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Pictet (CH) Precious Metals Fund

Securities fund under Swiss law
of the type «other securities funds»

Prospectus with integrated fund contract

July 2010

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Fund auditing company:	PricewaterhouseCoopers SA, Geneva
For your information:	Website: http://www.pictetfunds.com

Investment fund prospectus

This prospectus with integrated fund contract, the simplified prospectus and the latest annual or semi-annual report (if published after the latest annual report) govern all subscriptions for units of subfunds.

Only the information contained in this prospectus, the simplified prospectus and the fund contract shall be deemed to be valid.

1. Information on the umbrella fund and the subfunds

1.1 General information on the umbrella fund and the subfunds

Pictet (CH) Precious Metals Fund is a contractual umbrella fund under Swiss law of the type "other securities funds" within the meaning of the Federal Act on Collective Investment Schemes of 23 June 2006. The fund contract was drawn up by Pictet Funds SA in its capacity as fund management company, with the approval of Pictet & Cie in its capacity as custodian bank, subject to the Swiss Financial Market Supervisory Authority (FINMA) and first approved by the latter on 24 March 2010.

The subfunds are governed by a collective investment agreement known as the fund contract. Under the terms of the contract, the management company undertakes to give investors a stake in the subfund in proportion to the number of fund units held by them, and manage the subfund in its own capacity and on its own behalf in accordance with the provisions of law and the fund contract. The custodian bank is party to the contract, in accordance with the tasks that are incumbent on it by virtue of law and the fund contract.

Each subfund issues the following unit classes corresponding to specific categories of investors.

There is no charge for switching between classes.

Investors are entitled to participate in the assets and income of only that subfund in which they hold units. Liabilities attributable to an individual subfund shall be borne solely by said subfund.

In accordance with the fund contract, the fund management company is entitled, with the consent of the custodian bank and the approval of the supervisory authority, to set up other unit classes for each subfund, discontinue them or merge them at any time.

The unit classes do not constitute segregated pools of assets. Although the costs are in principle charged only to the unit class for which a given service is rendered, it cannot be ruled out that a unit class be held liable for the liabilities of another unit class.

The Fund is divided into the following subfunds:

- **Pictet (CH) Precious Metals Fund - Physical Gold**

For the **Pictet (CH) Precious Metals Fund - Physical Gold** subfund, the reference currency is the US dollar (USD). Unit classes may be denominated in US dollars (USD), Swiss francs (CHF) or euros (EUR).

No currency hedging is carried out between the various currencies of the unit classes and the subfund's reference currency.

The unit classes currently available are the following:

"I (USD)" units are available upon request to investors making an initial investment worth at least USD 1,000,000 or the equivalent or who are qualified investors within the meaning of Article 10, paragraphs 3 and 4 CISA at the time of subscription.

"I (CHF)" units are available on the same conditions as "I (USD)" units.

"I (EUR)" units are available on the same conditions as "I (USD)" units.

"J (USD)" units are available upon request to investors making an initial investment worth at least USD 5,000,000.

"P (USD)" units are not subject to any restrictions.

"P (CHF)" units are available on the same conditions as "P (USD)" units.

"P (EUR)" units are available on the same conditions as "P (USD)" units.

"R (USD)" units are characterised by their management commission and the fact that they do not charge an issue or redemption commission.

"R (CHF)" units are available on the same conditions as "R (USD)" units.

"R (EUR)" units are available on the same conditions as "R (USD)" units.

"Z (USD)" units are available on request to qualified investors or investors making an initial investment worth at least USD 500,000 or the equivalent in Pictet funds and who have concluded a discretionary management or service agreement with an entity of the Pictet group.

1.2 The gold market

The price of gold varies as a result of various factors, both cyclical and fundamental, that govern supply and demand for gold.

Demand for investment in gold – which includes standard bars weighing 12.5 kg, ingots of a variety of specific weights, official coins, investments in ETFs and other associated products – has risen sharply in recent years. Gold is the oldest method of retaining value and has proved its effectiveness down the centuries. Gold is therefore often regarded as a refuge investment against political, economic, social or exchange rate risks, which are particular threats during periods of instability. The absence of a link between gold and the financial system or government of any country makes it the ideal "neutral" asset to own in times of economic and financial crisis, as well as during periods of geopolitical tension. In 2008, investment demand for gold grew by 64% because of the financial crisis.

During periods of inflation, gold is regarded as an appropriate investment that hedges against inflation risk and counteracts the fall in purchasing power.

The jewellery trade is the main source of demand for gold, accounting for 70% of total sales. In recent years, demand for gold has increased considerably in India and China, turning these two countries into the biggest purchasers of gold. They account for 30% of all the gold sold in 2008. The rising standard of living in these two strategic markets, along with their expanding economies, means that demand will continue to be sustained in the future.

Gold is a scarce resource. In 2008, the gold supply amounted to 3,468 tonnes in total, of which 60% was obtained from mining, 8% from gold sales by central banks and the rest from recycled gold. Mining output fell by 3%, mainly because production in South Africa and Australia declined as extraction costs rose, while few new goldfields were discovered. Mining output is still declining, since many participants have stopped their exploration activities for lack of finance.

1.3 Investment objectives and policy, investment restrictions, use of derivatives by the subfunds and safekeeping of the investments

Detailed information on the investment policy and restrictions, as well as the authorised investment techniques and instruments (in particular derivative financial instruments and their scope) is contained in the fund contract (Part II, §§7-15).

a) Investment objectives and investment policy of the subfunds

The fund management company has chosen to apply a different investment policy for each of the subfunds.

The objectives and policies of the subfunds are described below:

- Pictet (CH) Precious Metals Fund - Physical Gold

The subfund's investment objective is to offer investors an alternative to investing directly in physical gold, with the aim of tracking the changing price of gold after deducting the costs and commissions associated with the subfund.

The subfund invests, after deduction of the liquid assets, at least 85% of its total assets in:

- Physical gold in the form of standard bars weighing around 12.5 kg of a purity of not less than 995 thousandths. The market price is determined with due regard to the purity of the bars and ingots; and
- Physical gold in the form of ingots of different exact weights of a purity of not less than 995 thousandths. These ingots may be of the following exact weights only: 1 kg, ½ kg, ¼ kg, 200g, 100g, 50g, 20g, 10g, 5g, 100 ounces, 50 ounces, 25 ounces, 10 ounces, 5 ounces and 1 ounce.

In addition, up to a maximum of 15% of the subfund's assets may also be invested as follows:
- holding gold via a metal account;
- holding sight and time deposits within the meaning of §9 of the fund contract;
- investing in gold ETFs;
- using derivative financial instruments on the above investments.

The **Pictet (CH) Precious Metals Fund - Physical Gold** subfund is subject to the risks inherent in any investment, and in particular:

Risks associated with the gold market: The price of gold is affected by fundamental and cyclical factors and may be very volatile. This means that a drop in the gold price could lead to a loss that may never be made up. This subfund is intended for investors with a long-term investment horizon.

Risk concentration: The subfund's investment policy consists of investing mainly in physical gold. The value of a unit will therefore fluctuate strongly with the price of gold. This concentration of risk increases the risk of capital losses regardless of the investor's investment horizon. No more than weak exposure to this subfund is recommended, given the low level of diversification it offers.

Passive management: The subfund shall be managed passively and its objective shall be to invest in physical gold, and in securities and financial instruments whose prices are linked to the gold price. No active management of any kind will be undertaken with a view to limiting the losses in the case of a drop in the gold price.

Counterparty risks: The subfund may invest in "metal accounts" with financial institutions. The fund may be the holder of a bank account, booked in ounces of gold, representing a claim to delivery by the bank of the merchandise booked in the account, but the fund will have no ownership rights over the gold. If the financial institution concerned should file for bankruptcy, the claim would be regarded as part of the institution's total debts and would be ranked accordingly by the administrators.

Change of legal and tax status: A change in the law or in monetary policy that would restrict transactions and transfers of ownership of precious metals could have a negative impact on the fund assets. Value added tax does not apply to purchases of gold. A change in tax status could have negative repercussions on the fund assets.

Production risk associated with the emerging countries: The main gold producers are emerging countries such as China and South Africa. Historically, the political, legislative and economic situation of these countries has generally been more unstable. Unforeseen changes such as measures to restrict the import and export of precious metals, international embargoes etc. could have a negative impact on the gold price.

Currency or exchange-rate risks: The subfund's reference currency is the US dollar. Gold has no face value; it is quoted in dollars. Investors wishing to invest in a class denominated in CHF or EUR are exposed to currency or exchange-rate risks.

The subfunds' assets are subject to market fluctuations. It is therefore impossible to guarantee that the subfunds' investment objectives will be achieved. Past performance is no guarantee of the subfunds' future performance.

The attention of investors is also drawn to the fact that the acquisition of derivative instruments entails certain risks which could have a negative effect on the subfunds' performance.

b) Use of derivatives by the subfunds

The fund management company uses derivative transactions for the efficient management of the assets of the subfunds. Said use of derivatives, even during exceptional market circumstances, is not permitted to result in a deviation from the investment objectives or a change in the investment character of the fund. The subfunds are classed as "simple securities funds" as regards the use of derivatives. Commitment Approach II (extended procedure) shall be applied for assessing risks.

Derivatives form an integral part of the investment strategy and are not simply used to hedge investment positions.

The fund management company may use basic forms of derivatives, such as those described in detail in the fund contract (see §12), provided that the underlyings are permitted investments according to the subfund's policy. Derivatives may be traded on a stock exchange or another regulated market open to the public or in OTC (over-the-counter) trading. In addition to market risk, derivatives are also subject to counterparty risk, i.e. the risk that the party to the contract may not be able to honour its commitments and may thus cause a financial loss.

Besides Credit Default Swaps (CDS), all other types of credit derivatives enabling the credit risk to be transferred to the third parties buying the risk (for example, Total Return Swaps [TRS], Credit Spread Options [CSO], Credit Linked Notes [CLN]) may be purchased. The buyers of risk are compensated in the form of a premium. The amount of the premium depends (among other things) on the likelihood of a loss event taking place and the maximum amount of the loss; both factors are generally difficult to assess, which increases the risk associated with credit derivatives. The subfunds may act in either capacity – as buyers or as sellers of risk.

The use of derivative instruments may result in a leverage effect on the subfund's assets or correspond to a short sale. The total exposure to derivatives may be up to 100% of the net assets of a subfund, and the total exposure of the fund may thus be up to 200% of its net assets.

c) Safekeeping of the investments

The custodian bank or its sub-custodians, in Switzerland only, shall ensure the safekeeping of the subfunds' assets in the form of precious metal.

1.4 Profile of the typical investor

Pictet (CH) Precious Metals Fund - Physical Gold:

The subfund is suitable for investors who:
- wish to invest indirectly in physical gold
- favour a long-term investment strategy

  High risk

1.5 Tax regulations relevant for investment funds

The umbrella fund and its subfunds have no legal personality in Switzerland. They are not subject to income tax or capital gains tax.

The Swiss federal withholding tax deducted from the subfunds' domestic income may be reclaimed in full for the corresponding subfund by the fund management company.

Income and capital gains realised abroad may be subject to the relevant withholding tax deductions imposed by the country of investment. To the extent possible, these taxes will be reclaimed by the fund management company on behalf of investors resident in Switzerland under the terms of double taxation treaties or other specific agreements.

Distributions of income from the subfunds to investors domiciled in Switzerland are subject to federal withholding tax (taxation at source) at the rate of 35%. Capital gains paid by way of a separate coupon are not subject to withholding tax.

Investors domiciled in Switzerland may reclaim the retained withholding tax, specifying the income in question, by submitting a separate refund application with their tax returns.

Investors domiciled outside Switzerland may reclaim federal withholding tax under the terms of a double taxation agreement (DTA) between Switzerland and their country of domicile, if such an agreement exists. If no agreement exists, the withholding tax may not be reclaimed.

If an investor domiciled outside Switzerland is subject to the deduction of withholding tax owing to a failure to present a declaration of domicile, under Swiss law he may submit a refund application directly to the Swiss Federal Tax Administration in Bern.

The distributed income and/or interest income realised on the sale or redemption of units is/are subject to European savings tax in Switzerland.

These tax-specific consequences are based on the prevailing legal situation and current industry practice. Any changes to legislation, court rulings and tax authority practices remain explicitly reserved.

Taxation and other fiscal consequences for investors who hold, sell or buy units of investment funds or units of subfunds shall be based on the provisions of the tax laws of the country in which the investor is domiciled.

2. Information on the management company

2.1 General information on the management company

Pictet Funds SA is responsible for the management of the fund. The management company has been managing investment funds since it was founded in 1996 as a public limited company with its headquarters at Route des Acacias 60, 1211 Geneva 73.

The shareholders' equity of Pictet Funds SA amounts to 10 million Swiss francs. The shareholders' equity is divided into registered shares with a par value of CHF 1,000 or CHF 10,000 each.

All of the shareholders' equity is held by the entities of the Pictet Group. With the subordinated loan provided by Pictet & Cie, Pictet Funds SA has shareholders' equity in excess of the maximum amount of CHF 20 million that may be required in accordance with Article 48, CISO.

Pictet & Cie is a private bank constituted in the form of a limited partnership; it is subject to the Federal Law on Banks and Savings Banks and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

The Board of Directors of Pictet Funds SA is composed of:

Messrs Rémy Best, President, Partner of Pictet & Cie, Geneva
Laurent Ramsey, Chief Executive Officer, Pictet Funds SA, Geneva
Christian Soguel, Head of Funds Services, Pictet Funds SA, Geneva

The management has been assigned to:

Messrs Laurent Ramsey, CEO, Sales
Yves Martignier, General Counsel
Christoph Schweizer, Products & Marketing
Michel Sermet, Head of Funds Administration
Christian Soguel, Head of Funds Services
Cédric Vermesse, Chief Financial Officer

The management company manages 14 investment funds comprising 65 subfunds registered in Switzerland subject to Swiss law. The total assets of said funds amounted to CHF 49.7 billion as at 31 December 2008.

Furthermore, the fund management company also acts as a representative of foreign undertakings for collective investment.

Pictet Funds SA
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1211 Geneva 73
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2.2 Delegation of investment decisions

Investment decisions for the subfunds of the investment fund are delegated to Pictet Asset Management SA, 1211 Geneva 73. Pictet Asset Management SA is a securities trader regulated in Switzerland by the Swiss Financial Market Supervisory Authority (FINMA).

Pictet Asset Management SA has many years' experience of managing assets on behalf of institutional clients. The specific provisions governing the performance of the mandate are laid down in a contract entered into between Pictet Funds SA and Pictet Asset Management SA.

2.3 Operation of the IT system and calculation of the net asset value (NAV)

The calculation of the NAV of the subfunds has been delegated to Pictet & Cie (Europe) SA in Luxembourg. The specific provisions governing the performance of the mandate are laid down in an agreement between the management company and Pictet & Cie (Europe) SA effective as of 1 April 2004. Pictet & Cie (Europe) SA is recognised for its experience in the administrative processing of collective investment vehicles.

2.4 Exercising creditor and shareholder rights

The fund management company exercises creditor rights associated with the managed subfunds independently and exclusively in the interest of the investors. Upon request, investors may obtain information from the fund management company regarding how the creditor rights are exercised.

In the course of routine business, the fund management company is free to exercise the creditor rights itself or to delegate them to the custodian bank or to third parties.

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 that the fund management company holds as a shareholder or creditor of the custodian bank or other related legal entities, the fund management company shall 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, third parties and the press.

The fund management company is free to exercise or refrain from exercising the creditor rights.

3. Information on the custodian bank

The duties of the custodian bank are undertaken by Pictet & Cie, Private Bankers in Geneva since 1805. As a partnership, Pictet & Cie is principally active in the field of asset management.

The precious metals deposited with Pictet & Cie remain the property of Pictet Funds SA.

3.1 Processing of subscription and redemption orders

The processing of subscription and redemption orders is delegated to Pictet & Cie (Europe) SA, Luxembourg. The specific provisions governing the performance of the mandate are laid down in an agreement between the management company, Pictet & Cie and Pictet & Cie (Europe) SA effective as of 9 March 2007. Pictet & Cie (Europe) SA is recognised for its experience in the administrative processing of collective investment vehicles.

Even though subscription and redemption orders are processed in Luxembourg, the attention of investors is drawn to the fact that they should continue to send their subscription and redemption orders to Switzerland, either via Pictet Funds SA's authorised collective investment distributors, or, in the case of those investors who have an account with Pictet & Cie, via Pictet & Cie.

In order to comply with Luxembourg regulatory requirements, investors are hereby informed that Pictet & Cie (Europe) SA may have to send investors' personal data, as communicated upon subscription, to other Pictet Group entities for processing, but that such entities are subject to an equivalent degree of confidentiality.

4. Information on third parties

4.1 Paying agents

Pictet & Cie has been appointed as paying agent.

4.2 Distributor

Pictet Funds SA may enter into agreements with distributors for the marketing and sale of investment funds in Switzerland or out of Switzerland. These distributors are not compensated directly at the expense of the subfunds.

4.3 Auditor

PricewaterhouseCoopers SA acts as auditor.

5. Other information

5.1 Key data

Security identification number(s)

Pictet (CH) Precious Metals Fund - Physical Gold

"I (USD)" unit	ISIN CH00104848269	Telekurs 10484826
"I (CHF)" unit	ISIN CH00104849721	Telekurs 10484972
"I (EUR)" unit	ISIN CH00104849580	Telekurs 10484958
"J (USD)" unit	ISIN CH00	Telekurs
"P (USD)" unit	ISIN CH00104850497	Telekurs 10485049
"P (CHF)" unit	ISIN CH00104851016	Telekurs 10485101
"P (EUR)" unit	ISIN CH00104850968	Telekurs 10485096
"R (USD)" unit	ISIN CH00104851461	Telekurs 10485146
"R (CHF)" unit	ISIN CH00104851735	Telekurs 10485173
"R (EUR)" unit	ISIN CH00104851669	Telekurs 10485166
"Z (USD)" unit	ISIN CH00	Telekurs

Official publication	Swiss Official Gazette of Commerce and Swiss Fund Data AG (www.swissfunddata.ch)
NAV published in	Swiss Fund Data AG (www.swissfunddata.ch), Le Temps, Neue Zürcher Zeitung, Corriere del Ticino, www.fundinfo.com, www.pictet funds.com
Accounting year	1 October to 30 September

	For the **Pictet (CH) Precious Metals Fund – Physical Gold** subfund, the first accounting year will end on 30 September 2010.
Term	Unlimited
Accounting currency	The US dollar (USD) for the **Pictet (CH) Precious Metals Fund – Physical Gold** subfund.
Units	Bearer shares. The units are not issued in physical form but instead recorded in the accounts.
Dividend	Distributed annually within four months of the end of the accounting year.

5.2 Terms of issue and redemption of units of subfunds

5.2.1 Issue and redemption

Units of funds may be issued or redeemed every bank business day of the week (from Monday to Friday). Units may not be issued or redeemed on Swiss bank holidays (Easter, Whit Monday, Christmas, New Year's Day, National Day, etc.) or days on which the stock exchanges or markets of the main countries where the subfund is invested are closed, or in the event of exceptional circumstances within the meaning of §17, prov. 4 of the fund contract.

Subscription and redemption requests sent to the custodian bank by 12 noon at the latest on a bank business day (day when the order was placed) are calculated on the following bank business day (valuation day) based on the net asset value calculated on that day. The net asset value used for the calculation is therefore not yet known at the time the order is placed (forward pricing). It is calculated on the valuation day based on the closing rates valid on the day the order was placed.

In the case of the **Pictet (CH) Precious Metals Fund - Physical Gold** subfund, the investor has the right to demand, instead of reimbursement in cash, the redemption of his units in kind: that is, the exchange value of his units in the form of the precious metal in which the subfund invests (redemption in kind), i.e. bars each weighing approximately 12.5 kg of a minimum purity of 995 thousandths. Redemptions in kind may be possible in the form of bars of other weights, subject to the prior approval of the custodian bank and the fund management company.

Physical delivery to investors who request that their units be redeemed in kind is undertaken on the following conditions:

1) Redemption order

- The request for redemption in kind must be submitted in writing (letter or fax), at the same time as the repayment request
- When requesting redemption in kind, the investor must specify:
  i. The delivery address for the precious metal, which can be delivered only to banking institutions in Switzerland. No deliveries are made outside Switzerland.
  ii. Details of where to transfer the cash balance.

2) Time and method of delivery

- Delivery is made in the form of bars each weighing approximately 12.5 kg of a minimum purity of 995 thousandths, within 20 bank business days of the request for redemption in kind
- In principal, only bars each weighing approximately 12.5 kg of a purity of at least 995 thousandths are delivered
- Subject to the approval of the custodian bank and the fund management company, and upon request, the investor may be permitted, depending on availability and delivery times, to take delivery of ingots of an exact weight, as defined in section 1.3 above, rather than in standard bars weighing approximately 12.5 kg each. The investor is liable for the additional costs of manufacture and other expenses (such as processing costs or a reduction in value resulting from a lesser degree of purity)
- The delivery times for ingots of an exact weight, as defined in section 1.3 above, and which are not standard bars each weighing approximately 12.5 kg, are decided on a case-by-case basis, with due regard to market circumstances, but shall not exceed 60 bank business days from the request for redemption in kind
- The right to repayment in kind in the form of bars each weighing approximately 12.5 kg is limited to the bars actually held by the subfund. Thus, if requests for redemptions in kind exceed the total number of bars held by the subfund, said bars will be divided out in proportion to the units held by the investors requesting the redemption in kind, with the remaining sum paid in cash
- The custodian bank and the fund management company reserve the right to decline to deliver bars each weighing approximately 12.5 kg, provided they have good cause, such as the inability to deliver during an emergency of a political, economic, military or other nature (travel restrictions, civil disorder, etc.)
- The difference between the value of the unit for which redemption is requested and the amount reimbursed in kind will be paid in cash. The difference is calculated with reference to the weight and purity of the gold
- If an emergency of a political, economic, military or other nature (travel restrictions, civil disorder, etc.) arises, the custodian bank and the fund management company reserve the right to deliver the physical gold to whichever place and in whatever manner they consider most appropriate.

3) Expenses

- Before the gold is delivered, the expenses mentioned in section 5.3 of the prospectus and §18 of the contract will be charged to the investor, as will the other expenses (such as the cost of processing the metal, delivery, insurance and taxes)
- If an amount is still payable in cash, the expenses, taxes and costs incurred by the redemption in kind will be deducted directly from the balancing payment
- The fund management company reserves the right to bill the investor for the expenses separately
- If a request for redemption in kind cannot be honoured, and in order to allow for the incidental costs, reimbursement in cash is calculated according to the swinging single pricing (SSP) method, in accordance with section 5.2.2 a) or b) below

4) Consequences of delivery

- Delivery results in ownership of the gold passing from the fund management company to the investor
- The transfer of ownership occurs at the moment the precious metal is handed over to the carrier appointed to deliver it to the address of the banking institution nominated by the investor to receive the delivery

5) Liquidation of a subfund

- The right to reimbursement in kind cannot be exercised if a subfund is liquidated.

5.2.2 Calculation of the net asset value

The net asset value of unit of a given class of a subfund is determined by the proportion of this subfund's assets as valued at the market value attributable to the given unit class, less any of this subfund's liabilities that are attributed to the given unit class, divided by the number of units of the given class in circulation, rounded to the nearest CHF/USD/EUR 0.01.

For the **Pictet (CH) Precious Metals Fund - Physical Gold** subfund, the value of the gold will be calculated on the basis of the price decided by the London Gold Fixing at 15:00 (GMT).
For this subfund, the NAV is calculated using the following method:

a) Calculating the NAV for "I USD", "I CHF", "I EUR", "J USD", "P USD", "P CHF", "P EUR", "R USD", "R CHF", "R EUR" unit classes in the case of subscriptions or cash redemptions

In accordance with § 16, prov. 7 of the fund contract, the costs of adjusting the portfolio are calculated using the swinging single pricing (SSP) method in respect of the unit classes listed above.

The swinging single pricing method entails calculating the net asset value by including the costs of adjusting the fund portfolio ("swung" NAV). The net flow of issue and redemptions of units determines the volume at which the portfolio requires adjustment. Adjusting the portfolio incurs transaction costs that are borne by the investors subscribing or requesting redemption of units, on the trading day in question.

If, on a given valuation day, unit issues exceed unit redemptions, the fund manager increases the net asset value by the amount of the transaction costs incurred by the fund when adjusting the portfolio ("swung" NAV).

If, on a given valuation day, unit redemptions exceed unit issues, the fund manager reduces the net asset value by the amount of the transaction costs incurred by the fund when adjusting the portfolio ("swung" NAV).

The transaction costs are determined on a flat-rate basis and reflect the average transaction costs (see section 5.3 below). They are reviewed regularly.

b) Calculating the NAV for the "Z USD" unit class in the case of subscriptions or cash redemptions

The issue price for the "Z USD" unit class is determined as follows: the net asset value calculated on the valuation date, plus the averaged incidental costs (standard brokerage fees, commissions, taxes, etc.), incurred by the fund when investing the amount paid, plus the issuing commission. The amount of the incidental costs and issuing commission is set forth under section 5.3 below.

The redemption price is calculated as follows: the net asset value calculated on the valuation day, less the averaged incidental costs incurred by the fund when selling the portion of the investments being redeemed and less the redemption commission. The amount of incidental costs and of the redemption commission is set forth under section 5.3 below.

Issue and redemption prices are rounded to the nearest CHF/EUR/USD 0.01. Payment is made 1 bank working day after the valuation day.

c) Calculating the costs of adjusting the portfolio in the case of a redemption in kind

Requests for a redemption in kind are dealt with separately as described in section 5.2.1 above. In consequence, the cost of adjusting the portfolio is not taken into account (SSP not applied, no spread on the NAV).
In the case of a request for a redemption in cash, the costs of adjusting the portfolio are taken into account by applying the SSP method or a spread, as described in section 5.2.2. a) or b) above.

Units shall not take the form of actual certificates but shall exist purely as book entries.

5.3 Fees and incidental costs

5.3.1 Fees and incidental costs charged to the investor (taken from §18 of the fund contract)

Issue commission paid to the management company, the custodian bank
and/or distributors in Switzerland and abroad maximum 5%

Redemption commission paid to the fund management company, the custodian bank
and/or distributors in Switzerland and abroad maximum 1%

For the **Pictet (CH) Precious Metals Fund - Physical Gold** subfund:

Commission for the physical delivery of the metal maximum 0.5%

Actual expenses incurred in connection with the physical delivery of the metal, such as the costs of processing the metal, delivery, insurance and taxes

5.3.2 Fees and incidental costs charged to the assets of the subfunds following the investment of the amount paid or the sale of investments (§ 17, prov. 2 of the fund contract

Addition to or deduction from the net asset value, corresponding to the average transaction costs in the case of subscription or redemption in cash:

- **Pictet (CH) Precious Metals Fund - Physical Gold** 0.10 %

5.3.3 Fees and incidental costs charged to the assets of the subfunds (taken from §19 of the fund contract)

Fund management company's total commission:

Classes I (USD), I (CHF), I (EUR):
a maximum of 0.26% of the total value of the subfund assets attributable to this class

Class J (USD):
a maximum of 0.21% of the total value of the subfund assets attributable to this class

Classes P (USD), P (CHF), P (EUR):

a maximum of 0.46% of the total value of the subfund assets attributable to this class

Classes R (USD), R (CHF), R (EUR):
a maximum of 0.66% of the total value of the subfund assets attributable to this class

Class Z (USD):
the commission is billed directly to the investor by the manager or any other entity of the Pictet Group.

The fund management company's commission is composed of the following elements:

- For the administration of each subfund of the fund, the management company charges the fund a maximum annual commission of 0.06% of the net asset value of the subfund. The commission will be taken at the end of each month on a pro rata basis. The effective applicable rate is published in the annual and semi-annual reports.

- For managing and marketing the subfunds, the management company charges a commission on all classes other than "Z" classes, at the rates given below. The effective applicable rate is published in the annual and semi-annual reports. If the management of the fund is delegated, part of the commission may be paid by the fund directly to the managers. In the case of holders qualifying for the “Z” class, the management commissions are billed directly to them.

  Pictet (CH) Precious Metals Fund – Physical Gold:

  Classes I (USD), I (CHF), I (EUR):
  a maximum of 0.20% of the total value of the subfund assets attributable to this class

  Class J (USD):
  a maximum of 0.15% of the total value of the subfund assets attributable to this class

  Classes P (USD), P (CHF), P (EUR):
  a maximum of 0.40% of the total value of the subfund assets attributable to this class

  Classes R (USD), R (CHF), R (EUR):
  a maximum of 0.60% of the total value of the subfund assets attributable to this class

  Class Z (USD):
  the commission is billed directly to the investor by the manager or any other entity of the Pictet Group.

Custodian bank commission

- For the safekeeping of the fund's assets, the handling of the fund's payment transactions and other tasks of the custodian bank listed under §4, the custodian bank charges a maximum annual commission of 0.08% of the asset value of the subfund. The effective applicable rate is published in the annual and semi-annual reports. Furthermore, foreign custody fees and expenses are also charged to the fund’s assets;

- For the distribution of annual income to the investors, the custodian bank charges a commission not exceeding 1% of the gross amount of the distribution. The effective applicable rate is published in the annual report;

- For the distribution of liquidation proceeds in the event of the dissolution of the fund or of a subfund, the custodian bank shall charge a commission not exceeding 0.5% of the net asset value of the units. The effective applicable rate is stated in the liquidation report.

5.3.4

In addition, the other fees and incidental costs listed in §19 of the fund contract may be charged to the subfunds.

The effective applicable rates are published in the annual and semi-annual reports.

The fund management company may pay retrocessions for the Marketing element to the following institutional investors holding fund units on behalf of third parties for business purposes:

- life insurance companies
- pension funds and other occupational pension insurance institutions
- investment foundations
- Swiss fund management companies
- foreign fund managers and fund companies
- investment companies.

The fund management company may also pay portfolio commissions for the Marketing element to the distributors and distribution partners listed below:

- authorised distributors
- fund management companies, banks, securities dealers, the Swiss Post Office and insurance companies
- distribution partners that place fund units exclusively with institutional investors with professional treasury operations
- wealth managers.

5.3.5

Total Expense Ratio and Portfolio Turnover Rate

Ratio of total expenses currently debited to the subfund assets (Total Expense Ratio, TER):

Pictet (CH) Precious Metals Fund - Physical Gold:
n/a

Portfolio Turnover Rate (PTR):

Pictet (CH) Precious Metals Fund - Physical Gold:
n/a

5.3.6

Investments in related collective investment schemes

In the event of investments in other collective investment schemes that are managed directly or indirectly by the fund management company itself, or a company with which it is related by virtue of common management or control or by way of a direct or indirect stake of more than 10% of the capital or votes, no issuing and redemption commissions shall be charged and a reduced management fee only, pursuant to §19, prov. 5 of the fund contract, shall be charged.

Fee-sharing agreements and pecuniary benefits (“soft commissions”)

The fund management company has not entered into any fee-sharing agreements.

The fund management company has not entered into any agreements regarding “soft commissions”.

5.4 Publications of the fund and the subfunds

Further information regarding the umbrella fund and the subfunds may be found in the latest annual or semi-annual report. The most recent information may also be consulted at www.pictetfunds.com.

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

In the event of changes to the fund contract, the management company or the custodian bank, or in the event of the dissolution of the subfunds, the fund management company shall publish the details in the Swiss Official Gazette of Commerce and via Swiss Fund Data AG (www.swissfunddata.ch).

The net asset value, together with a note stating "excluding commission", is published on each business day by Swiss Fund Data AG (www.swissfunddata.ch) for each subfund. The prices are also published in "Le Temps", "Neue Zürcher Zeitung", "Corriere del Ticino" and at www.fundinfo.com and www.pictetfunds.com.

5.5 Sales restrictions

When issuing and redeeming units of subfunds outside Switzerland, the provisions in effect in the country in question shall be binding.

a) At present, units of the subfunds of this fund are not distributed outside Switzerland

b) Units of the subfunds of this fund may not be offered, sold or delivered within the USA or

Japan.

5.6 Detailed provisions

All other information regarding the umbrella fund or the subfunds, such as the valuation method of the subfunds' assets, the schedule of all fees and incidental costs charged to the investor and the subfunds, as well as the use of earnings, are specified in detail in the fund contract.

Contents

Fund Contract

I Legal basis

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

1. A contractual umbrella fund of the type "other securities funds" has been established under the name of Pictet (CH) Precious Metals Fund (referred to below as "the fund") in accordance with Art. 25 et seq. in conjunction with Art. 68 and Art. 92 et seq. of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA). The fund currently comprises the following subfunds:
   - **Pictet (CH) Precious Metals Fund – Physical Gold**

2. The fund management company is Pictet Funds SA, Route des Acacias 60, 1211 Geneva 73.

3. The custodian bank is Pictet & Cie, Route des Acacias 60, 1211 Geneva 73.

II Rights and obligations of the parties to the contract

§ 2. The fund contract

The legal relationship between the investors 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 subfunds 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 investments and their valuation. It calculates the net asset value of the subfunds and determines the issue and redemption prices of units as well as distributions of income. It exercises all rights associated with the umbrella fund and subfunds.

2. The fund management company and its agents are subject to the duties of loyalty, due diligence and disclosure concerning the subfunds and the umbrella fund. They act independently and exclusively in the interests of the investors. They implement the organisational measures that are necessary for proper management. They ensure the provision of transparent financial statements and provide appropriate information on the umbrella fund and/or subfunds.

3. The fund management company can delegate investment decisions as well as specific tasks for all subfunds or for individual subfunds, provided this is in the interests of efficient management. It shall commission only persons who are qualified to execute the delegated tasks properly, and shall ensure the provision of instructions as well as monitoring and controlling in respect of the tasks. The fund management company shall be liable for the actions of its agents as if they were its own actions.

4. The fund management company may with the consent of the custodian bank submit a change to the present fund contract to the supervisory authority for approval (see §26). The fund management company may, with the consent of the custodian bank, submit further subfunds for the approval of the supervisory authority.

5. The fund management company can merge the individual subfunds with other subfunds or with other investment funds pursuant to the provisions set down under §24 and can dissolve the individual subfunds pursuant to the provisions set down under §25.

6. The fund management company is entitled to receive the fees stipulated in §§18 and 19. It is further entitled to be released from the liabilities assumed in the proper execution of its tasks, and to be reimbursed for expenses incurred in connection with such liabilities.

§ 4. Custodian bank

1. The custodian bank is responsible for the safekeeping of the assets of the subfunds. It handles the issue and redemption of fund units as well as managing payment transactions on behalf of the subfunds.

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 organisational measures that are necessary for proper management. They ensure the provision of transparent financial statements and provide appropriate information on the umbrella fund and/or its subfunds.

3. The custodian bank may delegate the safekeeping of the assets of the subfunds to third-party custodians or collective securities depositories in Switzerland or abroad. It is liable for applying due diligence when choosing and instructing any such third parties, as well as for monitoring constant compliance 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 that the calculation of the net asset values 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 that the income is appropriated in accordance with the fund contract. The custodian bank is not responsible for the choice of investments made by the fund management company in accordance with the investment regulations.

5. The custodian bank is entitled to receive the fees stipulated in §§18 and 19. It is further entitled to be released from the liabilities assumed in the proper execution of its tasks, and to be reimbursed for expenses incurred in connection with such liabilities.

§ 5. Investors

1. On concluding the contract and making a payment in cash, the investor acquires a claim against the fund management company in respect of a participation in the assets and income of a subfund of the umbrella fund. The investor's claim is evidenced in the form of fund units.

2. Investors are entitled to participate in the assets and income of only that subfund in which they hold units. Liabilities attributable to an individual subfund shall be borne solely by said subfund.

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

4. 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 about specific business transactions effected by the fund management company, such as the exercising of membership and creditor 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.

5. The investors may terminate the fund contract at any time and demand that their share in the subfund concerned be reimbursed in cash.

   In the case of the **Pictet (CH) Precious Metals Fund - Physical Gold** subfund, instead of reimbursement in cash, the investor in a subfund has the right to redeem his units in kind, in the form of physical delivery of gold bars each weighing approximately 12.5 kg of a minimum purity of 995 thousandths. Redemptions in kind may be possible in the form of bars of other weights, subject to the prior approval of the custodian bank and the fund management company. More detailed information is set out in §§17 and 18, and under section 5.2 of the prospectus. Exceptions in this regard are events of a political, economic, military or any other nature which prevent or render very difficult a reimbursement in kind, such that the redemption in kind could not reasonably be expected of the custodian bank.

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

7. 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, and in particular to combat money laundering;

   b) the investor no longer meets the legal, regulatory, contractual or statutory requirements for participation in a subfund.

8. 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 a subfund of the investment 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 umbrella fund and/or a subfund in Switzerland or abroad;

   b) the investor has acquired or holds their units in violation of provisions of a law to which they are subject either in Switzerland or abroad, or 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 subfund'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 for each subfund at any time subject to the consent of the custodian bank and the approval of the supervisory authority. All unit classes entitle the holder to a share in the total assets of the subfund concerned, 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 of a given subfund. Class-specific costs are covered by the assets of the subfund 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 §26.

3. The various unit classes of the subfunds 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 charged only 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 subfund's assets.

4. The unit classes currently available are the following:

   "I (USD)" units are available upon request to investors making an initial investment worth at least USD 1,000,000 or the equivalent or who are qualified investors within the meaning of Article 10, paragraphs 3 and 4 CISA at the time of subscription.

   "I (CHF)" units are available on the same conditions as "I (USD)" units.

   "I (EUR)" units are available on the same conditions as "I (USD)" units.

   "J (USD)" units are available upon request to investors making an initial investment worth at least USD 5,000,000 or the equivalent.

   "P (USD)" units are not subject to any restrictions.

   "P (CHF)" units are available on the same conditions as "P (USD)" units.

   "P (EUR)" units are available on the same conditions as "P (USD)" units.

   "R (USD)" units are characterised by their management commission and the fact that they do not charge an issue or redemption commission.

   "R (CHF)" units are available on the same conditions as "R (USD)" units.

   "R (EUR)" units are available on the same conditions as "R (USD)" units.

   "Z (USD)" units are available on request to qualified investors or investors making an initial investment worth at least USD 500,000 or the equivalent in Pictet funds and who have concluded a discretionary management or service agreement with an entity of the Pictet group.

5. In principle, units shall not take the form of actual share certificates but shall exist purely as book entries. The investors are not entitled to demand delivery of a unit certificate.

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 §17, transferred to a person who does meet the aforementioned prerequisites, or switched into units of another unit class of the subfund concerned 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 the subfund concerned pursuant to §5, prov. 7, or, should this not be possible, enforce the redemption of the units in question.

III Investment policy guidelines

A Investment principles

§ 7. Compliance with investment guidelines

1. In selecting individual investments for each subfund, the fund management company must adhere to the principle of balanced risk diversification and must observe the percentage limits defined below. These percentages relate to the assets of the individual subfunds at market value and must be complied with at all times. The individual subfunds must have fulfilled the terms of the investment restrictions no later than six months after the expiry of the subscription period (launch).

2. If the limits are exceeded as a result of market-related changes, the investments must be restored to the permitted level within a reasonable period, taking due account of the investors' interests. 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 business days at the latest, taking due account of the investors' interests.

§ 8. Investment policy

1. Within the framework of the specific investment policy of each subfund, the fund management company may invest the assets of the individual subfunds in the investments listed below. The risks involved in these investments are set forth in the prospectus.

   a) Derivatives, provided that the underlying securities are permitted investments under the fund contract. The derivatives are either traded on a stock exchange or other regulated market open to the public, or are traded OTC.

      Investments in derivatives traded over the counter (OTC transactions) are permitted only if (i) the counterparty is a regulated financial intermediary specialising 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 must be possible for them to be valued in a reliable and transparent manner. Derivatives may be used pursuant to §12.

   b) Sight or time deposits with terms 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 that country equivalent to the supervision in Switzerland.

   c) Units of other collective investment schemes (target funds), provided that (i) their documents restrict investments for their part in other target funds to a total of 10%; (ii) these target funds are subject to provisions equivalent to those pertaining to securities funds or to the category "other securities funds" in respect of the purpose, organisation, investment policy, investor protection, risk diversification, asset segregation, borrowing, lending, short-selling of securities and money market instruments, issuing and redemption of fund units and the content of the semi-annual and annual reports; and (iii) these target funds are authorised as collective investment schemes in their country of domicile and are there subject to supervision equivalent to that in Switzerland and which serves to protect investors, and that international legal assistance is ensured.

d) Precious metals.

e) Investments other than those specified in a) to d) above up to a maximum of 10% of the total assets of an individual subfund. The following are not permitted: (i) investments in commodities and commodity certificates, or (ii) short-selling of investments in accordance with a), c) and d) above.

2. In respect of the **Pictet (CH) Precious Metals Fund – Physical Gold** subfund, the fund management company shall, after deduction of the liquid assets, invest at least 85% of the subfund's assets in:

- Physical gold in the form of standard bars each weighing approximately 12.5 kg of a purity of not less than 995 thousandths.

- Physical gold in the form of ingots of different exact weights of a purity of not less than 995 thousandths. These ingots may be of the following exact weights only: 1 kg, ½ kg, ¼ kg, 200g, 100g, 50g, 20g, 10g, 5g, 100 ounces, 50 ounces, 25 ounces, 10 ounces, 5 ounces and 1 ounce.

In addition, up to 15% of the subfund's assets may be invested in:

- Gold via a metal account;

- Sight and time deposits within the meaning of §9 of the fund contract;

- Gold ETFs;

- Derivative financial instruments on the above investments.

The subfund shall be managed passively and its objective shall be to track the price of gold. It will therefore invest in physical gold, and in securities and financial instruments whose prices are linked to the gold price. No active management of any kind will be undertaken with a view to limiting the losses in the case of a drop in the gold price.

3. Derivatives are subject to counterparty risk, in addition to market risk; in other words, there is a risk that the contracting party may not honour its commitments and may thus cause a financial loss.

§ 9. Liquid assets

The fund management company may also hold liquid assets for each subfund in an appropriate amount in the accounting currency of the subfund concerned and in any other currency in which investments are permitted. Liquid assets comprise sight and time bank deposits with maturities of up to twelve months.

B Investment techniques and instruments

§ 10. Securities lending and precious metals lending

1. The fund management company does not engage in securities lending or precious metals lending transactions.

§ 11. Securities repurchase agreements

1. The fund management company does not engage in securities repurchase agreements.

§ 12. Derivative financial instruments

1. The fund management company may use derivatives for the efficient management of the assets of the subfunds. It shall ensure that even under extreme market conditions, the financial effect of the use of derivatives does not result in a deviation from the investment objectives set out in the prospectus and the simplified prospectus, and that it does not change the investment character of the fund. Furthermore, the underlyings of the derivatives must be permitted investments for the subfund in accordance with the present fund contract.

2. For the assessment of risk, Commitment Approach II is applied. The overall exposure of a subfund associated with derivatives may therefore not exceed 100% of its net assets and the overall exposure may not exceed a total of 200% of its net assets. When taking into account the possibility of temporary borrowing amounting to no more than 10% of the subfund's net assets pursuant to §13, prov. 2, the overall exposure of the subfund may not exceed 210% of its net assets.

   The fund management company must at all times be able to meet the payment and delivery obligations entered into in respect of the derivatives, in accordance with collective investment schemes legislation.

3. The fund management company may in particular use forms of derivatives such as call and 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, credit default swaps (CDS), swaps whose payments are dependent in both a linear and a non-path-dependent manner on the value of the underlying or on an absolute amount, as well as future and forward transactions whose value is linearly dependent on the value of the underlying. It may also use combinations of basic forms of derivatives as well as derivatives whose economic mode of operation cannot be described by a basic form of derivative or by a combination of basic forms of derivatives (exotic derivatives).

4.
   a) The derivatives shall be broken down by the fund management company into the three risk categories of market risk, credit risk and currency risk. If a derivative entails risks in different categories, it shall be included in each of the corresponding risk categories with its underlying equivalent. 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 the latter has been calculated).

b) Counter-positions in derivatives of the same underlying and in investments in that underlying may be netted with one another.

c) Counter-positions of different underlyings may only be netted with one another if they are similar in terms of risk, such as market risk, credit risk and currency risk, and exhibit a high correlation.

d) Call options sold and put options purchased may be included in the netting process only if their delta has been calculated.

e) For each risk category, the absolute amounts of the underlying equivalents of the derivatives must be added together, subject to any netting in accordance with b) to d). In none of the three risk categories shall the sum of the underlying equivalents exceed the net asset value of the fund.

f) Payment obligations in respect of derivatives must at all times be covered by near-money assets, debt securities and rights or equities that are traded on an exchange or other regulated market open to the public, in accordance with collective investment schemes legislation. These near-money assets and investments can be used to cover several derivative positions at the same time, if the latter are subject to a market risk or credit risk and are based on the same underlyings.

g) Physical delivery obligations in respect of derivatives must at all times be covered by the corresponding underlyings or by other investments, provided that the associated risks, such as market risks, currency risks and interest rate risks, are similar to those of the underlying being delivered, that the investments and the underlyings exhibit a high correlation, that the investments and the underlyings are highly liquid and that they may, should delivery be requested, be purchased or sold at any time. Underlyings can be used as cover for several derivative positions at the same time, if the latter are subject to a market risk, credit risk or currency risk and are based on the same underlyings.

5. The fund management company may use both standardised and non-standardised derivatives. It may conclude transactions in derivative financial instruments on a stock exchange or another regulated market open to the public or in OTC (over-the-counter) trading.

6.

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

b) It must be possible to value an OTC derivative reliably and verifiably on a daily basis and to sell, liquidate or close out the derivative at market value at any time.

c) If no market price is available for an OTC-traded derivative, it must be possible to determine the price at any time using appropriate valuation models that are recognised in practice, based on the market value of the underlyings. Moreover, before the conclusion of such transactions, specific offers must be obtained from at least two potential counterparties and the most favourable offer accepted, with due consideration to the price, credit rating, risk distribution and range of services offered by the counterparties. The conclusion of the transaction and pricing shall be clearly documented.

7. In respect of compliance with the statutory and contractual restrictions (maximum and minimum limits), particularly as regards risk distribution, derivatives must be dealt with in accordance with the legislation on collective investment schemes.

8. The prospectus shall contain further information on:
   - the importance of derivatives as part of the investment strategy;
   - the effect of the use of derivatives on the risk profile of the subfunds;
   - the counterparty risks of derivatives;
   - the increased volatility and increased overall exposure (leverage effect) resulting from the use of derivatives;
   - credit derivatives.

§ 13. Borrowing and lending

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

2. The fund management company may borrow the equivalent of up to 10% of the net assets of each subfund on a temporary basis. It may not borrow for the purpose of executing investments.

§ 14. Encumbrance of the subfunds' assets

1. The fund management company may not transfer rights of pledge, or pledge or cede as collateral a subfund's net assets.

2. The subfunds' assets may not be encumbered with guarantees. An exposure-increasing credit derivative is not deemed to be a guarantee within the meaning of this clause.

C Investment restrictions

§ 15. Risk diversification

1. The regulations below on risk diversification must include the following:

   a) investments pursuant to §8;

   b) liquid assets pursuant to §9;

c) claims against counterparties arising from OTC transactions.

The regulations on risk distribution apply to each subfund individually.

2. Companies which form a group in accordance with international accounting regulations are deemed to be a single issuer.

3. The fund management company may, including derivatives, invest up to 10% of the total assets of a subfund with a single issuer. The total value of the derivatives of issuers with whom more than 5% of the fund's assets have been placed may not exceed 40% of the fund's assets, subject to provisions 2 and 3.

4. In respect of liquid assets, the fund management company may invest up to a maximum of 15% of the total assets of a subfund in sight and time deposits with the same bank. Both liquid assets pursuant to §9 and investments in bank deposits pursuant to §8 are included in this limit.

5. The fund management company may invest up to a maximum of 5% of the total assets of a subfund in OTC transactions with the same counterparty. If the counterparty is a bank having its registered office in Switzerland or in a Member State of the European Union, or in another State where it is subject to supervision equivalent to that existing in Switzerland, this limit is increased to 10% of the total assets of each subfund.

6. The fund management company may invest a maximum of 15% of the total assets of a subfund in units of the same target fund.

7. Investments, deposits and claims pursuant to provisions 3 to 5 above and issued by the same issuer/borrower may not exceed 15% of the total assets of a subfund.

8. Investments pursuant to provision 3 above in the same group of companies may not in total exceed 20% of the assets of a subfund.

9. The fund management company may acquire for the assets of a subfund up to a maximum of 25% of the units of other collective investment schemes.

IV Calculation of the net asset values and issue and redemption of units

§ 16. Calculation of the net asset value and application of swinging single pricing

1. The net asset value (NAV) of each subfund and the share of assets attributable to the individual classes are calculated in the accounting currency (AC) of the subfund concerned, as set out in the prospectus, at the market value as at the end of the financial year and for each day on which units are issued or redeemed. On days when the stock exchanges or markets in the subfunds' main investment countries are closed (e.g. bank holidays and stock-exchange holidays), net asset values will not be calculated for the subfund concerned.

2. Securities traded on a stock exchange or another regulated market open to the public are valued at the current prices paid on the main market. Other investments or investments for which no current market value is available shall be valued at the price which would probably be obtained in a diligent sale at the time of the valuation.

   In such cases, the fund management company shall use appropriate and recognised valuation models and principles to determine the market value.

3. For the **Pictet (CH) Precious Metals Fund - Physical Gold** subfund, the value of the gold will be calculated on the basis of the price decided by the London Gold Fixing at 15:00 (GMT).

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

5. The net asset value of a unit of a given class of a subfund is determined by the proportion of this subfund's assets as valued at the market value attributable to the given unit class, less any of this subfund's liabilities that are attributed to the given unit class, divided by the number of units of the given class in circulation. The net asset value of each subfund is rounded to the nearest AC 0.01.

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

   a) when units are issued and redeemed;

   b) on the pertinent date for distributions, provided that (i) such distributions are made only for individual unit classes (distribution classes) or provided that (ii) the distributions of the various unit classes differ when expressed as a percentage of the respective net asset values or provided that (iii) different commissions or costs are charged on the distributions of the various unit classes when expressed as a percentage of the distribution;

   c) when the net asset value is calculated, as part of the allocation of liabilities (including due or accrued costs and commissions) to the various unit classes, provided that the liabilities of the various unit classes are different when expressed as a percentage of the respective net asset value, especially if (i) different commission rates are applied for the various unit classes or if (ii) class-specific costs are charged;

   d) when the net asset value is calculated, as part of the allocation of income or capital gains to the various unit classes, provided that the income or capital gains stem from transactions made solely in the interests of one unit class or in the interests of several unit classes but disproportionately to their share of the net assets of a subfund.

7. In the case of a request for subscription or redemption in cash, when, for a given day, the total amount of issues and redemptions of units in favour of or to the detriment of the subfund leads to a rise or fall in the net asset value, the net asset value assessed is revised upwards or downwards ("swinging single pricing"). The maximum adjustment is 1% of the net asset value assessed. Incidental fees (difference between purchase and sale price, standard brokerage fees, commissions, taxes, etc.) arising from an investment or sale relating to the net flow of assets into or out of the fund are taken into account in this calculation. The adjustment leads to a rise in the NAV assessed if the net flow corresponds to a rise in the number of units. The adjustment leads to a fall in the net asset value assessed if the net flow results in a fall in the net asset value. The net asset value after applying the swinging single pricing method is adjusted in accordance with the first sentence under this point.

§ 17. Issue and redemption of units

1. Subscription and redemption orders for units are accepted on the day the orders are placed, up to a certain cut-off time specified in the prospectus. The definitive issue and redemption price of the units is determined at the earliest on the bank business day following the day the order is placed (valuation day). This is referred to as 'forward pricing'. Details are given in the prospectus.

   The issue and redemption of fractional units are authorised

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 §16. When units are issued or redeemed, an issuing commission may be added to the net asset value pursuant to §18 or a redemption commission may be deducted from the net asset value pursuant to §18.

   Method of accounting for incidental costs in the case of a request for a subscription or redemption in cash:

   a) Accounting for the incidental costs for "I USD", "I CHF", "I EUR", "J USD", "P USD", "P CHF", "P EUR", "R USD", "R CHF", "R EUR", "I", "J", "P" and "R" unit classes

   The fees for the purchase or sale of investments (difference between the purchase and sale price, standard brokerage fees, commissions, taxes, etc.) in connection with the purchase or sale of investments corresponding to the net flow into or out of the fund are accounted for in accordance with the swinging single pricing method, as described in §16, prov. 7 of the contract.

   b) Accounting for incidental costs for "Z USD" unit classes

   At the time of issuance, any incidental costs (standard brokerage fees, commissions, other fees, etc.) incurred by the fund in connection with investing the amount paid are averaged out and added to the net asset value.

   In the case of a redemption, the incidental costs incurred by the fund in connection with the sale of the unit are deducted from the net asset value.

The applicable rate is stated in the prospectus and simplified prospectus.

In respect of the "**Pictet (CH) Precious Metals Fund - Physical Gold**" subfund, requests for redemption in kind are handled in accordance with the conditions set out in prov. 7 below.

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.

4. The fund management company may temporarily and by way of exception defer repayment in respect of units of a subfund 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 a political, economic, military, monetary or other emergency;

   c) if, owing to exchange controls or restrictions on other asset transfers, the collective investment scheme can no longer transact its business;

   d) in the event of large-scale redemptions of units of the subfund that could significantly affect the interests of the remaining investors.

5. The fund management company shall immediately apprise the auditors and the supervisory authority of any decision to suspend redemptions. It shall also notify the investors in a suitable manner.

6. No units of a subfund shall be issued as long as the repayment in respect of units of this subfund is deferred for the reasons stipulated under no. (4) a) to (c).

7. In the case of the **Pictet (CH) Precious Metals Fund - Physical Gold** subfund, the investor has the right to demand, instead of reimbursement in cash, the redemption of his units in kind: that is, the exchange value of his units in the form of the precious metal in which the subfund invests (redemption in kind), i.e. bars each weighing approximately 12.5 kg with a minimum purity of 995 thousandths. Redemptions in kind may be possible in the form of bars of other weights, subject to the prior approval of the custodian bank and the fund management company.

   Physical delivery to investors who request that their units be redeemed in kind is undertaken on the following conditions:

   1) Redemption order

      - The request for redemption in kind must be submitted in writing (letter or fax), at the same time as the repayment request.
      - When requesting redemption in kind, the investor must specify:
        i. The delivery address for the precious metal, which can be delivered only to banking institutions in Switzerland. No deliveries are made outside Switzerland.
        ii. Details of where to transfer the cash balance.

2) Time and method of delivery

- Delivery is made in the form of bars each weighing approximately 12.5 kg of a minimum purity of 995 thousandths, within 20 bank business days of the request for redemption in kind
- In principal, only bars each weighing approximately 12.5 kg of a purity of at least 995 thousandths are delivered
- Subject to the approval of the custodian bank and the fund management company, and upon request, the investor may be permitted, depending on availability and delivery times, to take delivery of ingots of an exact weight, which may be of the exact weights given below only: 1 kg, ½ kg, ¼ kg, 200g, 100g, 50g, 20g, 10g, 5g, 100 ounces, 50 ounces, 25 ounces, 10 ounces, 5 ounces and 1 ounce, and not standard bars each weighing approximately 12.5 kg. The investor is liable for the additional costs of manufacture and other expenses (such as processing costs or a reduction in value resulting from a lesser degree of purity)
- The delivery times for ingots of an exact weight (as defined above), and which are not standard bars each weighing approximately 12.5 kg, are decided on a case-by-case basis, with due regard to market circumstances, but shall not exceed 60 bank business days from the request for redemption in kind
- The right to repayment in kind in the form of bars each weighing approximately 12.5 kg is limited to the bars actually held by the subfund. Thus, if requests for redemptions in kind exceed the total number of bars held by the subfund, said bars will be divided out in proportion to the units held by the investors requesting the redemption in kind, with the remaining sum paid in cash
- The custodian bank and the fund management company reserve the right to decline to deliver bars each weighing approximately 12.5 kg, provided they have good cause, such as the inability to deliver during an emergency of a political, economic, military or other nature (travel restrictions, civil disorder, etc.)
- The difference between the value of the unit for which redemption is requested and the amount reimbursed in kind will be paid in cash. The difference is calculated with reference to the weight and purity of the gold
- If an emergency of a political, economic, military or other nature (travel restrictions, civil disorder, etc.) arises, the custodian bank and the fund management company reserve the right to deliver the physical gold to whichever place and in whatever manner they consider most appropriate.

3) Expenses

- Before the gold is delivered, the expenses mentioned in section 5.3 of the prospectus and §18 of the contract will be charged to the investor, as will the other expenses (such as the cost of processing the metal, delivery, insurance and taxes)
- If an amount is still payable in cash, the expenses, taxes and costs incurred by the redemption in kind will be deducted directly from the balancing payment
- The fund management company reserves the right to bill the investor for the expenses separately
- If a request for redemption in kind cannot be honoured, and in order to allow for the incidental costs, reimbursement in cash is calculated according to the swinging single pricing (SSP) method, in accordance with section 5.2.2 a) or b) of the prospectus
- Consequences of delivery
- Delivery results in ownership of the gold passing from the fund management company to the investor
- The transfer of ownership occurs at the moment the precious metal is handed over to the carrier appointed to deliver it to the address of the banking institution nominated by the investor to receive the delivery

4) Special regulations governing redemptions in kind

- The custodian bank shall examine the duty of loyalty demonstrated by the fund management company in relation to each redemption in kind, especially the calculation of the value of the assets transferred
- The custodian bank shall without delay notify the auditors of any reservations or breaches of which it becomes aware
- Transactions involving redemptions in kind are listed in the annual report
- The fund management company shall draw up a report giving detailed explanations concerning redemptions in kind, and in particular the value of the investments redeemed on the date of the transaction, the number of investments transferred to the counterparty and any additional cash payment. The fund management company shall state in the report whether the conditions specified above have been met
- The reports produced by the fund management company shall be made available to the auditors.

V Fees and incidental costs

§ 18. Fees and incidental costs charged to the investor

1. When fund units are issued, investors may be charged an issuing commission in favour of the fund management company, the custodian bank (maximum 1%) and/or distributors in Switzerland and abroad, which in total shall not exceed 5% of the net asset value. The rate applicable in each case is stated in the annual and semi-annual reports.

2. When units are redeemed, a redemption fee totalling up to 1% of the net asset value may be charged to the investor in favour of the fund management company, custodian bank and/or distributors in Switzerland and abroad. The rate applicable in each case is stated in the annual and semi-annual reports.

3. The incidental costs related to the purchase and sale of investments (standard brokerage fees, commissions, taxes, etc.) incurred by the fund in respect of investing the amount paid or selling investments corresponding to redeemed units shall be averaged out and charged to the investor in accordance with the methods described in §17, prov. 2 and §17, prov. 7 above. The rate applicable in each case is stated in the prospectus and simplified prospectus.

1\. The expenses associated with the physical delivery of the precious metal in question will be charged to the investor.

§ 19. Fees and incidental costs charged to the subfund’s assets

1. The management company and the custodian bank are entitled to the following commissions:

   a) Fund management company's total commission:

For the **Pictet (CH) Precious Metals Fund - Physical Gold** subfund:

Classes I (USD), I (CHF), I (EUR):
a maximum of 0.26% of the total value of the subfund assets attributable to this class

Class J (USD):
a maximum of 0.21% of the total value of the subfund assets attributable to this class

Classes P (USD), P (CHF), P (EUR):
a maximum of 0.46% of the total value of the subfund assets attributable to this class

Classes R (USD), R (CHF), R (EUR):
a maximum of 0.66% of the total value of the subfund assets attributable to this class

Class Z (USD):
the commission is billed directly to the investor by the manager or any other entity of the Pictet Group.

The fund management company's commission is composed of the following elements:

- For the administration of each subfund of the fund, the management company charges the fund a maximum annual commission of 0.06% of the net asset value of the subfund. The commission will be taken at the end of each month on a pro rata basis. The effective applicable rate is published in the annual and semi-annual reports.

  - For managing and marketing the subfunds, the management company charges a commission on all classes other than "Z" classes, at the rates given below. The effective applicable rate is published in the annual and semi-annual reports. If the management of the fund is delegated, part of the commission may be paid by the fund directly to the managers. In the case of holders qualifying for "Z" class units, the management commissions are billed directly to them.

For the **Pictet (CH) Precious Metals Fund - Physical Gold** subfund:

Classes I (USD), I (CHF), I (EUR):
a maximum of 0.20% of the total value of the subfund assets attributable to this class

Class J (USD):
a maximum of 0.15% of the total value of the subfund assets attributable to this class

Classes P (USD), P (CHF), P (EUR):
a maximum of 0.40% of the total value of the subfund assets attributable to this class

Classes R (USD), R (CHF), R (EUR):
a maximum of 0.60% of the total value of the subfund assets attributable to this class

Class Z (USD):
the commission is billed directly to the investor by the manager or any other entity of the Pictet Group.

Where applicable, the fund management company will disclose in the prospectus if it pays retrocessions to investors and/or portfolio distribution commissions.

b) Custodian bank commission:

- For the safekeeping of the fund's assets, the handling of the fund's payment transactions and other tasks of the custodian bank listed under §4, the custodian bank charges a maximum annual commission of 0.08% of the asset value of the subfund. The effective applicable rate is published in the annual and semi-annual reports. Furthermore, foreign custody fees and expenses are also charged to the fund's assets;

- For the distribution of annual income to the investors, the custodian bank charges a commission not exceeding 1% of the gross amount of the distribution. The effective applicable rate is published in the annual report;

- For the distribution of liquidation proceeds in the event of the dissolution of the fund or of a subfund, the custodian bank shall charge a commission not exceeding 0.5% of the net asset value of the units. The effective applicable rate is stated in the liquidation report.

2. Switching from one subfund to another incurs the incidental costs mentioned in §17, prov. 2, whereas switching from one class to another does not incur a charge.

3. 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 umbrella fund and subfunds in Switzerland;
- printing costs of the annual and semi-annual reports;
- costs of publishing the NAV and notices to investors;
- any costs incurred for extraordinary but necessary actions undertaken in the interests of the investors;
- fees charged by the auditor for regular auditing.

4. The subfunds shall also bear all incidental costs for the purchase and sale of investments (difference between purchase and sale price, standard brokerage fees, commissions, taxes) incurred in the management of the subfund's assets. These costs will be offset directly against the stated acquisition or sales value of the respective investments. Moreover, the incidental costs incurred in connection with the purchase or sale of investments when issuing or redeeming units will be calculated in accordance with §17, prov. 2.

5. If the fund management company acquires units of other collective investment schemes that are managed directly or indirectly by the fund management company itself or a company with which it is related by virtue of common management or control or by way of a direct or indirect stake of more than 10% of the capital or votes ("related target funds"), a management fee of 0.25% only may be charged to the assets of the subfund in respect of such investments. However, the fund management company may not charge to the subfund any issuing or redemption commissions for the related target funds.

   If the fund management company invests in units of a related target fund pursuant to the above paragraph which has a lower actual (flat-rate) management fee than the actual management fee pursuant to prov. 1 above, the fund management company may, instead of charging the aforementioned management fee, charge the difference between the actual management fee of the investing subfund and the actual (flat-rate) management fee of the related target fund.

6. Fees may be charged only to the subfund for which the respective service has been performed. Costs which cannot be charged to an individual subfund are charged to the various subfunds in proportion to their share of the fund assets.

VI Financial statements and audit

§ 20. Financial statements

1. The accounting currency of the **Pictet (CH) Precious Metals Fund – Physical Gold** subfund is the US dollar (USD).

   The financial year runs from 1 October to 30 September.

2. The management company shall publish an annual report for the fund within four months of the close of the financial year.

3. The management company shall publish a semi-annual report for the fund within two months of the close of the first half of the financial year.

4. The investor's right to obtain information under §5, prov. 4 remains reserved.

§ 21. Auditing

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

VII Appropriation of net income

§ 22.

1. The net income of each subfund shall be distributed annually per unit class to the investors within four months of the end of the financial year, in the accounting currency of the subfund.

   The fund management company may make additional interim distributions from the income.

   Up to 30% of the net income of a unit class may carried forward to the new account. If the net income in a financial year including income carried forward from previous financial years is less than one unit of the accounting currency (AC) of the net assets, a distribution may be waived and the net income may be carried forward to the new account.

2. Realised capital gains from the sale of assets and rights may be distributed by the management company or retained for reinvestment.

VIII Publication of official notices by the umbrella fund and subfunds

§ 23.

1. The media of publication of the fund and subfunds are deemed to be the print media 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; and the announcement of the dissolution of the fund or of a subfund. Amendments that are required by law and that do not affect the rights of investors or are of an exclusively formal nature may be exempted from the duty to publish and notify, subject to the approval of the supervisory authority.

3. Each time units are issued or redeemed, the fund management company shall for all unit classes publish the issue and redemption prices of units or the net asset value pursuant to §16, prov. 7, or – in the case of a request for subscription or redemption in cash – an adjusted net asset value (or "swung" NAV) calculated by applying the swinging single pricing method pursuant to §16, prov. 7 for "I USD", "I CHF ", "I EUR", "J USD", "P USD", "P CHF", "P EUR", "R USD", "R CHF" and "R EUR" units, together with a note stating "excluding commission", in the print or electronic media specified in the prospectus. The prices shall be published at least twice per month. The weeks and weekdays on which publications are made shall be specified in the prospectus.

4. The prospectus including the fund contract, the 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.

IX Restructuring and dissolution

§ 24. Mergers

1. Subject to the consent of the custodian bank, the fund management company can merge individual subfunds with other subfunds or other investment funds by transferring the assets and liabilities – as of the time of the merger – of the subfund(s) or fund(s) being acquired to the acquiring subfund or fund. The investors of the subfund(s) or fund(s) being acquired shall receive units in the acquiring subfund or fund to the equivalent value. The fund(s) or subfund(s) being acquired is/are terminated without liquidation on the date the

merger takes place, and the fund contract of the acquiring fund or subfund shall also apply to the fund(s) or subfund(s) being acquired.

2. Subfunds and funds may be merged only 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 risks associated with the investment;
      - the appropriation of net income and capital gains;
      - the type, amount and calculation of all fees, and 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 assets of the fund or subfunds or to the investors;
      - the redemption conditions;
      - the duration of the contract and the conditions of dissolution;

   d) the valuation of the fund or subfund assets, the calculation of the exchange ratio and the transfer of the assets and commitments of the funds or subfunds take place on the same day;

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

3. If the merger is likely to take more than one day, the supervisory authority may approve deferment of repayment for a specified time in respect of the units of the funds or subfunds involved.

4. The fund management company must submit the proposed merger together with the merger schedule to the supervisory authority for review at least one month before the planned communication of the intended changes to the fund contract. The merger schedule must contain information on the reasons for the merger, the investment policies of the funds and/or subfunds involved and any differences between the acquiring fund or subfund and the fund or subfund being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the investment funds, as well as a statement from the statutory auditors.

5. The fund management company shall publish the proposed changes to the fund contract pursuant to §23, prov. 2, and details of the proposed merger and its timing, together with the merger schedule, at least two months before the planned date of merger, in accordance with the methods of publication of the funds or subfunds involved. 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 immediately 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 without delay inform the supervisory authority of the conclusion of the merger and shall publish 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 or subfunds involved.

8. The fund management company shall mention the merger in the subsequent annual report of the acquiring fund as well as in the semi-annual report if published before then. 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) or subfund(s) being acquired.

§ 25. Duration and dissolution of the subfunds and fund

1. The subfunds have been established for an indefinite period.

2. The fund management company or the custodian bank may dissolve the fund by terminating the fund contract.

3. Individual subfunds 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 a longer period approved by the supervisory authority at the request of the custodian bank and the fund management company, the subfund 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 publish notification in the media of publication.

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

X Changes to the fund contract

§ 26.

If changes 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 investor may lodge an objection with the supervisory authority within 30 days after the last corresponding publication. In the event of a change 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 §23, prov. 2 that have, with the approval of the supervisory authority, been exempted from the duty to publish or notify.

XI Applicable law and place of jurisdiction

§ 27.

1. The umbrella fund and the individual subfunds are subject to Swiss law, in particular the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, the Ordinance on Collective Investment Schemes of 22 November 2006 and the Ordinance of the Swiss Federal Banking Commission [*now FINMA*] on Collective Investment Schemes of 21 December 2006.

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

2. The French version is binding for the interpretation of the present fund contract.
3. The present fund contract shall take effect on 14 July 2010.
4. The present fund contract replaces the fund regulations dated 12 August 2009 and 12 April 2010.

This fund contract was approved by the Swiss Financial Market Supervisory Authority (FINMA) on 12 July 2010.

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