds (including convertible bonds, convertible loans and convertible notes): minimum 0%, maximum 20%;
- Money market instruments: maximum 20%.

The fund management company ensures at all times that this real estate fund of funds has invested at least two thirds of its assets on a consolidated basis in property located in Switzerland.

4. Subject to the provisions of § 20, the fund management company may acquire units of target funds which are managed directly or indirectly by the fund management company itself or by a company with which it is linked by way of common management or control or by way of a direct or indirect interest of more than 10% of the capital or votes.

§ 9 Liquid assets

The fund management company may also hold liquid assets in an appropriate amount in the unit of account of the fund and in any other currency in which investments are permitted. Liquid assets comprise bank credit balances at sight and on demand with maturities of up to twelve months.

II. Investment techniques and instruments

§ 10 Securities lending

The fund management company does not engage in securities lending transactions.

§ 11 Repurchase agreements

The fund management company does not engage in repurchase agreements.

§ 12 Derivatives

1. Derivatives form part of the investment strategy and with a view to the efficient management of the portion of the fund's assets that is not invested in target funds are not used solely to hedge investment positions. With regard to the portion of the fund assets that is

invested in target funds, the fund management company may only use derivatives for the purpose of currency hedging. The fund management company will ensure that the use of derivatives does not in its financial effect, even under extraordinary market circumstances, result in a deviation from the investment objectives set out in the present fund contract, in the prospectus and in the simplified prospectus, and that it does not alter the investment character of the fund. Furthermore, the underlyings of the derivatives must be permitted as investments according to the present fund contract.

The collective investment schemes legislation envisages three risk assessment processes for the use of derivatives: the commitment approaches I and II for "simple investment funds" and the model approach combined with stress tests for "complex investment funds".

Commitment approach I is a simplified process and its defining characteristic is that the use of derivatives must not have a leverage effect on the fund's assets or correspond to short-selling. Commitment approach II is an extended process. Both leverage and short-selling are permitted. The overall exposure of an investment fund may thus be up to 200% of its net fund assets (and even up to 210% if borrowing is taken into account). In the case of the model approach, the risk is measured daily as the value-at-risk (VaR) with a 99th percentile confidence interval and a holding period of 20 trading days; it may not exceed twice the VaR of a derivative-free benchmark portfolio. Stress tests are also to be carried out on a periodic basis.

2. Based on its envisaged use of derivatives, this fund qualifies as a "simple investment fund". The commitment approach I is applied for the assessment of risk. The use of derivatives therefore does not result in a leverage effect on the fund's assets, nor does it correspond to short-selling. The fund management company must at all times be able to meet the payment and delivery obligations entered into in respect of the derivatives from the assets of the fund in accordance with collective investment schemes legislation.

3. Only basic forms of derivatives may be used. These comprise:

- a) Call or put options whose value at expiration is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price and is zero if the difference is preceded by the opposite algebraic sign.

- b) Future and forward transactions whose value is linearly dependent on the value of the underlying.

4. In its financial effect, the use of derivatives is similar to either the sale (exposure-reducing derivative) or purchase (exposure-increasing derivative) of an underlying.

5.

- a) In the case of exposure-reducing derivatives, the commitments entered into must, subject to b) and d), at all times be covered by the assets underlying the derivative financial instrument.
- b) Cover with investments other than the underlyings shall be permitted in the case of exposure-reducing derivatives that relate to an index which is:
- calculated by an independent external office;
 - representative of the investments serving as cover;
 - reasonably well correlated with these investments.
- c) The fund management company must at all times be able to dispose of these underlyings or investments without restriction. Underlyings or investments may be used to cover several exposure-reducing derivatives at the same time if they are subject to a market risk, a credit risk or currency risk and are based on the same underlyings.
- d) An exposure-reducing derivative can be weighted by the delta in the calculation of the corresponding underlyings.

6. In the case of exposure-increasing derivatives, the underlying equivalents must at all times be covered by near-money assets. In the case of futures, forwards and swaps, the underlying equivalent is determined by taking the product of the number of contracts and the contract value. In the case of options, it is determined by taking the product of the number of contracts, the contract value and the delta (provided one has been calculated). Near-money assets can be used as cover for several exposure-increasing derivatives at the same time, provided these are subject to a market or credit risk and are based on the same underlyings.

7. The fund management company may use both standardized and non-standardized derivatives. It can conduct transactions in derivatives on an exchange, other regulated

market open to the public, or in OTC (over-the-counter) trading.

8.

The fund management company may conclude OTC transactions only with regulated financial intermediaries specialized in such types of transactions that ensure proper execution of the contract. If the counterparty is not the custodian bank, the former or the guarantor must meet the minimum credit rating requirements laid down in collective investment schemes legislation under Art. 33 CISO-FINMA.

- a) It must be possible to reliably and verifiably value an OTC derivative on a daily basis and to sell, liquidate or close out the derivative at market value at any time.
- b) If no market prices are available for an OTC-traded derivative, there must be a transparent means of determining the price at all times using recognized and appropriate valuation models on the basis of the current value of the underlying securities. Moreover, before concluding such transactions the fund management company must obtain specific offers from at least two potential counterparties and must accept the most favourable offer, taking into account the price, credit rating, risk distribution and the range of services offered by the counterparties. The conclusion of the transaction and pricing shall be clearly documented.

9. In monitoring the derivatives' compliance with legal and contractual investment restrictions (upper and lower limits), the legislation on collective investment schemes must be taken into account.

10. The prospectus also contains information:

- on the significance of derivatives in terms of the investment strategy;
- on the impact which the use of derivatives has on the fund's risk profile;
- on the counterparty risks of derivatives.

§ 13 Taking up and extending loans

1. The fund management company may not grant loans for the fund's account.

2. The fund management company may borrow the equivalent of up to 10% of the fund's net assets.

§ 14 Encumbrance of the fund's assets

1. The fund management company may not pledge more than 10% of the fund's net assets as collateral or transfer ownership thereof.
2. The fund's assets may not be encumbered with guarantees.

§ 15 Short selling

No short selling is conducted.

III. Investment restrictions

§ 16 Risk diversification

1. The regulations on risk diversification pursuant to § 16 shall include the following:
 - a) investments pursuant to § 8, with the exception of index-based derivatives, provided the index is sufficiently diversified, is representative of the market it relates to and is published in an appropriate manner;
 - b) liquidity as per § 9;
 - c) claims against counterparties arising from OTC transactions.
2. Companies which are classified as a group under international accounting rules shall be regarded as one issuer.
3. Including derivatives, the fund management company must not invest more than 15% of the fund's assets in securities and money market instruments of the same issuer. The total value of the securities and money market instruments of the issuers in which more than 5% of the fund's assets are invested must not exceed 40% of the fund's assets, subject to the provisions of provs. 4 and 5. Units of collective investment schemes are not deemed to be securities and are therefore not subject to these restrictions.
4. The fund management company must not invest more than 20% of the fund's assets in sight and time deposits with the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 shall be included in this limit.

5. The fund management company must not invest more than 5% of the fund's assets in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union or another country in which it is subject to supervision equivalent to that in Switzerland, this limit shall be increased to 10% of the fund's assets.

6. Investments, deposits and claims as per provs. 3 to 5 above and issued by the same issuer/borrower must not in overall terms exceed 20% of the fund's assets, subject to the higher limits as per provs. 12 and 13 below.

7. Investments as per prov. 3 above of the same group of companies may not in total exceed 20% of the fund's assets, subject to the higher limits as per provs. 12 and 13 below.

8. For investments in target funds, the following percentage restrictions shall apply: no more than 20% of the fund's assets may be invested in a single target fund.

9. The fund management company may not acquire participation rights which in total represent more than 10% of the voting rights in an issuer or which would enable it to exert a material influence on the management of such issuer, unless an exception is granted by the supervisory authority.

10. The fund management company may acquire for the fund's assets up to 10% of the non-voting equity and debt instruments and/or money market instruments of the same issuer as well as a maximum of 25% of the units of other collective investment schemes.

These restrictions do not apply if the gross amount of the debt instruments, money market instruments or the units of other collective investment schemes cannot be calculated at the time of the acquisition.

11. The limits defined in provs. 9 and 10 above shall not apply to securities and money market instruments which are issued or guaranteed by a state or a public body from the OECD or by international organizations of a public nature to which Switzerland or a member state of the European Union belongs.

12. The 15% limit specified in prov. 3 above is raised to 35% if the securities or money market instruments are issued or guaranteed by an

OECD country, a public body from the OECD or by an international organization of a public nature to which Switzerland or a member state of the European Union belongs. The aforementioned securities or money market instruments will not be taken into account in the application of the 40% limit pursuant to prov. 3. However, the individual limits specified in provs. 3 and 5 may not be added together with the existing limit of 35%.

13. The 15% limit specified in prov. 3 is raised to 50% if the securities or money market instruments are issued or guaranteed by an OECD country, a public body from the OECD or by an international organization of a public nature to which Switzerland or a member state of the European Union belongs. In such cases, the fund must invest in securities or money market instruments from at least six different issues; no more than 30% of the fund's assets may be invested in securities or money market instruments from the same issue. The aforementioned securities or money market instruments will not be taken into account in the application of the 40% limit pursuant to prov. 3.

The aforementioned authorized issuers/guarantors are countries of the OECD.

D) Calculation of the net asset value and issue and redemption of units

§ 17 Calculation of the net asset value

1. The net asset value of the fund and the share of assets attributable to the individual classes (quotas) are calculated in Swiss francs (CHF) at the market value as of the end of the financial year and for each day on which units are issued or redeemed. No calculation of the fund's assets takes place on days when the stock exchanges of the main investment countries are closed (e.g. bank holidays).

2. In the case of listed investments or those traded on another regulated market open to the public, the current value corresponds to the prices paid on the main market. If no current prices are obtainable for these investments or for other items or rights, they shall be valued at the price that would probably be obtained upon a diligent sale at the time of appraisal. In such cases, the fund management company shall use appropriate and recognized valuation models and principles to determine the market value.

3. Open-ended collective investment schemes are valued at their redemption price/net asset value. If they are regularly traded on an exchange or other regulated market open to the public, the fund management company can value such funds in accordance with prov. 2.

4. The value of money market instruments which are not traded on an exchange or other regulated market open to the public is determined as follows: the valuation price of such investments is successively adjusted in line with the repayment price, taking the net purchase price as the basis and ensuring that the investment returns calculated in this manner are kept constant. If there are significant changes in the market conditions, the valuation principles for the individual investments will be adjusted in line with the new market returns. If there is no current market price in such instances, the calculations are as a rule based on the valuation of money market instruments with the same characteristics (quality and domicile of the issuer, issuing currency, term to maturity).

5. Bank deposits are valued on the basis of the amount due plus accrued interest. If there are significant changes in the market conditions or credit ratings, the valuation principles for time deposits will be adjusted in line with the new situation.

6. The net asset value of a unit in a particular class is obtained by calculating the share of that class in the market value of fund assets attributable to the class, subtracting any liabilities of the fund attributable to that unit class, and dividing the result by the number of units of that class in circulation. It is rounded mathematically to the nearest 0.01 CHF or 0.01 EUR.

7. The share of the market value of the fund's net assets (total assets minus liabilities) attributable to the respective classes of units is determined for the first time at the initial issue of more than one class of units (if this occurs simultaneously) or the initial issue of a further class of units. The calculation is made on the basis of the assets accruing to the fund for each class of units. The share is recalculated when one of the following events occurs:

- a) upon the issuance and redemption of units;
- b) on the key date for distributions, provided (i) such distributions relate only to individual unit classes (distribution classes) or provided (ii) the distributions made by

various unit classes differ with regard to the percentage of their respective net asset values or provided (iii) differing costs or commissions, calculated as a percentage of the distribution itself, are to be charged on the distributions of different unit classes;

- c) when the NAV is calculated, as part of the allocation of liabilities (including due or accrued costs and commissions) to the various classes of unit, provided that the liabilities of the various classes of unit are different when expressed as a percentage of the respective NAV, especially if (i) different commission rates are applied for the various classes of unit or if (ii) class-specific costs are charged;
- d) when the NAV is calculated, as part of the allocation of income or capital gains to the various classes of unit, provided the income or capital gains stem from transactions made solely in the interests of one class of units or in the interests of several classes of units but disproportionately to their share of the fund's net assets.

4. The fund management company can defer redemption of the units temporarily and by way of exception in the interests of all investors:

- a) if a market which is the basis for the valuation of a significant proportion of the fund's assets is closed, or if trading on such a market is restricted or suspended;
- b) in the event of political, economic, military, monetary or other emergencies;
- c) if transactions cannot be performed for the fund due to foreign exchange restrictions or restrictions on other transfers of assets;
- d) in the event of large-scale redemptions that could significantly affect the interests of the remaining investors.

5. The fund management company shall immediately apprise the auditor and the supervisory authority of the decision on the delay. It shall also notify the investors in a suitable manner.

6. The issue of units shall be suspended for as long as the redemption of units is delayed on the grounds referred to under prov. 4 a) to c).

§ 18 Issue and redemption of units

1. Subscription and redemption applications for units are accepted up to the cut-off time specified in the prospectus on the day the applications are placed. The definitive price of the units for the issues and redemptions is determined at the earliest on the valuation day following the day the order is placed. This is referred to as "forward pricing". Details are set out in the prospectus.

2. The issue and redemption price of units is based on the net asset value per unit calculated on the valuation day on the basis of the closing prices from the previous day as defined under § 17. In the case of unit issues, an issuing commission may be added to the net asset value pursuant to § 19. No redemption commission is charged.

The incidental costs on the purchase and sale of investments (brokerage at prevailing market rates, fees, levies, etc.) incurred by the fund as a result of investing the sum deposited or selling a portion of the investments equivalent to the unit submitted for redemption, are debited to the fund's assets.

3. The fund management company may suspend the issue of units at any time, and may reject applications for the subscription or switching of units.

E) Fees and incidental costs

§ 19 Fees and incidental costs charged to the investor

1. On the issue of units, the investors can be charged an issuing commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland or abroad, which in total shall not exceed 3% of the net asset value. The current maximum rate can be found in the prospectus.

2. No redemption commission is charged.

§ 20 Fees and incidental costs charged to the fund's assets

1. For the administration, asset management and distribution of the fund, the fund management company shall charge the fund a management fee not exceeding 2.0% p.a. of the fund's net asset value, to be charged to the fund's assets on a pro rata basis every time the net asset value is calculated and paid out at the end of each month ("management fee").

The fund management company shall also disclose whether it makes reimbursements to

investors and/or pays remuneration to distributors.

The rate of management fee actually charged is stated in the annual and semi-annual reports.

2. For the safekeeping of the fund's assets, the handling of the fund's payment transactions and performance of the other tasks of the custodian bank listed under § 4, the custodian bank shall charge the fund an annual fee not exceeding 0.20% p.a. of the fund's net asset value, to be charged to the fund's assets on a pro rata basis every time the net asset value is calculated and paid out at the end of each month ("custodian bank fee").

The rate of custodian bank fee actually charged is stated in the annual and semi-annual reports.

3. For the distribution of the annual income to the investors, the custodian bank shall charge the fund a commission not exceeding 0.20% of the gross amount of the distribution.

4. Furthermore, the fund management company and the custodian bank shall be entitled to reimbursement of the following costs incurred in the course of executing the fund contract:

- annual fees for the supervision of the fund in Switzerland;
- printing the annual and semi-annual reports;
- price publications and announcements to investors;
- fees charged by the auditor for regular auditing of the fund;
- all costs incurred in the form of foreign currency hedging and conversion fees;
- costs of any necessary extraordinary arrangements made in the interests of the investors.

5. The fund shall also bear all transaction costs for the purchase and sale of investments (standard brokerage fees, commissions, taxes etc.) incurred in the management of the fund's assets. These costs are netted directly with the original or selling price of the investments concerned.

6. Taking any reimbursements into account, the management fee of the target funds in which investments are made may not exceed 2.0%. The maximum rate of the management fee of the target funds in which investments

are made, taking any reimbursements into account, shall be disclosed in the annual report.

7. If the fund management company acquires units of other collective investment schemes which are managed directly or indirectly by the fund management company itself or by a company with which it is linked by way of common management or control or by way of a direct or indirect interest of more than 10% of the capital or votes ("linked target funds"), no management fee may be charged to the fund's assets in respect of such investments. The fund management company may not additionally charge the fund any issuing or redemption commissions of the linked target funds.

F) Financial statements and audits

§ 21 Financial statements

1. The fund's unit of account is the Swiss franc (CHF).

2. The financial year shall run from 1 October until 30 September (with the first year ending 30 September 2009).

3. The fund management company publishes an audited annual report on the fund within four months of the end of the accounting year.

4. The fund management company shall publish a semi-annual report for the fund within two months following the end of the first half of the fund's financial year. The first semi-annual report will be prepared for the period to 31 March 2009.

5. The investor's right to obtain information under § 5 prov. 3 is reserved.

§ 22 Audits

The auditors shall examine whether the fund management company and the custodian bank have acted in compliance with the provisions of the fund contract, the CISA and the code of conduct of the Swiss Funds Association SFA. A brief report by the auditors on the published financial statements appears in the annual report.

G) Appropriation of net income

§ 23

1. The net income is distributed to investors each year and for each class of shares, in the currency of the class concerned, within four months of the end of the accounting year.

In addition, the fund management company can pay interim distributions out of the income.

2. Up to 30% of the net income of a class of units can be carried forward to new account. If the net income in an accounting year including income carried forward from previous accounting years is less than 5% of the fund's net assets, a distribution may be waived and the entire net income may be carried forward to the new account.

3. Capital gains realized on the sale of assets and rights can be distributed by the fund management company or retained for the purpose of reinvestment.

H) Publications of the fund

§ 24 Publication of official notices

1. The media of publication of the fund are deemed to be the print or electronic media specified in the prospectus. Notification of any change in a medium of publication shall be published in the media of publication.

2. The following information shall in particular be published in the media of publication: summaries of material amendments to the fund contract, indicating the offices from which the amended wording may be obtained free of charge, any change of fund management company and/or custodian bank, the creation, dissolution or merger of unit classes, as well as the liquidation of the fund. Amendments required by law that do not affect the rights of investors or are of an exclusively formal nature may be exempted from the duty to publish subject to the approval of the supervisory authority.

3. The latest issue and redemption prices, or net asset value, are published by the fund management company on a daily basis with the note "exclusive of commission" for all classes of units. Prices are published in the

"Neue Zürcher Zeitung" and in the electronic media, for instance at www.pvbswiss.com.

4. The prospectus with integrated fund contract, simplified prospectus and also the annual and semi-annual reports may be obtained free of charge from the fund management company, the custodian bank and all distributors.

I) Restructuring and dissolution

§ 25 Mergers

1. With the custodian bank's consent, the fund management company may merge funds by transferring – at the time of such merger – the assets and liabilities of the fund(s) being acquired to the acquiring fund. The investors in the merging fund receive units in the resulting fund in the relevant amount. The fund(s) being acquired is/are terminated without liquidation when the merger takes place, and the fund contract of the acquiring fund shall also apply for the fund(s) being acquired.

2. Investment funds may only be merged if:

- a) provision for this is made in the relevant fund contracts;
- b) they are managed by the same fund management company;
- c) the relevant fund contracts are basically identical in terms of the following provisions:
 - investment policy, risk diversification and the risks associated with the investment;
 - the appropriation of net income and capital gains;
 - the type, amount and calculation of all fees, the issue and redemption commission together with the incidental costs for the purchase and sale of the investments (brokerage fees, charges, duties) that may be charged to the fund's assets or to the investors;
 - the redemption conditions;
 - the duration of the contract and the conditions of dissolution.
- d) the valuation of the funds' assets, the calculation of the conversion rate and the transfer of assets and liabilities are effected on the same day;

e) no costs shall arise as a result for either the fund or the investors.

3. If the merger is likely to take more than one day, the supervisory authority may approve limited deferment of repayment in respect of the units of the funds involved.

4. The fund management company has to submit the intended changes to the fund contract and the envisaged merger of funds, together with the merger plan, to the supervisory authority at least one month before planned publication. The merger schedule must contain information on the reasons for the merger, the investment policies of the funds involved and any differences between the acquiring fund and the fund(s) being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the funds, as well as a statement from the auditors responsible pursuant to CISA.

5. The fund management company must publish a notice of the proposed changes to the fund contract pursuant to § 24 prov. 2 and the proposed merger and its timing together with the merger schedule at least two months before the planned date of merger in the media of publication of the funds in question. In this notice, the fund management company must inform the investors that they may lodge objections against the proposed changes to the fund contract with the supervisory authority within 30 days from the final publication or request redemption of their units.

6. The auditors must check directly that the merger is being carried out correctly, and shall submit a report containing their comments in this regard to the fund management company and the supervisory authority.

7. The fund management company shall inform the supervisory authority of the conclusion of the merger and shall publish notification of the completion of the merger, the confirmation from the auditors regarding the proper execution of the merger and the exchange ratio without delay in the media of publication of the funds involved.

8. The fund management company must make reference to the merger in the next annual report of the acquiring fund and in the semi-annual report if published prior to the annual report. If the merger does not take place on the

last day of the usual financial year, an audited closing statement must be produced for the fund(s) being acquired.

§ 26 Duration of the fund and dissolution

1. The fund has been established for an indefinite period.

2. The fund management company or the custodian bank may dissolve the fund by terminating the fund contract subject to a one-month period of notice.

3. The fund may be dissolved by order of the supervisory authority, in particular if at the latest one year after the expiry of the subscription period (launch), or after an extended period approved by the supervisory authority at the request of the custodian bank and the fund management company it does not have net assets of at least 5 million Swiss francs (or the equivalent).

4. The fund management company shall inform the supervisory authority of the dissolution immediately and shall communicate this in the media of publication.

5. Once the fund contract has been terminated, the fund management company may liquidate the fund forthwith. If the supervisory authority has ordered the dissolution of the fund, it must be liquidated forthwith. The custodian bank is responsible for the payment of liquidation proceeds to the investors. If the liquidation proceedings are protracted, payment may be made in instalments. Prior to the final payment, the fund management company must obtain authorization from the supervisory authority.

K) Amendments to the fund contract

§ 27

If amendments are made to the present fund contract, or if the merger of unit classes or a change of the fund management company or of the custodian bank is planned, the investors may lodge objections with the supervisory authority within 30 days after the last corresponding publication. In the event of an amendment to the fund contract (including the merger of unit classes) the investors can also demand the redemption of their units in cash subject to the contractual period of notice. Exceptions in this regard are cases pursuant to § 24 prov. 2 that have been exempted from the duty to publish with the approval of the supervisory authority.

L) Applicable law and place of jurisdiction

§ 28

1. The fund is subject to Swiss law, in particular the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA), the Ordinance on Collective Investment Schemes of 22 November 2006 and the Ordinance of the Swiss Federal Banking Commission (new: FINMA) on Collective Investment Schemes of 21 December 2006.

The court of jurisdiction is the court at the fund management company's registered office.

2. The German-language version is binding for the interpretation of the present fund contract.

3. The present fund contract is effective as of 29 October 2008.

The fund management company: PvB Pernet von Ballmoos AG

The custodian bank: Banque Cantonale Vaudoise