

[<sup>1</sup>prɒfɪt]

PROFITFUND.COM/ JAPAN ASIA EQUITY FUND

**PROSPECTUS AND INVESTMENT REGULATIONS**

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PROFITFUND.COM AKTIENGESELLSCHAFT

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**Investment fund of the category Investment Undertakings for  
Securities according to Liechtenstein law**

<b>Fund Management:</b>	ProfitFundCom Aktiengesellschaft
<b>Board of Directors:</b>	HSH Prince Michael of Liechtenstein Dr. Albert Mayer Richard A. Werner Rosemary A. Werner Kiyoshi Goga
<b>Business Management:</b>	Mathias Voigt
<b>Fund Management and Domicile:</b>	ProfitFundCom Aktiengesellschaft Vaduz Principality of Liechtenstein
<b>Consultant:</b>	Profit Research Center Ltd. Tokyo Japan
<b>Sales Office:</b>	ProfitFundCom Aktiengesellschaft Vaduz Principality of Liechtenstein
<b>Depository Bank:</b>	Liechtensteinische Landesbank AG Städtle 44 FL-9490 Vaduz Principality of Liechtenstein
<b>Payments Office:</b>	Liechtensteinische Landesbank AG Städtle 44 FL-9490 Vaduz Principality of Liechtenstein
<b>Audit Authority:</b>	PricewaterhouseCoopers AG Neumarkt 4, Kornhausstrasse 26 CH-9001 St. Gallen Switzerland

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# **PROSPECTUS AND INVESTMENT REGULATIONS OF THE ProfitFundCom/ Japan Asia Equity Fund**

**Investment fund of the category Investment Undertakings for Securities according to Liechtenstein law**

## **PART I**

### **PROSPECTUS**

This prospectus with the Investment Regulations and the last Company Report or Half-Yearly Report (if published after the last Company Report) are the basis for all subscriptions of units of the Investment Fund. Only information contained in the prospectus, the Investment Regulations or in a document listed in the prospectus is valid.

#### **1. About the Investment Fund**

##### **1.1 General details of the Investment Fund**

The ProfitFundCom/Japan Asia Equity Fund (designated below as the “Fund”) is an investment undertaking for securities (investment fund) of Liechtenstein law pursuant to the Law concerning Investment Undertakings (IUG) of 3 May 1996, LGBl. 1996 No. 89. The prospectus and the Investment Regulations were drawn up by ProfitFundCom AG as the Fund Management and Verwaltungs- und Privatbank Aktiengesellschaft as the Depository Bank and were approved by the Office for Financial Services on 21 March 2000 1999. The Government granted the concession to the Investment Fund on 4 April 2000. The formation of the investment undertaking became official on this date.

On 3 April, ProfitFundCom AG, the Fund Management, together with Liechtensteinische Landesbank Aktiengesellschaft (the Depository Bank), drew up the Prospectus and the Investment Regulations in the present form. The Office for Financial Services approved this Prospectus and the Investment Regulations – with the exception of Appendix A of the Prospectus – on 24 June 2003.

The Investment Fund is an investment undertaking in the legal form of the collective trust pursuant to Articles 897 to 932 PGR in conjunction with the following definitions pursuant to Article 1 Para. 2 of the Executive Order of 2 July 1996 to the Law concerning Investment Undertakings, LGBl. 1996 No. 90: The investment fund is established without formality. The contents of the prospectus, together with the investment regulations, set out in writing, constitutes the trust deed. It is the acceptance as stated in the prospectus and investment regulations of a trust which is identical in content with an indeterminate number of trustors (investors) as a collective trust in which the individual trustors (investors) have a partial participation. It is registered in an analogous application of Article 900ff PGR in the Public Register as a collective trust.

Within the framework of this collective trust, the Fund Management undertakes to involve the investor in the Investment Fund in proportion to the fund units acquired by him and to manage the Fund in accordance with the provisions of the law and of the Investment Regulations. The Depository Bank shall participate in the trust according to the duties imposed on it by law and by the Investment Regulations. The Depository Bank shall maintain a register of the units.

The assets of the Investment Fund are managed as separate assets by the Fund Management in the interests of and for the account of the unitholders and are separated from the assets of the Fund Management. All the assets of the Fund are held by all the investors in proportion to the units held by them. The unit certificates exist only in the books, i.e., no certificates are currently issued. There is no provision for a meeting of unitholders. , The unit holder recognizes the contractual conditions with the subscription or acquisition of units. Unitholders, heirs or other entitled persons cannot demand the partition or dissolution of the Investment Fund.

The Fund Management has the right to dissolve the Investment Fund at any time. The Investment Fund must be liquidated if the net assets do not reach the minimum sum of two million Swiss francs within six months of the granting of the concession at the latest. A dissolution shall be announced in the official Liechtenstein gazettes of the Investment Fund. As from the date of the resolution on the dissolution of the Investment Fund, no more units will be issued or repurchased. In the case of liquidation, the Fund Management shall realize the assets of the Fund in the best interests of the unitholders and charge the Depository Bank with the distribution of the net proceedings of the liquidation to the unitholders.

The contractual conditions of the Investment Fund may be amended at any time by the Fund Management and the Depository Bank subject to due observance of the provisions of law. Any amendment shall be announced in the official Liechtenstein gazettes and is then legally binding on all unitholders. The prospectus, Investment Regulations and periodic reports in the currently valid version may be obtained free of charge from the Fund Management, Depository Bank or Sales Offices.

The Fund may only be converted into another investment undertaking for securities which complies with EU Regulation 85/611/EEC.

## **1.2 Investment aim and investment policy of the Fund**

The ProfitFundCom/Japan Asia Equity Fund aims for an above-average, long-term growth. Fundamentally, the Investment Fund invests in participation papers of established and listed companies characterized by promising long-term growth prospects. In particular, participation papers will be in the form of shares and profit-sharing and participation certificates. Most investments will be made in Japan and other countries of Asia. To supplement the portfolio, assets may also be invested in New Zealand, Australia, Europe, the USA, Canada and in selected emerging markets for up to 30% of the assets of the Fund.

Fixed-interest securities, especially convertible and option bonds, may also be acquired up to a proportion of 25%.

To the extent necessary within the framework of regular assets management or for hedging purposes, the Investment Fund may conclude deals with derivative financial instruments. The Portfolio Manager follows a combined “Top-Down / Bottom-Up” approach, i.e., a macro-economic consideration of the various countries and regions is carried out and at the same time the micro-economic environment is analyzed.

Detailed information about investment policy and its restrictions and of the permissible investment techniques and instruments is contained in the Investment Regulations.

## **1.3 Relevant tax regulations for investment undertakings and their unitholders**

In the Principality of Liechtenstein, the contractual investment fund is an investment undertaking in the legal form of the trust. It is not a legal entity. Investment funds are subject

only to capital tax. This amounts to 1 o/oo p.a. for the first CHF 2 million of the assets of the fund, i.e., of the net assets at the end of the financial year or the market value and 0.4 o/oo for the assets of the fund exceeding CHF 2 million. The Investment Fund is not subject to any tax on profits and does not have to pay any tax at source or coupon tax and especially no anticipatory tax on distribution of earnings.

The creation of shares in an investment fund is not subject to any stamp duty. The investor domiciled in the Principality of Liechtenstein must declare his fund units as assets. Earnings of the investment fund constitute investment income and are exempt from the tax on gainful activities. The taxation of investors domiciled abroad is determined by the tax regulations in the domiciliary country of the investor. Potential unitholders should find out about the laws and orders and any double-taxation treaty applicable at their place of residence to the subscription, purchase, possession and sale of units and if necessary obtain advice on this subject. The remarks made on taxation here are based on the currently known legal situation and practice. Amendments to legislation, court decisions or directives and the practice of the tax authorities are expressly reserved.

## **2. About the Fund Management**

### **2.1 General information about the Fund Management**

The ProfitFundCom AG with registered office and administrative center in Vaduz in the Principality of Liechtenstein is responsible for the management of the Fund. It was formed in 4 April 2000 for an indeterminate period.

The subscribed share capital of the Fund Management currently amounts to 1 million Swiss francs and is held by PRFT Holding Anstalt, Vaduz with 87.5% and PMServices AG, Vaduz with 12.5%. The share capital is divided into bearer shares and is fully paid up.

#### **Board of Directors:**

**SH Prince Michael of Liechtenstein**, Chairman of Industrie- und Finanzkontor Etablissement, Vaduz

**Dr. Albert Mayer**, member of the Company Management of Industrie- und Finanzkontor Etablissement, Vaduz

**Richard A. Werner**, Managing Director and Chief Strategist of Profit Research Center Ltd., Tokyo

**Rosemary A. Werner**, Operations Manager of Profit Research Center Ltd., Tokyo

**Kiyoshi Goga**, Portfolio Manager of Profit Research Center Ltd., Tokyo

#### **Company management:**

**Matthias Voigt**, Head of Financial Services, Industrie- und Finanzkontor Etablissement, Vaduz

## **2.2 Delegation of responsibilities**

- a) Profit Research Center Ltd., Tokyo was appointed by the Fund Management as investment consultant without decision-making powers. Profit Research Center Ltd., Tokyo was formed in 1998 and specializes in economic analysis and in the assets management counseling of institutional and public organizations. The General Manager, Mr. Richard A. Werner, is highly qualified and has great experience in analysis and investment counseling. The consultancy contract of 15 January 2000 concluded between the Fund Management and Profit Research Center Ltd. governs the precise execution of the commission.
- b) The net inventory value calculation with the associated activities and the accounting have been delegated to Global Fund Services Aktiengesellschaft, Städtle 17, FL-9494 Vaduz. The precise execution of this task is regulated by the administration contract concluded between the Fund Management and Global Fund Services Aktiengesellschaft.

## **3. About the Depository Bank**

Liechtensteinische Landesbank (LLB) AG, Vaduz, acts as the Depository Bank. The bank was founded in the year 1861 as an independent institution of the public law and on 4 January 1993 was transformed into a private joint stock company (Aktiengesellschaft). According to the law, the State of Liechtenstein owns at least 51% of stock and voting rights in the Landesbank. Furthermore, the State of Liechtenstein guarantees the deposited savings accounts as well as its transferable notes/bonds, should the means of the Landesbank prove insufficient. Since its founding, the Landesbank has been headquartered in Vaduz.

The main activities of the Bank lie in the areas of investment advisory and asset management services, as well as the credit business. At the end of 2002, the effective own capital of the LLB parent firm amounted to CHF 1.5 billion. The Landesbank is integrated into the Principality thanks to a broad network of branch offices and owns subsidiary firms at home and abroad.

## **4. About third parties**

### **4.1 Payments Office**

Liechtensteinische Landesbank AG, Städtle 44, 9490 Vaduz, acts as the Payments Office.

### **4.2 Sales Office**

Sales are handled by ProfitFundCom, Vaduz.

### 4.3 Audit Authority

PricewaterhouseCoopers AG, Neumarkt 4, Kornhausstrasse 26, 9001 St. Gallen, was appointed as Audit Authority. This firm is licensed according to the regulations of the Law of 3 May 1996 on Investment Corporations (IUG), LGBl. 1996 Nr. 89.

## 5. Other information

### 5.1 Notes

Fund	ProfitFundCom/Japan Asia Equity Fund
Securities Number	application to be submitted
Listing	none
Financial year	01.01. – 31.12.
Term	indeterminate
Accounting unit	Japanese yen
Denomination	Yen 500,000.00
Distribution	accumulation
Lump-sum remuneration	1.50% (max)
Repurchase commission	0.25%
Issuing premium	3.00% (max)

Profit-oriented remuneration as explained in § 17 of the investment regulations.

The Fund Management is entitled at any time to carry out the listing of the Investment Fund at a recognized stock exchange.

### 5.2 Conditions for issue and repurchase of fund units

#### 5.2.1 Net asset value

The net asset value of the unit is calculated once weekly on Tuesday (valuation day) by the Fund Management for the Fund on the basis of the last-known prices in accordance with the contractual conditions. Should the valuation day fall on a bank holiday in the Principality of Liechtenstein, the valuation day is carried forward to the next banking day in the Principality of Liechtenstein.

The net asset value of a unit is expressed in the currency of the Investment Fund by dividing the net assets of the Fund by the number of units of the Fund in circulation. The net assets correspond to the difference between the sum of the credit balance and the sum of the liabilities of the Investment Fund.

The assets of the Fund are assessed as follows:

- a) The securities officially traded on a stock exchange or on another regulated market are valued at the last available price.

- b) The securities whose prices are not fixed by the market and all other approved assets (including securities not officially traded on a stock exchange or on another regulated market) are valued at their probable realization value which is determined in good faith by or under the direction of the Fund Management.
- c) The liquid resources are valued on the basis of their nominal value plus accrued interest.
- d) For the fund, the securities in a currency other than that of the Fund are converted to the currency of the Fund at the median rate between the purchase and selling prices available on the Liechtenstein market or, if not available, on the market most representative for this currency.

The Fund Management has the right to use other adequate valuation principles temporarily if the above-mentioned criteria appear impossible or unsuitable for the valuation on account of extraordinary events.

In the event of massive repurchase applications, the Fund Management may value the units on the basis of the prices at which the necessary sales of securities are carried out. In this case, the same method of calculation shall be used for issue and repurchase applications received at the same time.

### 5.2.2 Sale of units

After the first issue, the issue of units shall take place on the basis of subscription orders received by the Fund Management or the Depository Bank by 12 noon local time Vaduz on the day preceding the next valuation day (Tuesday) at the issue price corresponding to the net asset value calculated on the valuation day. For the initial subscription, units equivalent to at least JPY 500,000.00 must be acquired. The Fund Management reserves the right to also accept smaller subscriptions. For the issue of units, the net asset value per unit is rounded off to the next smallest currency unit. The payment of the issue price must take place within the next three banking days following the valuation day; however, the Fund Management is entitled to extend this period to a maximum of 5 days should the three-day period prove to be too short.

The issue fee amounts to 3% of the net asset value per share. In addition, any taxes and State duties levied on issue will be charged to the investor.

Subject to the corresponding acceptance, units in the Investment Fund may be acquired at the Depository Bank and at the Sales Office. The units will be transferred in the books to the investors at the appropriate amount immediately after payment of the purchase price. Within the scope of its sales activities, the Fund Management is permitted to refuse purchase applications at its discretion and to temporarily or permanently suspend or restrict the sale of units to natural or juridical persons in certain countries or areas. The Fund Management may also repurchase at any time units held by unitholders who are excluded from the acquisition or possession of units. Pursuant to the Law of 22 May 1996 concerning the professional duty of care in the acceptance of assets (Duty of Care Act), persons subscribing units must be identified by the office accepting their subscriptions if they are not known personally to it.

### 5.2.3 Repurchase of units

The Fund Management will repurchase units of the Investment Fund fundamentally on the valuation day in each case. Repurchase applications received by the Fund Management or the Depository Bank up by 12 noon local time Vaduz on the day before the next valuation day will be settled at the net asset value calculated on the valuation day (Tuesday). It

therefore depends on the development of the net asset value whether the repurchase price is higher or lower than the issue price paid by the investor. Since an appropriate proportion of liquid resources must be assured in the assets of the Fund, the repayment of fund units will be carried out under normal circumstances within five banking days after the calculation of the repurchase price unless the transfer of the repurchase sum to the country in which the repurchase application was made proves impossible on account of legal regulations such as currency and payment restrictions or because of other circumstances outside the control of the Depository Bank. A fee of 0.25% of the net asset value per unit is charged for the repurchase of units. The repurchase fee is paid into the assets of the Fund.

In the event of massive repurchase applications, the Depository Bank and the Fund Management may decide to settle a repayment application only when corresponding assets of the Investment Fund have been sold without unnecessary delay. Repayment applications which have been held back are then to be treated on a priority basis.

With the payment of the repurchase price, the corresponding unit is erased.

### **5.3 Gazettes of the Investment Fund**

Further information on the Investment Fund is contained in the last Company Report or Half-Yearly Report. The prospectus with the Investment Regulations and the last Company Report or Half-Yearly Report may be obtained free of charge from the Fund Management, the Depository Bank and at all Sales Offices.

In the event of an amendment to the Regulations, a change in the Fund Management or Depository Bank or the liquidation of the Investment Fund, a notice will be published by the Fund Management in the gazettes as listed in the Investment Regulations (cf. § 21).

Price notices are published in the daily or weekly newspapers listed in the Investment Regulations (cf. § 21) on every valuation day on which issues and repurchases of fund units are carried out but at least twice per month.

### **5.4 Sales restrictions**

US legislation prohibits the offering or sale of units of this Investment Fund within the USA.

### **5.5 Detailed provisions**

All further information concerning the Investment Fund, such as the valuation of the assets of the Fund, the listing of all remunerations charged to the Investment Fund and the allocation of the profits, is set out in detail in the Investment Regulations (cf. Part II, § 15, 17, 19).

## **PART II**

### **THE INVESTMENT REGULATIONS**

#### **I. Name of fund; style and registered office of fund management and depository bank**

##### **§ 1**

1. Under the designation ProfitFundCom/Japan Asia Equity Fund, an investment undertaking for securities (investment fund) is established within the intendment of Article 2 in conjunction with Article 26 of the Law on Investment Undertakings of 3 May 1996 (IUG), LGBl. 1996 No. 89 in conjunction with Articles 1 and 6 of the Executive Order to the Law on Investment Undertakings of 2 July 1996, LGBl. 1996 No. 90.
2. The investment fund shall be managed by the ProfitFundCom AG, Vaduz as the Fund Management.
3. The safekeeping of the Fund's assets shall be entrusted to Liechtensteinische Landesbank AG, Vaduz as the Depository Bank.

#### **II. Rights and obligations of the contractual parties**

##### **A. Collective trust**

##### **§ 2**

The legal relations between the investor on the one hand and the Fund Management and Depository Bank on the other are governed by the present Investment Regulations and the relevant provisions of law.

The Investment Fund is an investment undertaking in the legal form of the collective trust pursuant to Articles 897 to 932 PGR in conjunction with the following definitions pursuant to Article 1 Para. 2 of the Executive Order of 2 July 1996 to the Law concerning Investment Undertakings, LGBl. 1996 No. 90: The investment fund is established without formality. The contents of the prospectus, together with the investment regulations, set out in writing, constitutes the trust deed. It is the acceptance as stated in the prospectus and investment regulations of a trust which is identical in content with an indeterminate number of trustors (investors) as a collective trust in which the individual trustors (investors) have a partial participation. It is registered in an analogous application of Article 900ff PGR in the Public Register as a collective trust.

##### **B. The Fund Management**

##### **§ 3**

1. The Fund Management shall manage the Investment Fund independently for the account of the investors and in its own name. In particular, it shall decide on the issue of units and the distribution of profits and claims all the rights belonging to the Investment Fund. Global Fund Services Aktiengesellschaft, Vaduz shall calculate the net inventory value and sets the issue and repurchase price.

2. If extraordinary circumstances should prevail within the intendment of § 16, the Fund Management may temporarily and as an exception hold back the repurchase of units in the interests of the investors as a whole.
3. The Fund Management and its agents shall exclusively safeguard the interests of the investors.
4. The Fund Management may delegate investment decisions and other subtasks if this is in the interests of competent management. It shall be responsible for the actions of its agents as if these were its own actions.
5. In conjunction with the Depository Bank, the Fund Management may apply to the Office for Financial Services for an amendment to these Investment Regulations.
6. The Fund Management shall be entitled to the remunerations provided for in § 17, to exemption from obligations which it has undertaken in the correct performance of the collective trust and to the reimbursement of the expenditures which it has made for the performance of such obligations. The personal liability of the investor shall be excluded; claims shall be met from the resources of the Investment Fund.

### **C. The Depository Bank**

#### **§ 4**

1. The Depository Bank safeguards the assets of the Fund within the framework of normal deposit banking.
2. The Depository Bank and its agents shall exclusively safeguard the interests of the investors.
3. The Depository Bank may charge third parties in this country or abroad with the management of the assets of the Fund. This does not cancel its liability.
4. The Depository Bank shall ensure that the Fund Management observes the law and the Investment Regulations, namely in respect of investment decisions, the calculation of the value of the units and the appropriation of the profits. The Depository Bank shall not be responsible for the selection of the investments.
5. The Depository Bank shall handle the issue and repurchase of the units of the Fund and the payment transactions for the Investment Fund. The Depository Bank shall maintain a register of the units.
6. The Depository Bank shall have a claim to the remunerations provided for in § 17, to exemption from obligations which it has undertaken in the correct performance of the collective trust and to the reimbursement of the expenditures which it has made for the performance of such obligations. The personal liability of the investor shall be excluded; claims shall be met from the resources of the Investment Fund.
7. The Depository Bank shall also ensure that
  - a) the sale, repurchase and cancellation of units carried out for the account of the Fund or of the Fund Management comply with the provisions of the law and with the contractual conditions.
  - b) the calculation of the value of the shares is carried out according to the legal regulations and the contractual conditions.
  - c) all the instructions of the Fund Management are carried out except when these are in contradiction with the legal regulations or the contractual conditions.
  - d) the service in return is carried out in accordance with the contract for transactions relating to the assets of the Fund.

## **D. The Investor**

### **§ 5**

1. By his payment, the investor acquires claims on the investment undertaking (the Fund Management) for participation in the assets and earnings of the investment undertaking.
2. The investor may cancel the collective trust at any time by demanding the repayment of his units in cash unless the Investment Regulations provide for exceptions to this.
3. The units are fundamentally not issued in the form of certificates but are shown in the books.
4. The investor may obtain at any time from the Fund Management the necessary information concerning the principles for the calculation of the issue and repurchase of the units. He has a right to information about major business incidents and can apply to the Office for Financial Services for the investigation of a specific matter.
5. Should the present Investment Regulations be amended or if it is intended to change the Fund Management or the Depository Bank, the investment is entitled to return his units after the announcement of the corresponding changes.

## **III. Investment policy guidelines**

### **A. Observance of investment regulations**

#### **§ 6**

1. In the selection of the individual investments, the Fund Management shall observe the percentage limits listed below in the interests of a balanced risk distribution. These restrictions relate to the assets of the Fund at market values and are always to be observed.
2. If the limits are exceeded or not attained due to market changes or changes in the assets of the Fund, the investments must be returned to the permissible ratio within an appropriate period to safeguard the interests of the investors.

### **B. Permissible investments**

#### **§ 7**

1. The Fund Management of this investment undertaking for securities shall invest the assets in securities issued in large numbers and in unsecured rights with the same function (value rights) which are traded on a stock exchange or on another regulated market open to the public, in deposits at banks registered in Liechtenstein, another EEA member-State or Switzerland or in money market instruments.
2. In particular, the Fund Management shall invest the assets of the Fund as follows:

- a) at least two-thirds in shares and other participation papers and participation rights of issuers which have their registered office or the center of their business activities in countries which are selected for the investment. In particular and in addition to Japan and other Asian countries, these are New Zealand, Australia and countries in Europe, the USA and Canada and selected emerging markets.
- b) deposits, especially fixed-interest deposits of up to 12 months, at banks registered in Liechtenstein, another EEA member-State or Switzerland, money market instruments and other short-term, fixed-interest investments such as trust investments with a term of up to 12 months; these may not exceed 25% of the net assets of the Fund in all.
- c) units of other, open-end investment undertakings for securities corresponding to EU-regulation 85/611/EEC which invest their assets in companies having their registered office or principal place of business activity in countries specified in lit. 2a) of this paragraph; these may not exceed 5% of the net assets of the Fund.
- d) for securities from new issues, the admission to a stock exchange or another regulated market open to the public must be provided for in the issue conditions and be completed within one year at the latest; otherwise, the titles must be sold within one month.
- e) up to 30% of the assets of the Fund may be invested as follows:  
title-conferring instruments and equity value rights (bonds, convertible bonds, option bonds, etc.) of issuers as specified in 2b) denominated in the accounting unit of the Fund or in currencies in which investments of the Fund are carried out.

### **C. Liquid funds**

#### **§ 8**

The Fund Management may hold reasonable liquid funds to the extent that this is essential for its activities. Bank credit balances on demand and time deposit accounts with terms up to 12 months are considered as liquid resources.

### **D. Investment techniques and investment instruments**

#### **§ 9**

##### Securities lending

The Investment Fund may lend investments to third parties. However, such operations may only take place for a maximum of 30 calendar days and the value of the securities lent may not exceed 50% of the assets of the Fund. These restrictions shall not apply if the Investment Fund is entitled to terminate the loan contract at any time and to dispose immediately of the titles lent. The titles lent must be secured by the pledging of securities or term deposits and the rights to dividends and any voting rights must be reserved for the Investment Fund.

The investment undertaking shall carry out lending transactions only with first-class borrowers such as banks, brokerage firms, insurance companies and recognized securities clearing organizations guaranteeing a satisfactory execution of the transactions and shall conclude each deal with a standardized general contract with the borrower.

The regulations for the lending of securities pursuant to Annex 4 to the Executive Order of 2 July 1996, LGBl. 1996 No. 90 to the Law on Investment Undertakings (IUG) of 3 May 1996, LGBl. 1996 No. 89.

## **Raising and granting of loans**

### **§ 10**

1. The Fund Management and the Depository Bank may not grant loans for the account of the Investment Fund. The lending of securities is not considered as the granting of a loan in the sense of this paragraph.
2. The Investment Fund may only raise limited loans in exceptional cases and when this is in the interests of the investors, the exclusive purpose of this being to meet repurchase applications when the selling of securities appears unfavorable and opposed to the interests of the unitholders. The raising of loans may not exceed 10% of its net assets.

## **Encumbrance of assets of the Fund**

### **§ 11**

1. The assets of the Fund may not be pledged except for the permissible raising of loans and for transactions with derivative financial instruments.
2. The encumbrance of assets of the Fund with guarantees is not permitted.

## **Derivative financial instruments**

### **§ 12**

1. The use of derivative financial instruments is only permissible within the framework of the regular management of the assets of the Fund or for the hedging of investment risks. Selling short is not permissible (cf, §14 lit. 2). Options, futures, forward exchange transactions, interest rate swaps and currency swaps are considered as derivative financial instruments.
2. The instruments must directly or indirectly concern securities or value rights within the intendment of §7 whereby these securities or value rights must likewise take account of the restrictions under §13 below.
3. These instruments must be traded on a stock exchange or on another regulated market open to the public.
4. The Fund Management may also conclude forward exchange transactions, interest rate swaps and currency swaps with a bank or financial institute if the latter specializes in deals of this nature and, if need be, has a minimum rating as required by the Office for Financial Services.
5. The risks resulting or to be expected from such use must be covered by assets of the Investment Fund.
6. The Fund Management may cover standard securities belonging to the Fund and not yet bound by a deal in derivative financial instruments and exclusively for this

- purpose sell call options and futures, buy put options and make use of forward exchange transactions, interest rate swaps and currency swaps.
7. For investment purposes, the Fund Management may buy call options and futures and sell put options. Up to settlement, the countervalue, calculated at the exercise price, of the call options purchased and put options sold or the contract values of the futures purchased must be continuously covered by liquid funds.
  8. The following restrictions apply to the individual transactions with derivative financial instruments:
    - a) When the Fund Management buys call options or sells put options on shares, only standard securities that may be purchased by reason of these Investment Regulations may be considered for such option deals. The contract value of such option deals is to be included in the risk distribution limits specified in §13 of the Investment Regulations.
    - b) When the Fund Management sells call options and futures or buys put option on stock indices, there must be a large measure of correlation between the composition of the stock index on the one hand the standard securities to be covered on the other. The contract value of the above-mentioned hedging deals may not exceed 100% of the market value of the standard securities to be covered at the time the contract is concluded.
    - c) When the Fund Management buys call options and futures or sells put option on stock indices, the acquisition of the shares and of the participation papers or rights contained in the index must be permissible according to §7.
    - d) When the Fund Management sells call options and futures, buys put option on interest rate weapons or uses interest rate swaps, the currency of the contract must agree with that of the standard securities to be covered. The contract value of the above-mentioned hedging deals may not exceed 100% of the market value of the standard securities to be covered at the time the contract is concluded. The necessary attention is to be paid to the duration here.
    - e) When the Fund Management buys call options and futures or sells put option on interest rate weapons, the investment in the contract currency concerned must be permissible according to §7.
  9. The contract value of all hedging deals may not exceed 100% of the assets of the Fund at the time the contract is concluded.
  10. To cover currency risks, the Fund Management may sell call options and futures on foreign exchange, buys put option on foreign exchange and make use of forward exchange transactions. Fundamentally, the currency of the contract must agree with that of the standard securities to be covered. Transactions via a third currency (cross-hedges) are exceptionally permissible in the form of futures or forward exchange transactions if the same purpose is achieved as with a direct hedge and no additional costs in all are involved in comparison with the latter. The contract value of these deals may not exceed 100% of the market value of the standard securities to be covered at the time the contract is concluded.

## **E. Restrictions concerning the distribution of investments**

### **§ 13**

Furthermore, the Fund Management shall observe the following restrictions regarding the distribution of investments when pursuing the investment policy described above:

- a) Up to max. 10% of the assets of the Fund may be invested in securities of the same issuer or at the same bank whereby the total value of the securities of issuers in whose securities more than 5% of the assets of the Fund are invested may not exceed 40% of the assets of the Fund. Of the remaining assets of the Fund, not more than 5% may be invested with a single issuer.
- b) Up to 35% of the assets of the Fund may be invested in securities of the same issue if these are launched or guaranteed by an OECD State, a public body from the OECD or international entities of a public character to whom one or more EU member-States belong.
- c) No participation rights may be acquired for the Investment Fund which account for more than 10% of the voting rights of a single issuer or which allow it to exercise a major influence on the company management of an issuer.
- d) In all, the Fund Management may hold not more than 10% of the voting rights of a single issuer through investment funds for securities which are managed by it or with whose management it is associated.
- e) The Fund Management may not acquire more than 10% each of the non-voting participation papers and promissory notes of a single issuer.
- f) The Fund Management may not acquire more than 5% of the units of another investment undertaking for securities.

#### **F. Other investment restrictions**

##### **§ 14**

- 1. The Investment Fund may not invest its assets in realty, goods, goods contracts, noble metals or noble metal certificates.
- 2. No shortselling may be carried out for the account of the Investment Fund.
- 3. In the interests of the unitholders, the Fund Management may set further restrictions at any time if these be necessary to comply with the laws and regulations of those countries in which the unit certificates of the investment further are offered and sold.

#### **IV. VALUATION OF FUND ASSETS AND FUND UNITS AND CALCULATION OF PRICES FOR ISSUE AND REPURCHASE OF FUND UNITS**

##### **Valuation of assets of the Fund and of the Fund units**

##### **§ 15**

- 1. The assets of the Investment Fund shall be calculated at the market value at the end of each financial year and for each day on which units are issued or repurchased. Should this day fall on a Liechtenstein bank holiday, the calculation is carried out on the following Liechtenstein banking day.
- 2. For investments which are listed or traded on another regulated market open to the public, the market value corresponds to the quoted value. In all other cases, the market value of an object or right corresponds to the price that would probably be achieved if it were to be sold with care at the time of the estimate.
- 3. The inventory value of a share shall be obtained from the market value of the assets of the Fund less any liabilities and divided by the number of units in circulation.

## **Issue and repurchase of fund units**

### **§ 16**

1. The issue and repurchase of units shall take place on the Wednesday of each week.
  2. The issue and repurchase price of units shall correspond to the inventory value per unit calculated at the time of issue or repurchase as specified in § 15 lit. 3 plus any issue commissions and less any repurchase commissions in accordance with § 17.
  3. The ancillary costs for the purchase and sale of investments (broker's fees conforming to market trends, charges, taxes, etc.) shall be charged to the assets of the Fund.
  4. The issue and repurchase prices are rounded off to the next smallest currency unit.
  5. Should the following extraordinary conditions apply, the Fund Management may temporarily and exceptionally postpone the repurchase of unit in the interests of the investors as a whole:
    - a) when a market constituting the basis for the valuation of a major part of the assets of the Fund is closed or when trading on such a market is restricted or suspended;
    - b) when it is a question of political, military, monetary or other emergencies;
    - c) when it is impossible to carry out transactions for the Investment Fund on account of restrictions in currency dealings or restrictions of other transfers of assets.
- The Fund Management shall advise without delay the Audit Authority, the Office for Financial Services and, in an appropriate manner, the investors of the decision.
6. No issue of units shall take place as long as the repurchase of units is suspended.

## **Remuneration**

### **§ 17**

- For the administration and management of the Fund, the Fund Management shall charge the Investment Fund an annual lump-sum remuneration of max. 1.5% of the average inventory value of the assets of the Fund which will be invoiced pro rata temporis at the end of each quarter. The lump-sum remuneration applied in each case shall be shown in the prospectus and the Company and Half-Yearly Reports. With this, the Fund Management shall also be responsible for the costs incurred with the Depository Bank for the safeguarding of the security and the costs associated with an administration contract if applicable plus
  - a) the capital tax to be paid on the assets of the Fund
  - b) the supervisory fee
  - c) the printing costs for the Company and Half-Yearly reports
  - d) the costs for the publication of the notices of the Investment Fund addressed to the investors in the gazettes
  - e) the fees accruing in connection with any listing of the Investment Fund or with the marketing permit in this country or abroad
  - f) the fees of the Audit Authority.
- To cover the costs incurred by the placing of units, the Fund Management levies an

issue surcharge of max. 3% of the net inventory value on the inventory value of the newly issued units. The commission applied in each case shall be shown in the prospectus and the Company and Half-Yearly Reports.

- For the repurchase of units, the Fund Management may charge a repurchase commission of max. 0.25% in favor of the Investment Fund. The commission applied in each case shall be shown in the prospectus and the Company and Half-Yearly Reports.
- The outlays (broker's fees in conformity with the market in this country and abroad, charges and taxes) incurred in the investment of the assets of the Fund (purchase and sale of investments) shall be charged to the Investment Fund by the Fund Management or the Depository Bank.
- The Fund Management shall have a claim to an additional profit-oriented remuneration as follows:

<b>from</b>	<b>up to</b>	<b>performance fee</b>
0%	10%	0%
more than 10%	20%	10%
more than 20%		15%

The basis of the calculation is the principle of high watermark. While the fund shows losses the performance fee shall be only charged after the loss is covered. The performance fee shall be charged by the end of the fiscal year.

## **V. ACCOUNTING**

### **§ 18**

1. The financial year shall run in each case from 1 January to 31 December, the first closure being at 31.12.2000. The accounting unit of the Investment Fund shall be the Japanese yen.
2. The Fund Management shall publish a Company Report on the Investment Fund within four months of the closing of the business year.
3. The investors' right to information pursuant to § 5 lit. 4 is reserved.
4. The Audit Authority shall verify each year whether the Fund Management and the Depository Bank have observed the provisions of the Investment Regulations, the Law concerning Investment Undertakings (IUG) and the corresponding Executive Order.
5. Within two months of the end of the first six months of the financial year, the Fund Management shall publish a Half-Yearly Report.

## **VI. APPROPRIATION OF THE PROFIT**

### **§ 19**

1. On the closure of the annual accounts, the Fund Management shall determine whether and to what extent dividends shall be paid from the net investment earnings and from the added values achieved after the deduction of the costs of the Investment Fund
2. The Fund Management has no plans to pay dividends at the present time.
3. The net earnings of the Investment Fund will be added to the assets of the Fund for reinvestment.

## **VII. OFFICES AT WHICH THE PROSPECTUS, INVESTMENT REGULATIONS, COMPANY REPORTS AND HALF-YEARLY REPORTS CAN BE INSPECTED AND OBTAINED**

### **§ 20**

The prospectus with integrated Investment Regulations and the relevant Company and Half-Yearly Reports may be obtained free of charge from the Fund Management, Depository Bank or all Sales Offices.

## **VIII. GAZETTES OF THE INVESTMENT FUND**

### **§21**

1. The gazette of the Investment Fund shall be the "Liechtensteiner Volksblatt".
2. In particular, changes in the Regulations, the changing of the Fund Management and/or the Depository Bank and the liquidation of the Investment Fund shall be published in the gazettes.
3. The Fund Management shall publish the issue and repurchase prices and the inventory value together with the note "plus commissions" and for every issue and repurchase of units in the above-mentioned gazettes. The prices are to be published at least twice monthly.

## **IX. TERM OF THE INVESTMENT FUNDS AND GROUNDS FOR DISSOLUTION**

### **§22**

1. The Investment Fund is formed for an indeterminate period.
2. The Fund Management or the Depository Bank may initiate the liquidation of the Investment Fund by terminating the collective trust, the notice of termination being at least one month. The Investment Fund will be dissolved when the succession cannot be settled within this period. The Fund Management shall announce the dissolution in the gazettes.

3. When notice of the termination of the collective trust has been given, the Fund Management may liquidate the Investment Fund without delay. The payment of the proceeds of the liquidation to the investors shall be entrusted to the Depository Bank. Should the liquidation take a fairly long time, the proceeds may be paid in part-sums. Before the final payment, the Fund Management must inform the Office for Financial Services.

## **X. APPLICABLE LAW, JURISDICTION**

### **§23**

1. The Investment Fund is subject to Liechtenstein law and especially to the Law concerning Investment Undertakings (IUG) of 3 May 1996, LGBl. 1996 No. 89. The place of jurisdiction is registered office of the Fund Management.
2. The German version shall be authoritative for the interpretation of the Investment Regulations.
3. These Investment Regulations and the Prospectus have been approved by the Office for Financial Services, Vaduz, on 24 June 2003, and replace the Investment Regulations and the Prospectus of 21 March 2000. The Government of the Principality of Liechtenstein has granted the investment fund license on 4 April 2000. This is the date of foundation of the investment fund.
4. The present prospectus together with the Investment Regulations shall take effect from the date of the granting of the concession.

Vaduz, 1 July 2003

The Fund Management: ProfitFundCom Aktiengesellschaft, Vaduz

The Depository Bank: Liechtensteinische Landesbank AG, Vaduz