Credit Suisse Funds AG

CS ETF (CH)

Umbrella Fund under Swiss Law of the "Other Funds for Traditional Investments" Type

Prospectus with Integrated Fund Contract
October 2011
Distribution in Switzerland and Liechtenstein

Part 1: Prospectus

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

CS ETF (CH) is an umbrella fund under Swiss law of the "Other funds for traditional investments" type which was established under the Swiss Collective Investment Schemes Act (CISA) of June 23, 2006 and is divided into the following subfunds:

Equity Index Exchange Traded Funds
a) CS ETF (CH) on SLI® [1]
b) CS ETF (CH) on SMI® [1]
c) CS ETF (CH) on SMIM® [1]

Bond Index Exchange Traded Funds
d) CS ETF (CH) on Swiss Bond Index Domestic Government 1–3 [1]
e) CS ETF (CH) on Swiss Bond Index Domestic Government 3–7 [1]
f) CS ETF (CH) on Swiss Bond Index Domestic Government 7–15 [1]

The fund contract was drawn up by Credit Suisse Funds AG, Zurich, as fund management company and with the agreement of Credit Suisse AG, Zurich, as custodian bank, and submitted to the Swiss Financial Market Supervisory Authority ("FINMA"). The fund contract was first approved by the FINMA on August 6, 2008.
The subfunds are based upon a collective investment agreement (fund contract), under which the fund management company undertakes to provide the investor with a stake in the corresponding subfund in proportion to the units acquired by the said investor, and to manage this subfund in accordance with the provisions of the law and the fund contract. The custodian bank is party to the fund contract in accordance with the tasks conferred upon it by the law and the fund contract.
Investors are only entitled to the assets and income of the subfund in which they have invested. Liabilities that are attributable to an individual subfund will be borne solely by the said subfund.
In accordance with the fund contract, the fund management company is entitled to establish, liquidate or merge unit classes for each subfund at any time, subject to the consent of the custodian bank and the approval of the supervisory authority.
The subfunds are not currently divided into unit classes. There is only one unit class: class A.

1.2 Listing of the Subfunds on SIX Swiss Exchange Ltd

The subfunds' units are, or will be, listed according to the collective investment schemes standard of SIX Swiss Exchange Ltd ("SIX Swiss Exchange") are thus also referred to as exchange traded funds ("ETF"). The Admission Board of SIX Swiss Exchange has approved the listing as requested to date. Trading in the fund units on SIX Swiss Exchange is conducted solely in Swiss francs.
The listing of the units on SIX Swiss Exchange is aimed at providing investors with an additional opportunity for the direct subscription/redemption of units from/by the fund management company or its selling agents, and to facilitate the purchase and sale of the units on a liquid, regulated secondary market, i.e. via the stock exchange. Details regarding the purchase of units on the primary or secondary market are explained later in chapter 5.2.

The companies used by the fund management company as market makers for trading in units of the individual subfunds are listed on the SIX Swiss Exchange website.
It is possible that further market makers will be appointed in the future. Any other market makers will be disclosed to the FINMA. A market maker is responsible for maintaining a market for the traded fund units and, in this connection, for entering bid and ask prices for the subfunds' units in the SIX Swiss Exchange trading system.
The FINMA has obliged the fund management company to ensure that the spread between the relevant net asset value per unit (calculated on the basis of the net asset value per unit and adjusted to reflect trading-induced changes in the prices of securities included in the benchmark index, i.e. intraday net asset value) and the price at which investors can buy and sell units on SIX Swiss Exchange is reduced to a reasonable level.
Under a cooperation agreement between the fund management company, on the one hand, and the market makers, on the other, the latter are obliged, within a certain framework and under normal market conditions, to maintain a market for the fund's units on SIX Swiss Exchange and, in this connection, to enter bid and ask prices for fund units in the SIX Swiss Exchange trading system, which, under normal market conditions, will not exceed a spread of 2% (1% on either side of the intraday net asset value) for the Equity Index ETF or a spread of 1% for bonds with a maturity of three years upwards or of 0.5% for bonds with a maturity of less than three years (0.5% or 0.25% respectively on either side of the intraday net asset value) for the Bond Index ETF.
SIX SIS Ltd is responsible for clearing activities.

1.3 Investment Objective, Investment Policy and Investment Restrictions of the Subfunds, and their Use of Derivatives

The investment objective of the subfunds is to match the benchmark indices specified below as closely as possible. The intention is for the respective subfund to exhibit approximately the same statistical characteristics (return on investment and volatility) as the benchmark index, and for the weighting of securities in the subfund to be as close as possible to the index weighting, provided the index is replicated primarily by way of direct investments in index securities.
Detailed information on the investment policy and its restrictions, as well as the permitted investment techniques and instruments (in particular derivative financial instruments and their scope) are contained in the fund contract (cf. Part II, §§ 7–15).

1.3.1 Investment Objective and Investment Policy of the Subfunds

a) CS ETF (CH) on SLI®

This subfund invests exclusively in equity-type securities and rights included in the Swiss Leader Index (SLI®) (shares, dividend right certificates, cooperative shares, participation certificates, etc.). However, there is no requirement for all securities included in the benchmark index to be included in the subfund at all times. Futures on the benchmark index or on instruments contained in the benchmark index may also be used, though as a rule only for a small part of the fund assets.
CS ETF (CH) on SLI® is a subfund in the category "Other Funds for Traditional Investment". The investment instruments and restrictions correspond to those of a securities fund, the exception being that in the context of replicating the index the restrictions applicable to securities funds with regard to the holding of assets of a single issuer do not have to be observed.
Provided the capping model described below is applied when calculating the SLI®, these restrictions are nevertheless observed on a de-facto basis and a concentration of the subfund's assets on a small number of stocks is thereby avoided.Compared with a securities fund, the subfund may also borrow against a larger proportion of its assets or pledge or transfer as collateral a larger proportion of its assets (see §§ 13 and 14 of the fund contract).
The primary risks for the subfund are that the income and value of the units are subject to fluctuations arising from the fluctuations in income and value of the stocks contained in the SLI®.
The SLI® is an equity index of publicly traded Swiss companies. It comprises a fixed number of 30 stocks, namely all 20 stocks of the Swiss Market Index (SMI®) and the 10 largest stocks of the SMI MID Index (SMIM®), i.e. the largest and most liquid stocks on the Swiss equity market. The weighting of the individual stocks included in the SLI® is limited by a so-called capping model: The weighting of the four largest

[1] Disclaimer:
"SLI®", "SMI®", "SMIM®", and "Swiss Bond Index Domestic Government" are registered trademarks of SIX Swiss Exchange Ltd. Neither the subfunds nor units thereof are in any way supported, ceded, sold or advertised by SIX Swiss Exchange Ltd and SIX Swiss Exchange Ltd is in no way (either expressly or implicitly) liable for the results that may be achieved through the use of the Swiss Leaders Index (SLI®), Swiss Market Index (SMI®), SMI MID Index (SMIM®), and Swiss Bond Index Domestic Government 1–3, 3–7 and 7–15 ("the Indices"), and/or for the level of the Indices at a given time on a given date. The Indices are composed and calculated exclusively by SIX Swiss Exchange Ltd. SIX Swiss Exchange Ltd is not liable for any errors in the Indices arising from negligent or other action, nor is SIX Swiss Exchange Ltd obliged to draw attention to such errors.

stocks is limited to a maximum of 9%, while the weighting of the other stocks is restricted to a maximum of 4.5%. The four largest positions in the SLI® as at August 15, 2011 were as follows: Nestlé SA, Roche Holding AG, Novartis AG and UBS AG. The composition of the index is periodically updated by SIX Swiss Exchange.

b) CS ETF (CH) on SMI®

This subfund invests exclusively in equity-type securities and rights included in the Swiss Market Index (SMI®) (shares, dividend right certificates, cooperative shares, participation certificates, etc.). However, there is no requirement for all securities included in the benchmark index to be included in the subfund at all times. Futures on the benchmark index or on instruments contained in the benchmark index may also be used, though as a rule only for a small part of the fund assets.

CS ETF (CH) on SMI® is a subfund in the category "Other Funds for Traditional Investment". The investment instruments and restrictions correspond to those of a securities fund, the exception being that in the context of replicating the index the restrictions applicable to securities funds with regard to the holding of assets of a single issuer do not have to be observed. As a result, the subfund's assets may be concentrated in a small number of issuers represented in the index, thus leading to an increase in the securities-specific risks. Compared with a securities fund, the subfund may also borrow against a larger proportion of its assets or pledge or transfer as collateral a larger proportion of its assets (see §§ 13 and 14 of the fund contract).

The primary risks for the subfund are that the income and value of the units are subject to fluctuations arising from the fluctuations in income and value of the stocks contained in the SMI®.

The Swiss Market Index (SMI®) is a country-based equities index of publicly traded, large-cap Swiss companies. It is a focused equities index with a concentration of pharmaceutical and banking stocks. The SMI® contains the 20 largest and most liquid stocks in the Swiss Performance Index SPI®. As at August 15, 2011, the six biggest stock positions in the SMI® were: Nestlé SA, Novartis AG, Roche Holding AG, UBS AG, ABB Ltd. and Credit Suisse Group AG. The composition of the index is periodically updated by SIX Swiss Exchange.

c) CS ETF (CH) on SMIM®

This subfund invests exclusively in equity-type securities and rights included in the SMI MID Index (SMIM®) (shares, dividend right certificates, cooperative shares, participation certificates, etc.). However, there is no requirement for all securities included in the benchmark index to be included in the subfund at all times. Futures on the benchmark index or on instruments contained in the benchmark index may also be used, though as a rule only for a small part of the fund assets.

CS ETF (CH) on SMIM® is a subfund in the category "Other Funds for Traditional Investment". The investment instruments and restrictions correspond to those of a securities fund, the exception being that in the context of replicating the index the restrictions applicable to securities funds with regard to the holding of assets of a single issuer do not have to be observed. As a result, the subfund's assets may be concentrated in a small number of issuers represented in the index, thus leading to an increase in the securities-specific risks. Compared with a securities fund, the subfund may also borrow against a larger proportion of its assets or pledge or transfer as collateral a larger proportion of its assets (see §§ 13 and 14 of the fund contract).

The primary risks for the subfund are that the income and value of the units are subject to fluctuations arising from the fluctuations in income and value of the stocks contained in the SMIM®.

The SMI MID index (SMIM®) is a country share index of publicly traded, mid-capitalization Swiss companies contained in the SPI® Mid-Cap segment but excluding SMI® stocks. It is a focused equity index with a high concentration of stocks in the industrial, healthcare and technology sectors. The four largest positions in the SMIM® as at August 15, 2011 were as follows: Geberit AG, Givaudan SA, Kühne & Nagel International AG and Schindler AG.

The composition of the index is periodically updated by SIX Swiss Exchange.

d) CS ETF (CH) on Swiss Bond Index Domestic Government 1–3
e) CS ETF (CH) on Swiss Bond Index Domestic Government 3–7
f) CS ETF (CH) on Swiss Bond Index Domestic Government 7–15

These subfunds invest exclusively in bonds and other fixed or variable-rate debt instruments and rights, denominated in Swiss francs, of the Swiss Confederation, which are included in the Swiss Bond Index Domestic Government®. Futures on the benchmark index or on instruments contained in the benchmark index may also be used, though as a rule only for a small part of the fund assets. The benchmark indices vary for each subfund in terms of the maturities of the bonds or other fixed or variable-rate debt instruments and rights of the Swiss Confederation (1–3, 3–7 and 7–15 years).

CS ETF (CH) on Swiss Bond Index Domestic Government 1–3, CS ETF (CH) on Swiss Bond Index Domestic Government 3–7 and CS ETF (CH) on Swiss Bond Index Domestic Government 7–15 are subfunds of the "Other funds for traditional investments" type.

The investment instruments and restrictions correspond to those of a securities fund, the exception being that in the context of replicating the Swiss Bond Index Domestic Government® index in accordance with § 15 prov. 8 of the fund contract, it is possible that only a small number of securities will be held in a particular subfund, in which case no consideration need be given to either the minimum number of issues or a maximum investment volume for the holding of securities from the same issue.

As a result, the subfunds' assets may be concentrated in a small number of issuers represented in the index, thus leading to an increase in the securities-specific risks. Debt instruments which amount to more than 20% of the volume of the respective issue may not be acquired for the subfunds.

Compared with a securities fund, the subfunds may also borrow against a larger proportion of its assets or pledge or transfer as collateral a larger proportion of its assets (see §§ 13 and 14 of the fund contract).

The primary risks for the subfunds are that the income and value of the units are subject to fluctuations arising from the fluctuations in income and value of the stocks contained in the benchmark index.

The Swiss Bond Index Domestic Government® is a sub-index of the Swiss Bond Index SBI® and comprises domestic government bonds denominated in Swiss francs. It is further divided into sub-indices structured in accordance with the following maturities in particular:

– 1 to less than 3 years
– 3 to less than 7 years
– 7 or less than 15 years

Each bond contained in the respective index is weighted by its market capitalization. Swiss Bond Index Domestic Government 1–3 currently consists of two Swiss government bonds with an average remaining term to maturity of 1–3 years.

Swiss Bond Index Domestic Government 3–7 currently consists of six Swiss government bonds with an average remaining term to maturity of 3–7 years.

Swiss Bond Index Domestic Government 7–15 currently consists of five Swiss government bonds with an average remaining term to maturity of 7–15 years.

The composition of the indices is periodically updated by SIX Swiss Exchange.

1.3.2 Investment Restrictions of the Subfunds

Detailed information on the subfunds' investment restrictions can be found in the fund contract (see Part II, § 15).

1.3.3 Use of Derivatives by the Subfunds

The fund management company uses derivatives for efficient management of the subfunds' assets. However, even under extreme market circumstances, these may not result in a deviation from the investment objectives or a change in the investment character of the subfund. Based on the envisaged use of derivatives, all subfunds qualify as "simple funds".

Commitment I approach (simplified process) is applied for the assessment of risk.

Derivatives form part of the investment strategy and are not used solely to hedge investment positions.

Only basic forms of derivatives may be used, i.e. call or put options, swaps and futures and forward transactions, as described in more detail in the

fund contract (cf. § 12), and only as long as the underlying securities are permitted as investments under the investment policy. The derivative transactions may be concluded on either a stock exchange or another regulated market open to the public, or in OTC (over-the-counter) trading. In addition to the market risks, derivatives are also subject to counterparty risk, i.e. the risk that the party to the contract fails to meet its obligations and thus causes a financial loss.
Even under extraordinary market circumstances, the use of these instruments may not result in the subfunds' assets being leveraged, neither may they correspond to a short sale.
The subfunds are subject to the usual market fluctuations. Historical performance is no guarantee of the subfunds' future returns.

1.4 Profile of the Typical Investor

The subfunds are suitable for investors with a long-term horizon who are primarily seeking to track the respective benchmark index. They must be prepared to see the net asset value of fund units undergo sharp fluctuations and sustained declines. They are aware of the main risks of an equity investment (Equity Index ETF) or a bond investment (Bond Index ETF).

1.5 Tax Regulations Relevant to the Subfunds

The umbrella fund and the subfunds have no legal personality in Switzerland. They are not subject to tax on income or capital.
The Swiss federal withholding tax deducted from the subfunds' domestic income can be reclaimed in full for the subfunds by the fund management company.
Distributions of income made by the subfunds (to investors domiciled in Switzerland and abroad) are subject to Swiss federal withholding tax (source tax) at 35%. Any capital gains paid on a separate coupon are not subject to withholding tax.
Investors domiciled in Switzerland may reclaim the deducted withholding tax via their tax returns or by submitting a separate refund application.
Investors domiciled outside Switzerland may reclaim withholding tax under the terms of any double taxation treaty between Switzerland and their country of domicile. If no such treaty exists, then the withholding tax may not be reclaimed.
The issuing and redemption of units in the fund are exempt from stamp duty. The trading of units on the secondary market is subject to stamp duty.
Based on the provisions of the directive issued by the Council of the European Union in respect of the taxation of interest income, and under the terms of the agreement reached between Switzerland and the EU as part of bilateral negotiations, Switzerland is obliged to retain tax on certain interest payments made by investment funds and subfunds, in the case of both distributions of income and the sale or redemption of units of funds and subfunds, in respect of natural persons whose tax domicile is in an EU member state. In accordance with this agreement, Swiss collective investment schemes or subfunds which – as is the case with the subfunds in question here – do not meet the requirements for the affidavit procedure and where withholding tax is due on distributions, are not subject to the agreement. Consequently, the Swiss paying agent does not retain savings tax in such cases. A foreign paying agent may, however, retain savings tax.
This tax information is based on the current legal situation and practice in Switzerland. It is subject to changes in legislation, the decisions of the courts and the decrees and practices of the tax authorities.
Taxation and other tax implications for investors who hold, buy or sell fund units are defined by the tax laws and regulations in the investor's country of domicile. Prospective investors should inform themselves of the laws and regulations applicable at their place of residence to the subscription, purchase, possession and sale of units and, if appropriate, seek advice on these matters.

2 Information on the Fund Management Company

2.1 General Information on the Fund Management Company

Credit Suisse Funds AG, Zurich, is responsible for the management of the umbrella fund and subfunds. It has been exclusively active in the fund business since its formation as a limited company in 1984.
The subscribed share capital of the fund management company, which is fully paid up, has stood at CHF 7 million since June 30, 1994. The share capital is divided into registered shares.
Credit Suisse Funds AG is a wholly-owned subsidiary of Credit Suisse AG, Zurich.

Board of Directors

- Heinz Hofmann, Chairman
- Luca Diener, Vice-Chairman
  Managing Director, Credit Suisse AG, Zurich
- Nicole Pauli, member
  Managing Director, Credit Suisse AG, Zurich
- Maurizio Pedrini, member
  Managing Director, Credit Suisse AG, Zurich
- Christian Schärer, member
  Managing Director, Credit Suisse AG, Zurich
- Dr. Thomas Schmuckli, member
  Director, Credit Suisse AG, Zurich
- Mario Seris, member
  Managing Director, Credit Suisse AG, Zurich
- Christian Mesenholl, member
  Director, Credit Suisse AG, Zurich

Senior Management

- Thomas Schärer, CEO
- Petra Reinhard, Deputy CEO
- Michael Bünzli, member, Legal Counsel
- Thomas Federer, member, Performance & Risk Management
- Patrick Tschumper, member, COO
- Thomas Vonaesch, member, Real Estate Fund Management
- Gabriele Wyss, member, Compliance

As of July 31, 2011, the fund management company managed a total of 163 collective investment schemes (including subfunds) in Switzerland, with assets under management totaling CHF 99,100 m.

Address:	Credit Suisse Funds AG, Sihlcity – Kalandergasse 4, CH-8070 Zurich
Website:	www.credit-suisse.com

2.2 Delegation of Investment Decisions

Investment decisions in respect of the subfunds have been delegated to Credit Suisse AG, Zurich.
Credit Suisse AG, Zurich, is a global financial services company catering to the needs of clients in the areas of private & retail banking, corporate & investment banking, and asset management. It has many years of experience in the fields of institutional asset management and investment advice. The precise duties involved are laid down in an asset management agreement between the fund management company and Credit Suisse AG, Zurich.

2.3 Delegation of Other Specific Tasks

The fund management company has delegated various specific tasks in connection with the administration of the fund to Credit Suisse AG, Zurich. These tasks include the provision of legal and tax advice, management company finance, real estate portfolio management and administration, facility management, human resources, management information system (MIS), project and user support for fund accounting, risk management, and investment guideline monitoring .
Further responsibilities may be delegated to Credit Suisse AG, Zurich.
Precise details of how its remit is to be fulfilled are laid down in an agreement between the fund management company and Credit Suisse AG, Zurich.

2.4 Exercising of Membership and Creditors' Rights

The fund management company exercises the membership and creditors' rights associated with the investments of the subfunds it manages independently and exclusively in the interests of the investors. The fund management company will, upon request, provide the investors with information on exercising of membership and creditors' rights.
In the case of scheduled routine transactions, the fund management company is free to exercise membership and creditors' rights itself or to delegate their exercise to the custodian bank or a third party.
In the case of all other events that might have a lasting impact on the interests of the investors, such as, in particular, the exercise of

membership and creditors' rights the fund management company holds as a shareholder or creditor of the custodian bank or another related legal entity, the fund management company will exercise the voting rights itself or issue explicit instructions. In such cases, it may base its actions on information it receives from the custodian bank, the portfolio manager, the company or from third parties, or on information it learns from the press.
The fund management company is free to waive the exercise of membership and creditors' rights.

3 Information on the Custodian Bank

Credit Suisse AG, Paradeplatz 8, CH-8001 Zurich, acts as the custodian bank. The bank was incorporated in Zurich in 1856 as Schweizerische Kreditanstalt, with the legal form of a joint-stock company.
Credit Suisse AG, a wholly owned subsidiary of Credit Suisse Group AG, Zurich, is a globally active full-service bank.
The custodian bank may delegate the safekeeping of the assets of the subfunds to third-party custodians and collective securities depositaries in Switzerland and abroad. In such cases, it is liable for applying due diligence when choosing and instructing the third parties, as well as for monitoring their constant compliance with the selection criteria. The use of third-party custodians and collective securities depositaries means that deposited securities are no longer owned solely by the fund management company, which instead becomes only a co-owner.

4 Information on Third Parties

4.1 Paying Agents

The paying agent is the following bank:
– Credit Suisse AG, Paradeplatz 8, 8001 Zurich, and all its branches in Switzerland.

4.2 Distributors

The following institution has been appointed as selling agent for the subfunds:
– Credit Suisse AG, Paradeplatz 8, 8001 Zurich, and all its branches in Switzerland.

The fund management company is entitled to appoint additional distributors within the meaning of the Collective Investment Schemes Act of June 23, 2006.

4.3 Auditor

KPMG AG, Zurich, has been appointed as the auditor.

5 Further Information

5.1 Key Data

Security number	cf. table at the end of the prospectus
ISIN number	cf. table at the end of the prospectus
Ticker	cf. table at the end of the prospectus
Listing	according to the collective investment schemes standard of SIX Swiss Exchange (applies to all subfunds)
	Deutsche Börse – Geregelter Markt (CS ETF [CH] on SMI®)
Financial year	June 1 to May 31 (applies to all subfunds)
Accounting currency	cf. table at the end of the prospectus
Units	Bearer units
Appropriation of income	Distribution

5.2 Terms for the Issue and Redemption of Subfund Units

Investors have the opportunity to acquire Fund units on the primary or secondary market. The primary market is where the units are issued and redeemed by the fund management company or its selling agents. The conditions described in chapter 5.2.1 apply in this regard. On the secondary market, the units are bought or sold via the exchange pursuant to the conditions described in chapter 5.2.2.

5.2.1 Acquisition and Redemption of Subfund Units on the Primary Market

Subfund units will be issued and redeemed on every bank working day (Monday to Friday). No issues or redemptions will take place on Swiss public holidays (Easter, Whitsun, Christmas, New Year, August 1, etc.), or on days when the stock exchanges and markets in the main investment countries of a subfund are closed, or under the exceptional circumstances defined under § 17 prov. 4 of the fund contract.
Subscription and redemption orders received by the custodian bank by the time stated in the table at the end of the prospectus on a given bank working day (order day) will be settled on the next bank working day (valuation day) on the basis of the net asset value calculated on this day. The net asset value taken as the basis for the settlement of the order is therefore not known when the order is placed (forward pricing). It is calculated on the valuation day on the basis of the closing prices on the order day.
The net asset value of a unit of a subfund is determined by the market value of that subfund's assets, minus all that subfund's liabilities, divided by the number of units of that subfund in circulation. The net asset value shall be rounded up or down to four places after the decimal point of the unit of account.
The issue price corresponds to the net asset value calculated on the valuation day, plus the issuing commission. The issuing commission is defined under prov. 5.3 below.
The redemption price corresponds to the net asset value calculated on the valuation day, minus the redemption commission. The redemption commission is defined under prov. 5.3 below.
Incidental costs (standard brokerage charges, fees, taxes, etc.) incurred by the subfund in connection with the investment of the amount paid in, or with the sale of that portion of investments corresponding to the redeemed unit(s), will be charged to the subfund's assets.
The issue and redemption prices are rounded up or down to four places after the decimal point of the unit of account. Payment will be made two bank working days after the valuation day (value date 2 days).
Units will not take the form of actual certificates but will exist purely as book entries.
The management company and the custodian bank may, within the scope of their sales activities, refuse purchase applications, as well as suspend or limit the sale, distribution or transfer of units to individuals or corporate bodies in particular countries or areas.

5.2.2 Acquisition and Redemption of Units on the Secondary Market

In contrast to subscriptions and redemptions on the primary market, the issuing and redemption commissions set out in § 18 of the fund contract do not apply to the purchase and sale of Fund units via the exchange. Investors need only bear the customary stock exchange fees for such transactions.
Such transactions are conducted in a similar way to the purchase or sale of shares via SIX Swiss Exchange. The purchase and sale of units takes place at current market prices. The investor therefore enjoys substantially greater flexibility in terms of pricing than is the case with the purchase or redemption of units through the fund management company or its selling agents.
As with the purchase of equities, a limit may also be imposed on buy and sell orders (limited orders). Current stock market prices can be found at www.csetf.com.
If the SIX Swiss Exchange – the exchange on which the units are listed – is closed, no trading in the units shall take place.

5.3 Fees and Incidental Costs

Details on the fees and incidental costs for each subfund are set out in the table at the end of the prospectus.

The following applies to all subfunds:
Information on the management and custodian bank fees actually charged can be found in the annual and semi-annual reports.

The fund management company may pay reimbursements from the distribution component to the following institutional investors who, from the commercial perspective, hold the fund units for third parties:
– life insurance companies
– pension funds and other retirement provision institutions
– investment foundations
– Swiss fund management companies and providers
– foreign fund management companies and providers
– investment companies

The fund management company may also pay trailer fees from the distribution component to the following selling agents and sales partners:

- authorized distributors
- fund management companies, banks, securities dealers, Swiss Post and insurance companies
- distributors who place fund units exclusively with institutional investors that have professional treasury facilities
- asset managers.

Total Expense Ratio and Portfolio Turnover Rate
The coefficient of the total costs charged to the subfunds' assets on an ongoing basis (total expense ratio, TER) was: cf. table at the end of the prospectus.
The portfolio turnover rate (PTR) was: cf. table at the end of the prospectus.

Fee-Sharing Agreements and Non-Pecuniary Benefits ("Soft Commissions")
The fund management company has not concluded any fee-sharing agreements or agreements in respect of "soft commissions".

5.4 Publication of Official Notices by the Umbrella Fund and Subfunds

Further information on the umbrella fund and the subfunds may be found in the latest annual or semi-annual report. The latest information can also be found on the internet at www.credit-suisse.com and www.csetf.com.
The prospectus with integrated fund contract, the simplified prospectus and the latest annual or semi-annual reports may be obtained free of charge from the fund management company, the custodian bank and all selling agents.
In the event of a change to the fund contract, a change in the fund management company or the custodian bank or the dissolution of the subfunds, the corresponding notice will be published by the fund management company in the Schweizerisches Handelsblatt and on the electronic Swiss Fund Data platform (www.swissfunddata.ch).
Prices are published daily on the electronic Swiss Fund Data platform (www.swissfunddata.ch) and possibly also in other Swiss and international newspapers and electronic media.

5.5 Information Regarding Distribution Abroad

The subfunds of the umbrella fund were admitted for sale at July 21, 2009, in the following additional country/countries:
– Principality of Liechtenstein
The fund management company may at any time apply for the fund to be admitted for distribution in other countries.

Information Regarding Distribution in the Principality of Liechtenstein
The Representative and Paying Agent in the Principality of Liechtenstein is LGT Bank in Liechtenstein AG, Herrengasse 12, FL-9490 Vaduz.
The prospectus and fund contract, as well as annual and semi-annual reports in German, are obtainable free of charge from the Representative and Paying Agent in Liechtenstein.
Notifications and changes to the fund contract and prospectus, a change of fund management company or custodian bank, as well as the liquidation of a subfund shall be published in the Liechtensteiner Vaterland.
Prices (issue and redemption prices of subfund units) are published on the electronic Swiss Fund Data platform (www.swissfunddata.ch) each day that units are issued or redeemed. At least twice a month, prices are published in the "Liechtensteiner Vaterland".
The place of performance and jurisdiction is Vaduz.

5.6 Sales Restrictions

With respect to the issue and redemption of units of the subfunds outside Switzerland, the regulations valid in the country in question apply.

a) The subfunds listed in section 5.5. have been admitted for sale in the following countries:
   - Principality of Liechtenstein
b) Units of the subfunds may not be offered, sold or delivered within the United States.

Investors who are United States citizens or are subject to US income tax are therefore advised to consult a tax advisor before purchasing units of the subfunds. Under US tax laws, such purchases may have adverse consequences for these investors. The fund management company does not provide investors with Qualified Electing Fund election information as per § 1293 of the US Internal Revenue Code.

5.7 Detailed Regulations

All further information on the umbrella fund and subfunds, such as the method used for the valuation of the subfunds' assets, a list of all fees and incidental costs charged to the investor and the subfunds, and the appropriation of net income, can be found in detail in the fund contract.

Summary of the Subfunds and Unit Classes

Subfund	Unit classes	Security number	ISIN number	Ticker	Accounting currency	Max. issue / redemption commission charged to the investors [1]	Max. management fee charged to the subfund [2]	Max. custody bank fee charged to the subfund	Valuation date (days as of subscription / redemption)	Value date (days as of valuation)	Deadline for daily subscription and redemption of fund units (CET)	Min. investment / min. holding	Delegation of investment decisions for subfunds	Total expense ratio (TER)			Portfolio turnover rate (PTR)		
														31.05.09	31.05.10	31.05.11	31.05.09	31.05.10	31.05.11
CS ETF (CH) on SLI®	A	3176893	CH0031768937	**CSSLI**	**CHF**	5.0% / 1.0%	0.60%	0.20%	1	2	4 p.m.	none	Credit Suisse AG, Zurich	0.41%	0.39%	0.39%	46.51%	36.24%	43.27%
CS ETF (CH) on SMI®	A	889976	CH0008899764	**CSSMI**	**CHF**	5.0% / 1.0%	0.60%	0.20%	1	2	4 p.m.	none	Credit Suisse AG, Zurich	0.38%	0.39%	0.39%	12.61%	11.23%	6.50%
CS ETF (CH) on SMIM®	A	1985280	CH0019852802	**CSSMIM**	**CHF**	5.0% / 2.0%	1.00%	0.20%	1	2	4 p.m.	none	Credit Suisse AG, Zurich	0.49%	0.49%	0.49%	40.74%	42.73%	23.14%
CS ETF (CH) on Swiss Bond Index Domestic Government 1–3	A	10253078	CH0102530786	**CSBGC3**	**CHF**	5.0% / 2.0%	0.50%	0.20%	1	2	4 p.m.	none	Credit Suisse AG, Zurich	–	0.23%	0.20%	–	100.68%	98.59%
CS ETF (CH) on Swiss Bond Index Domestic Government 3–7	A	1699984	CH0016999846	**CSBGC7**	**CHF**	5.0% / 2.0%	0.50%	0.20%	1	2	4 p.m.	none	Credit Suisse AG, Zurich	0.17%	0.19%	0.19%	92.20%	125.28%	100.62%
CS ETF (CH) on Swiss Bond Index Domestic Government 7–15	A	1699986	CH0016999861	**CSBGC0**	**CHF**	5.0% / 2.0%	0.50%	0.20%	1	2	4 p.m.	none	Credit Suisse AG, Zurich	0.24%	0.26%	0.24%	55.93%	26.81%	184.33%

1) Fees and incidental costs charged to the investor (excerpt from § 18 of the fund contract): issuing commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad; redemption commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad.

2) Fees and incidental costs charged to the subfunds' assets (excerpt from § 19 of the fund contract): management commission payable to the management company for the management, administration and sale of the subfunds. The costs and commissions set out in § 19 of the fund contract may additionally be charged to the subfund.

Part 2: Fund Contract

I. Basic Principles

§ 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 “Other funds for traditional investments” type has been established under the name of CS ETF (CH) (“umbrella fund”) in accordance with Art. 25 et seq. in conjunction with Art. 25 et seq. in conjunction with Art. 68 et seq. of the Swiss Federal Act on Collective Investment Schemes of June 23, 2006 (CISA). The umbrella fund is split into the following subfunds:

Equity Index Exchange Traded Funds
a) CS ETF (CH) on SLI®
b) CS ETF (CH) on SMI®
c) CS ETF (CH) on SMIM®

Bond Index Exchange Traded Funds
d) CS ETF (CH) on Swiss Bond Index Domestic Government 1–3
e) CS ETF (CH) on Swiss Bond Index Domestic Government 3–7
f) CS ETF (CH) on Swiss Bond Index Domestic Government 7–15

2. The fund management company is Credit Suisse Funds AG, Zurich.
3. The custodian bank is Credit Suisse AG, Zurich.

II. Rights and Obligations of the Parties to the Contract

§ 2 The Fund Contract

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

§ 3 The Fund Management Company

1. The fund management company manages the 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 assets 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. They act independently and exclusively in the interests of the investors. They implement the organizational measures that are necessary for proper management. They ensure the provision of transparent financial statements and provide appropriate information on the umbrella fund and 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 task 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 (cf. § 26), and may also establish further subfunds with 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 § 24 and can dissolve the umbrella fund or the individual subfunds pursuant to § 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 The Custodian Bank

1. The custodian bank is responsible for the safekeeping of the subfunds’ assets. It handles the issue and redemption of fund units as well as payments 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 organizational measures that are necessary for proper management. They ensure the provision of transparent financial statements and provide appropriate information on the umbrella fund and subfunds.
3. The custodian bank may delegate the safekeeping of the assets of the subfunds to third-party custodians and collective securities depositaries in Switzerland or abroad. It is liable for applying due diligence when choosing and instructing the third parties, as well as for monitoring the 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 whether the calculation of the net asset value and of the issue and redemption prices of the units as well as the investment decisions are in compliance with the law and the fund contract, and whether the income is appropriated in accordance with the fund contract. The custodian bank is not responsible for the choice of investments which the fund management company makes in accordance with the investment regulations.
5. The custodian bank is entitled to 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 The Investor

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 obliged only to remit payment for the units of the subfund they subscribe. They shall not be held personally liable for the liabilities of the subfund. Investors are entitled to participate in the assets and income of only that subfund in which they hold units. Liabilities that are attributable to an individual subfund will be borne solely by the said subfund.
3. Investors may at any time request that the fund management company supply them with the necessary information regarding the basis on which the net asset value per unit is calculated. If investors express an interest in more detailed information on specific business transactions effected by the fund management company, such as the exercising of membership and creditors’ rights, they must be given such information by the fund management company at any time. The investors may request at the courts of the registered office of the fund management company that the auditors or another expert investigate the matter which requires clarification and furnish the investors with a report.
4. The investors may terminate the fund contract on any day and demand that their share in the corresponding subfund be paid out in cash.
5. 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 laid down in the law or the fund contract in respect of participation in a subfund or in a 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.
6. The fund management company in conjunction with the custodian bank must make an enforced redemption of the units of an investor at the current redemption price if:
   a) this is necessary to safeguard the reputation of the financial market, specifically to combat money laundering;
   b) the investor no longer meets the statutory or contractual requirements for participation in a subfund.
7. 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 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 or a subfund in Switzerland or abroad;
b) investors have acquired or hold their units in violation of provisions of a law to which they are subject either in Switzerland or abroad, of the present fund contract or the prospectus;
c) there is a detrimental impact on the economic interests of the investors, in particular in cases where individual investors seek by way of systematic subscriptions and immediate redemptions to achieve a pecuniary gain by exploiting the time differences between the setting of the closing prices and the valuation of the subfunds’ 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 embody an entitlement to a share in the undivided assets of the subfund concerned, which are not segmented. This share may differ due to class-specific costs or distributions or due to class-specific earnings, and the various classes may therefore have different net asset values per unit. 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 may differ from one another in terms of their cost structure, reference currency, currency hedging, policy with regard to distribution or reinvestment of income, the minimum investment required and investor eligibility.
   Fees and costs are only charged to the unit class for which the respective service is performed. Fees and costs that cannot be unequivocally allocated to a unit class shall be charged to the individual unit classes on a pro rata basis in relation to their share of the subfund’s assets.
4. The subfunds are not currently divided into unit classes. There is only one unit class: class A.
5. Units will not take the form of actual certificates but will 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 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 same subfund or, should this not be possible, enforce the redemption of the units in question pursuant to § 5 prov. 6.

III. Investment Policy Guidelines

A Investment Principles

§ 7 Compliance with Investment Regulations

1. In selecting individual investments of 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 working 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 pursuant to prov. 3, the fund management company may invest the assets of the individual subfunds in the following investments (the risks of which must be disclosed in the prospectus):
   a) securities issued on a large scale and non-certificated rights with a like function which are traded on a stock exchange or another regulated market open to the public.
   Investments in securities from new issues are only permitted if their admission to a stock exchange or another regulated market open to the public is envisaged under the terms of issue. If they have not been admitted to a stock exchange or another regulated market open to the public within a year after their acquisition, these securities must be sold within one month or included under the restriction set down in prov. 1 section bg).
   b) Derivatives, if (i) the underlying securities are securities pursuant to sections a) and b), derivatives pursuant to section b), units in collective investment schemes pursuant to section c), money market instruments pursuant to section d), or financial indices, interest rates, exchange rates, credits or currencies, and (ii) the underlying securities are permitted as investments under the fund contract. Derivatives are either traded on an exchange or other regulated market open to the public, or are traded OTC.
   Investments in derivatives traded OTC (OTC transactions) are only permitted if (i) the counterparty is a regulated financial intermediary specializing in such transactions, and (ii) the OTC derivatives can be traded daily or a return to the issuer is possible at any time. In addition, it shall be possible for them to be valued in a reliable and transparent manner. Derivatives may be used pursuant to § 12.
   c) Units of other collective investment schemes (target funds), provided that (i) their documents restrict investments for their part in other target funds to a total of 49%; (ii) these target funds are subject to provisions equivalent to those pertaining to other funds for traditional or alternative investments in respect of the purpose, organization, investment policy, investor protection, risk diversification, asset segregation, borrowing, lending, short-selling of securities and money market instruments, the issuing and redemption of fund units and the content of the semi-annual and annual reports; and (iii) these target funds are authorized as collective investment schemes in their country of domicile and are subject there to supervision which is equivalent to that in Switzerland and which serves to protect investors, and that international legal assistance is ensured.
   d) Money market instruments, provided these are liquid, can be readily valued and are traded on an exchange or other regulated market open to the public; money market instruments which are not traded on an exchange or other regulated market open to the public may only be acquired if the issue or the issuer is subject to provisions regarding creditor or investor protection and if the money market instruments are issued or guaranteed by issuers pursuant to Art. 74 para. 2 Collective Investment Schemes Ordinance (CISO).
   e) Structured products relating to securities, collective investment schemes, money market instruments, derivatives, indices, interest rates, exchange rates, currencies, precious metals, commodities or similar instruments.
   f) 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 this country which is equivalent to the supervision in Switzerland.
   g) Investments other than those mentioned in sections a) to f) above and investments which do not meet the requirements stated in sections a) to f), up to a maximum total of 10% of the subfund’s assets; the following are not permitted: investments in precious metals, precious metals certificates, goods and documents of title to goods.
2. The investment objective and investment policy of the subfunds is to replicate the benchmark indices referred to in prov. 3 as closely as

possible. The objective will be for the subfunds to exhibit approximately the same statistical characteristics (investment return and volatility) as the index, with the weightings of the securities in the subfund matching the index weightings as closely as possible, provided the index is replicated primarily by way of direct investments in index securities.

3. Investment Policies of the Individual Subfunds:

a) CS ETF (CH) on SLI®

The fund management company

- aa) invests the subfund’s assets exclusively in the equities and similar instruments included in the Swiss Leader Index (SLI®) (shares, dividend-right certificates, shares in cooperatives, participation certificates, etc.), subject to bb) and cc) below. However, there is no requirement for all securities included in the benchmark index to be included in the subfund at all times.
- bb) may invest the subfund’s assets temporarily in equities and similar instruments (shares, dividend-right certificates, shares in cooperatives, participation certificates, etc.) which are not contained in the benchmark index but where there is a high probability that such securities will be included in the Swiss Leader Index on the basis of its acceptance criteria.
- cc) may, subject to the exceptions mentioned below, invest up to 5% of the subfund’s assets in futures on the benchmark index specified in aa) or in securities contained in the benchmark index. Exceptions may be made, for example, in the event of adjustments to indices or corporate actions relating to investments as per aa), the scale of which is determined by weighting of the relevant securities in the benchmark index.
- dd) does not invest the subfund’s assets in units of other collective investment schemes (target funds).

b) CS ETF (CH) on SMI®

- aa) The fund management company invests the subfund’s assets exclusively in the equities and similar instruments included in the Swiss Market Index (SMI®) (shares, dividend-right certificates, shares in cooperatives, participation certificates, etc.), subject to bb) and cc) below. However, there is no requirement for all securities included in the benchmark index to be included in the subfund at all times.
- bb) temporarily in equities and similar instruments (shares, dividend-right certificates, shares in cooperatives, participation certificates, etc.) which are not contained in the benchmark index but where there is a high probability that such securities will be included in the Swiss Market Index on the basis of its acceptance criteria.
- cc) may, subject to the exceptions mentioned below, invest up to 5% of the subfund’s assets in futures on the benchmark index specified in aa) or in securities contained in the benchmark index. Exceptions may be made, for example, in the event of adjustments to indices or corporate actions relating to investments as per aa), the scale of which is determined by weighting of the relevant securities in the benchmark index.
- dd) does not invest the subfund’s assets in units of other collective investment schemes (target funds).

c) CS ETF (CH) on SMIM®

- aa) The fund management company invests the subfund’s assets exclusively in the equities and similar instruments included in the SMI MID Index (SMIM®) (shares, dividend-right certificates, shares in cooperatives, participation certificates, etc.), subject to bb) and cc) below. However, there is no requirement for all securities included in the benchmark index to be included in the subfund at all times.
- bb) temporarily in equities and similar instruments (shares, dividend-right certificates, shares in cooperatives, participation certificates, etc.) which are not contained in the benchmark index but where there is a high probability that such securities will be included in the SMI MID Index on the basis of its acceptance criteria.
- cc) may, subject to the exceptions mentioned below, invest up to 5% of the subfund’s assets in futures on the benchmark index specified in aa) or in securities contained in the benchmark index. Exceptions may be made, for example, in the event of adjustments to indices or corporate actions relating to investments as per aa), the scale of which is determined by weighting of the relevant securities in the benchmark index.
- dd) does not invest the subfund’s assets in units of other collective investment schemes (target funds).

d) CS ETF (CH) on Swiss Bond Index Domestic Government 1–3

The fund management company

- aa) invests exclusively in bonds and other fixed or variable-rate debt papers and corresponding rights of the Swiss Confederation which are denominated in Swiss francs and included in the Swiss Bond Index Domestic Government 1–3, subject to bb) and cc) below.
- bb) may temporarily invest in bonds and other fixed or variable-rate debt papers and corresponding rights of the Swiss Confederation which are denominated in Swiss francs and are not contained in the benchmark index but where there is a high probability that such securities will be included in the Swiss Bond Index Domestic Government 1–3 on the basis of its acceptance criteria.
- cc) may invest up to 5% of the subfund’s assets in futures on the benchmark index specified in aa) or in securities contained in the benchmark index.
- dd) does not invest the subfund’s assets in units of other collective investment schemes (target funds).

e) CS ETF (CH) on Swiss Bond Index Domestic Government 3–7

The fund management company

- aa) invests exclusively in bonds and other fixed or variable-rate debt papers and corresponding rights of the Swiss Confederation which are denominated in Swiss francs and included in the Swiss Bond Index Domestic Government 3–7, subject to bb) and cc) below.
- bb) may temporarily invest in bonds and other fixed or variable-rate debt papers and corresponding rights of the Swiss Confederation which are denominated in Swiss francs and are not contained in the benchmark index but where there is a high probability that such securities will be included in the Swiss Bond Index Domestic Government 3–7 on the basis of its acceptance criteria.
- cc) may invest up to 5% of the subfund’s assets in futures on the benchmark index specified in aa) or in securities contained in the benchmark index.
- dd) does not invest the subfund’s assets in units of other collective investment schemes (target funds).

f) CS ETF (CH) on Swiss Bond Index Domestic Government 7–15

The fund management company

- aa) invests exclusively in bonds and other fixed or variable-rate debt papers and corresponding rights of the Swiss Confederation which are denominated in Swiss francs and included in the Swiss Bond Index Domestic Government 7–15, subject to bb) and cc) below.
- bb) may temporarily invest in bonds and other fixed or variable-rate debt papers and corresponding rights of the Swiss Confederation which are denominated in Swiss francs and are not contained in the benchmark index but where there is a high probability that such securities will be included in the Swiss Bond Index Domestic Government 7–15 on the basis of its acceptance criteria.
- cc) may invest up to 5% of the subfund’s assets in futures on the benchmark index specified in aa) or in securities contained in the benchmark index.
- dd) does not invest the subfund’s assets in units of other collective investment schemes (target funds).

§ 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 for the subfund concerned are permitted. Liquid assets comprise bank deposits as well as claims from repurchase agreements at sight or on demand with maturities up to twelve months.

B Investment Techniques and Instruments

§ 10 Securities Lending

1. The fund management company may lend all types of securities which are traded on an exchange or a regulated market open to the public for the account of the subfunds. However, it may not lend securities acquired under a reverse repo transaction.
2. The fund management company may lend securities and rights in its own name and for its own account to a borrower (principal) or appoint an intermediary to put the securities at the disposal of the borrower either indirectly on a fiduciary basis (agent) or directly (finder).
3. The fund management company shall only carry out securities lending transactions with first-class borrowers or intermediaries which are specialized in transactions of this type, such as banks, brokers and insurance companies, as well as recognized securities clearing organizations that guarantee the proper execution of the security lending transactions.
4. If the fund management company must observe a notice period, which may not be more than 10 bank working days, before it can legally repossess the loaned securities, it may not lend more than 50% of the eligible holding of a particular security per subfund. However, if the borrower or the intermediary provides the fund management company with a contractual assurance that the latter may legally repossess the securities lent on the same or next bank working day, the fund management company may lend its entire holdings of a particular instrument type eligible for lending.
5. The fund management company shall conclude an agreement with the borrower or intermediary whereby the latter shall pledge or transfer collateral to the fund management company for the purposes of guaranteeing restitution in accordance with Art. 8 of the FINMA Ordinance on Collective Investment Schemes (CISO-FINMA). The value of the collateral must at all times be equal to at least 105% of the market value of the loaned securities or at least 102% if the collateral consists of (i) liquid assets or (ii) fixed or variable-interest securities that have a current long-term rating of at least “AAA”, “Aaa” or the equivalent from a ratings agency recognized by the FINMA. Moreover, the borrower or intermediary is liable for ensuring the prompt, unconditional payment of any income accruing during the lending period, as well as for the assertion of other proprietary rights and for the contractually agreed return of securities of the same type, quantity and quality.
6. The custodian bank shall ensure that the securities lending transactions are handled in a secure manner in line with the agreements and, in particular, shall monitor compliance with the requirements relating to collateral. For the duration of the lending transactions it shall also be responsible for the administrative duties assigned to it under the safe custody regulations and for asserting all rights associated with the loaned securities, provided these have not been ceded under the terms of an applicable framework agreement.

§ 11 Securities Repurchase Agreements

1. The fund management company may enter into securities repurchase agreements (“repos”) for the account of each subfund. Repos can be concluded as either repos or reverse repos.
   A repo is a legally binding transaction whereby one party (the borrower or repo seller) undertakes to temporarily transfer ownership of specific securities to another (the lender or repo buyer) against remuneration, while the lender undertakes to return to the borrower securities of the same type, quantity and quality at the end of the repo term together with any income earned during such term. The price risk associated with the securities shall be borne by the borrower for the duration of the repo transaction.
   From the perspective of the counterparty (lender), a repo is a reverse repo. By means of a reverse repo, the fund management company acquires securities for investment purposes and at the same time agrees to return securities and rights of the same type, quantity and quality and to transfer all income received during the term of the reverse repurchase agreement.
2. The fund management company may conduct repurchase agreements in its own name and on its own account with a counterparty (principal), or may instruct an intermediary to conclude repurchase agreements with a counterparty either indirectly in a fiduciary capacity (agent) or directly (finder).
3. The fund management company shall conduct repurchase agreements only with first-class counterparties and intermediaries specializing in transactions of this type, such as banks, brokers and insurance companies or recognized securities clearing organizations that guarantee the proper execution of the repurchase agreements.
4. The custodian bank shall ensure that the repurchase agreements are conducted in a secure manner and that the contractual terms are complied with. It shall ensure that fluctuations in the value of the securities used in the repo transactions are compensated in cash or securities (mark to market). It is also responsible for the administrative duties assigned to it under the custody account regulations and for asserting all rights pertaining to the securities used in the repo transactions, provided these have not been ceded under the terms of an applicable framework agreement.
5. For repo transactions, the fund management company may use all types of securities which are traded on an exchange or other regulated market open to the public. It may not use securities and rights acquired under a reverse repo for repo transactions.
6. If the fund management company must observe a notice period, which may not be more than 10 bank working days, before it can legally repossess the securities used in a repo transaction, it may not use more than 50% of the eligible holding of a particular security. However, if the counterparty or the intermediary provides the fund management company with a contractual assurance that the latter may legally repossess on the same or next bank working day the securities used in the repo transaction, then the entire holdings of a particular security eligible for repo transactions may be used.
7. Engaging in repo transactions is deemed to be taking up a loan pursuant to § 13, unless the money received is used to acquire securities of the same type, quality, credit rating and maturity in conjunction with the conclusion of a reverse repo.
8. With regard to reverse repos, the fund management company may only acquire fixed or variable-interest securities issued or guaranteed by the Swiss Confederation, Swiss cantons and municipalities, or by issuers which have the minimum credit ratings required by the supervisory authority.
9. Claims arising from reverse repos are deemed to be liquid assets pursuant to § 9 and not extending a loan pursuant to § 13.

§ 12 Derivatives

1. The fund management company may use derivatives for efficient management of the subfunds’ assets. It shall ensure that, even under extreme market circumstances, the financial effect of the use of derivatives does not result in a deviation from the investment objectives set out in the fund contract, the prospectus and the simplified prospectus, and that it does not change the investment character of the subfunds. Furthermore, the underlyings of the derivatives must be permitted as investments according to the present fund contract.
   The collective investment schemes legislation envisages three risk assessment processes for the use of derivatives: the Commitment Approaches I and II for “simple funds” and the model approach combined with stress tests for “complex funds”.
   Commitment Approach I is a simplified process and its defining characteristic is that the use of derivatives may not have a leverage effect on the assets of a subfund or correspond to short selling. Commitment Approach II is an extended process. Both leverage and short selling are permitted. Thus the overall exposure to derivatives may be up to 100% of a subfund’s net assets and the total exposure of a subfund in the category “Other funds for traditional investments” may therefore be up to 200% of its net assets (even 225%, if borrowing is taken into account). In the case of the model approach, the risk is measured daily as the value-at-risk (VaR) with a 99th percentile confidence interval and a holding period of 20 trading days; it may not exceed twice the VaR of a derivative-free benchmark portfolio. Stress tests are also to be carried out on a periodic basis.

Based on the envisaged use of derivatives, all subfunds of this umbrella fund qualify as "simple funds".

2. Commitment Approach I shall be applied for the assessment of risk. The use of derivatives therefore does not result in a leverage effect on the subfunds' assets, nor does it correspond to short selling.
The fund management company must at all times be able to meet the payment and delivery obligations entered into in respect of the derivatives from the assets of the subfund concerned in accordance with collective investment schemes legislation.

2.1. Only basic types of derivative may be used. These comprise:
a) Call or put options whose value at expiration is linearly dependent on the positive or negative difference between the market value of the underlying and the strike price and is zero if the difference is preceded by the opposite algebraic sign;
b) Swaps whose payments are dependent on the value of the underlying or on an absolute amount in both a linear and a path-independent manner;
c) Future and forward transactions whose value is linearly dependent on the value of the underlying.

2.2. The financial effect of the derivatives is similar to either a sale (exposure-reducing derivative) or a purchase (exposure-increasing derivative) of an underlying security.

2.3. a) In the case of exposure-reducing derivatives, the arising obligations subject to sections b) and d) must be covered at all times by the underlyings of the derivative.
b) Cover with investments other than the underlyings shall be permitted in the case of exposure-reducing derivatives that relate to an index which is
– calculated by an independent external office;
– representative of the investments serving as cover;
– sufficiently well correlated with these investments.
c) The fund management company must have unrestricted access to these underlyings or investments at all times. Underlyings or investments may be used to cover several exposure-reducing derivative positions at the same time if they are subject to a market risk, credit risk or currency risk and are based on the same underlyings.
d) An exposure-reducing derivative can be weighted by the delta in the calculation of the corresponding underlyings.

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

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

4. a) The fund management company may conclude OTC transactions only with regulated financial intermediaries specialized in such types of transactions that ensure proper execution of the contract. If the counterparty is not the custodian bank, the former or the guarantor must meet the minimum credit rating requirements laid down in collective investment schemes legislation under Art. 33 CISO-FINMA.
b) It must be possible to reliably and verifiably value an OTC derivative on a daily basis and to sell, liquidate or close out the derivative at market value at any time.
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 recognized 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 favorable offer be accepted, under due consideration of the price, credit rating, risk distribution and the range of services offered by the counterparties. The conclusion of the transaction and pricing shall be clearly documented.

5. In respect of compliance with the statutory and contractual investment restrictions (maximum and minimum limits), derivatives shall be taken into account in accordance with the legislation on collective investment schemes.

6. The prospectus contains 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 respective subfund;
– the counterparty risks of derivatives;
– (where applicable) the increased volatility and increased overall exposure (leverage effect) resulting from the use of derivatives;
– (where applicable) the credit derivatives.

§ 13 Taking Up and Extending Loans

1. The fund management company may not grant loans for the subfunds' account. Securities lending transactions pursuant to § 10 and securities repurchase agreements taking the form of reverse repos pursuant to § 11 are not deemed to be loans within the meaning of this clause.
2. Unless otherwise stipulated by the investment policy of the individual subfunds, the fund management company may for each subfund temporarily borrow the equivalent of up to 25% of the net assets of said subfund. Securities repurchase agreements as repos pursuant to § 11 are deemed to be borrowing within the meaning of this clause unless the funds obtained are used as part of an arbitrage transaction for the acquisition of securities of the same type, quality, credit rating and maturity in connection with a reverse repo.

§ 14 Encumbrance of the Subfunds' Assets

1. No more than 60% of any subfund's net assets may be pledged or ownership thereof transferred as collateral by the fund management company at the expense of the subfund concerned.
2. The subfunds' assets may not be encumbered with guarantees.

C Investment Restrictions

§ 15 Risk Diversification

1. The regulations on risk diversification pursuant to § 15 shall include the following:
a) investments as per § 8;
b) liquid assets as per § 9;
c) derivative financial instruments pursuant to § 12, with the exception of index-based derivatives, provided the index is sufficiently diversified, is representative of the market it relates to and is published in an appropriate manner;
d) claims against counterparties arising from OTC transactions.

Equity Index Exchange Traded Funds
a) CS ETF (CH) on SLI®
b) CS ETF (CH) on SMI®
c) CS ETF (CH) on SMIM®
The regulations on risk distribution apply to each subfund individually.

2. Companies which are classified as a group under international accounting rules shall be regarded as one issuer.
3. The weighting of assets pursuant to prov. 1 for each issuer/borrower in the respective subfund shall match the weighting in the corresponding benchmark index as closely as possible.
CS ETF (CH) on SLI® is subject to the additional requirement that the weighting of the individual securities included in the SLI® is limited by a capping model. A more precise description of the model is given in the prospectus.
4. In relation to the holding of liquid assets pursuant to § 9, the fund management company may not invest more than 20% of a subfund's total assets in sight and time deposits with a single bank.
5. The fund management company may invest up to a maximum of 5% of the assets of a subfund in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union or another country in which it is subject to supervision equivalent to that in Switzerland, this limit shall be increased to 10% of the assets of the subfund concerned.

6. The fund management company may not acquire equity securities which in total represent more than 10% of the voting rights in a company or which would enable it to exert a material influence on the management of an issuing company, unless special authorization is granted by the supervisory authority.
7. The fund management company may acquire for a subfund’s assets up to 10% of the non-voting equity instruments of a single issuer.

Bond Index Exchange Traded Funds

d) CS ETF (CH) on Swiss Bond Index Domestic Government 1–3
e) CS ETF (CH) on Swiss Bond Index Domestic Government 3–7
f) CS ETF (CH) on Swiss Bond Index Domestic Government 7–15

The regulations on risk distribution apply to each subfund individually.

8. These subfunds are assigned to the “Other funds for traditional investments” category. In the context of tracking the respective Swiss Bond Index Domestic Government® index in accordance with § 8 prov. 3 d), e) and f) of the fund contract, it is possible that only a small number of securities will be held in a particular subfund, in which case no consideration need be given to either the minimum number of issues or a maximum investment volume for the holding of securities from the same issue. The weighting of assets pursuant to prov. 1 in the respective subfund shall match the weighting in the corresponding benchmark index as closely as possible. This may lead to a concentration of the fund’s assets in a small number of securities contained in the index.
   Debt instruments which amount to more than 20% of the volume of the respective issue may not be acquired for the subfunds.
9. In relation to the holding of liquid assets pursuant to § 9, the fund management company may not invest more than 20% of a subfund’s total assets in sight and time deposits with a single bank.
10. The fund management company may invest up to a maximum of 5% of the assets of a subfund in OTC transactions with the same counterparty. If the counterparty is a bank domiciled in Switzerland or in a member state of the European Union or another country in which it is subject to supervision equivalent to that in Switzerland, this limit shall be increased to 10% of the assets of the subfund concerned.

IV. Calculation of the Net Asset Value and Issue and Redemption of Units

§ 16 Calculation of the Net Asset Value

1. The net asset value of each subfund is calculated in Swiss francs at the market value as of the end of the financial year and for each day on which units are issued or redeemed. The subfund’s assets will not be calculated on days when the stock exchanges / markets in the main investment countries of the subfund concerned are closed (e.g. bank and stock exchange holidays).
2. Securities traded on a stock exchange or another regulated market open to the public shall be 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 recognized valuation models and principles to determine the market value.
3. The net asset value of a unit of a subfund is determined by the market value of that subfund’s assets, minus all that subfund’s liabilities, divided by the number of units of that subfund in circulation. It will be rounded up or down to four places after the decimal point of the unit of account.

§ 17 Issue and Redemption of Units

1. Subscription and redemption orders for units are accepted up to a certain cut-off time specified in the prospectus on the day the orders are placed. The definitive price of the units for the issues and redemptions is determined at the earliest on the bank working day following the day the order is placed (valuation day). This is referred to as “forward pricing”. Details are set out in the prospectus.
2. The issue and redemption price of units is based on the net asset value per unit on the valuation day calculated on the basis of the closing prices pursuant to § 16. 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. In the case of unit issues, an issuing commission may be added to the net asset value pursuant to § 18 and in the case of unit redemptions, a redemption commission may be deducted from the net asset value pursuant to § 18.
   Incidental costs (standard brokerage charges, fees, taxes etc.) incurred by a subfund in connection with the investment of the amount paid in, or with the sale of a redeemed portion of investments corresponding to the unit, will be charged to the assets of the corresponding subfund.
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 if:
   a) if a market which is the basis for the valuation of a significant proportion of the assets of the subfund concerned 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 subfund 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 of this subfund.
5. The fund management company shall immediately apprise the auditors and the supervisory authority of any decision to suspend redemptions.
6. The issue of units of a subfund shall be suspended for as long as the redemption of units of this subfund is delayed on the grounds referred to under prov. 4 a) to c).

V. Fees and Incidental Costs

§ 18 Fees and Incidental Costs Charged to the Investor

1. In the case of unit issues, investors will be charged an issuing fee of 5% of the net asset value, such fees accruing to the fund management company. This also applies to individual subscriptions made as part of any kind of fund investment program; in such cases, no additional costs incurred for individual installments may be charged. The applicable rate is stated in the prospectus and simplified prospectus.
2. On the redemption of fund units, the investors will be charged a redemption commission accruing to the fund management company of 1% of the net asset value (in the case of CS ETF [CH] on SLI® and CS ETF [CH] on SMI®) or 2% of the net asset value (in the case of CS ETF [CH] on SMIM® and CS ETF [CH] on Swiss Bond Index Domestic Government 1–3, 3–7 and 7–15). This also applies to redemptions made as part of any kind of fund investment program; in such cases, no additional costs incurred for individual withdrawals may be charged. The applicable rate is stated in the prospectus and simplified prospectus.
3. For the distribution of liquidation proceeds in the event of the subfund’s dissolution, investors may be charged a commission of 0.5% of the net asset value of their units.

§ 19 Fees and Incidental Costs Charged to the Subfunds’ Assets

1. For the administration, asset management and distribution of the subfunds, the fund management company shall charge the fund management company an annual fee of up to 1.00% p.a. of the subfunds’ net asset value (management fee). This fee shall be charged to the subfund at the beginning of each month on the basis of the subfund’s average net assets in the preceding month.
   If the fund management company makes reimbursements to investors and/or provides remuneration to selling agents, this shall also be disclosed.
   The rate of the management fee actually charged shall be stated in the annual and semi-annual reports.
2. For the safekeeping of the subfund’s assets, handling of the subfund’s payment transactions and performance of the custodian bank’s other tasks listed under § 4, the custodian bank shall charge

the subfund a custodian bank fee of up to 0.20% p.a. of the subfund's net asset value. This fee shall be charged to the subfund at the beginning of each month on the basis of the subfund's average net assets in the preceding month.
The rate of the custodian bank fee actually charged is stated in the annual and semi-annual reports.

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 of the annual and semi-annual reports;
   – publishing prices (including costs of feeding prices into electronic media and price transmission systems) and notices to investors;
   – fees charged by the auditor for regular auditing of the fund;
   – costs incurred for extraordinary actions undertaken in the interests of the investors, in particular the cost of legal and tax advice.
4. The respective subfund shall also bear all incidental costs for the purchase and sale of investments (standard brokerage fees, commissions, taxes etc.) incurred in the management of the subfunds' assets. These costs will be offset directly against the stated acquisition or saleable value of the respective investments.
5. The following costs may also be charged to the assets of the subfunds:
   – all fees and costs for licenses in favor of the subfunds (in particular for the use of indices).
   – fees and expenses incurred in connection with the listing and admission for trading of the units in Switzerland and abroad and maintenance of this listing.

VI. Financial Statements and Audits

§ 20 Financial Statements

1. The accounting currencies of the individual subfunds are set out in the table at the end of the prospectus.
2. The financial year runs from June 1 until May 31 of the following year.
3. The fund management company shall publish an audited annual report for the umbrella fund and subfunds respectively within four months of the end of the financial year.
4. The fund management company shall publish a semi-annual report for the umbrella fund and subfunds respectively within two months following the end of the first half of the financial year.
5. The investor's right to obtain information under § 5 prov. 3 is reserved.

§ 21 Audits

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, the CISA and the code of conduct of the Swiss Funds Association SFA. The annual report shall contain a short report by the auditors on the published annual financial statements.

VII. Appropriation of Net Income

§ 22

1. The net income of the individual subfunds shall be distributed annually to the investors within four months of the end of the financial year in the fund's unit of account, the Swiss franc.
   The fund management company may make additional interim distributions from the income.
   Up to 30% of the net income may be 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 1% of the net assets of a subfund and less than CHF 1, USD 1, EUR 1 or JPY 100 per unit (depending on reference currency), a distribution may be waived and the entire net income may be carried forward to the new account.
2. Capital gains realized on the sale of assets and rights can be distributed by the fund management company or retained for the purpose of reinvestment.

VIII. Publication of Official Notices by the Umbrella Fund and Subfunds

§ 23

1. The media of publication of the umbrella 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, as well as the liquidation of the umbrella fund or of the subfunds. Amendments that are required by law that do not affect the rights of investors or are of an exclusively formal nature may be exempted from the duty to publish subject to the approval of the supervisory authority.
3. Each time units are issued or redeemed, the fund management company shall publish both the issue and the redemption prices or the net asset value together with a footnote "excluding commissions" in the media of publication specified in the prospectus. The prices shall be published at least twice per month. The weeks and weekdays on which publications are made shall also 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 selling agents.

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 – as of the time of the merger – the assets and liabilities 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 the corresponding number of units in the acquiring subfund or fund. The subfund(s) or fund(s) being acquired is/are terminated without liquidation when the merger takes place, and the fund contract of the acquiring subfund or fund shall also apply for the subfund(s) or fund(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:
      – the investment policy, risk diversification, as well as the risks associated with the investment
      – the appropriation of net income and capital gains
      – the type, amount and calculation of all fees, the issue and redemption commission together with the incidental costs for the purchase and sale of the investments (brokerage fees, charges, duties) that may be charged to the assets of the funds or subfunds or to the investors
      – the redemption conditions
      – the duration of the contract and the conditions of dissolution;
   d) the assets of the funds concerned are valued, the exchange ratio is calculated, and the assets and liabilities are acquired on the same day;
   e) no costs shall arise as a result for either the funds or subfunds or the investors.
3. If the merger is likely to take more than one day, the supervisory authority may approve limited deferment of repayment in respect of the units of the funds 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 publication 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 or subfunds involved and any differences between the acquiring fund or subfund and the fund(s) or

subfund(s) being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the funds or subfunds, as well as a statement from the statutory CISA auditors.

5. The fund management company must publish a notice of the proposed changes to the fund contract pursuant to § 23 prov. 2 and the proposed merger and its timing together with the merger schedule at least two months before the planned date of merger in the media of publication of the subfunds or funds involved. In this notice, it must inform the investors that they may lodge objections against the proposed changes to the fund contract with the supervisory authority within 30 days of the last publication of the notice, or request redemption of their units.
6. The auditors must check directly that the merger is being carried out correctly, and shall submit a report containing their comments in this regard to the fund management company and the supervisory authority.
7. The fund management company shall inform the supervisory authority of the conclusion of the merger and shall publish notification of the completion of the merger, the confirmation from the auditors regarding the proper execution of the merger and the exchange ratio without delay in the media of publication of the funds or subfunds involved.
8. The fund management company must make reference to the merger in the next annual report of the acquiring fund or subfund and in the semi-annual report if published prior to the annual report. If the merger does not take place on the last day of the usual financial year, an audited closing statement must be produced for the fund(s) or subfund(s) being acquired.

§ 25 Duration of the Subfunds and Dissolution

1. The individual subfunds have been established for an indefinite period.
2. The fund management company or the custodian bank may dissolve some or all of the subfunds by terminating the fund contract without notice.
3. The subfund 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 extended period approved by the supervisory authority at the request of the custodian bank and the fund management company it does not have net assets of at least 5 million Swiss francs (or the equivalent).
4. The fund management company shall inform the supervisory authority of the dissolution immediately and shall publish notification in the media of publication.
5. Once the fund contract has been terminated, the fund management company may liquidate the subfund forthwith. If the supervisory authority has ordered the dissolution of the subfund, it must be liquidated forthwith. The custodian bank is responsible for the payment of liquidation proceeds to the investors. If the liquidation proceedings are protracted, payment may be made in installments. Prior to the final payment, the fund management company must obtain authorization from the supervisory authority.

X. Changes to the Fund Contract

§ 26

If changes are made to the present fund contract, or if a change of the fund management company or of the custodian bank is planned, the investors may lodge objections with the supervisory authority within 30 days after the last corresponding publication. In the event of a change to the fund contract, 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 been exempted from the duty to publish with the approval of the supervisory authority.

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 June 23, 2006, the Ordinance on Collective Investment Schemes of November 22, 2006 and the Ordinance of the Swiss Financial Market Supervisory Authority on Collective Investment Schemes of December 21, 2006.
   The court of jurisdiction is the court at the fund management company’s registered office.
2. For the interpretation of the fund contract, the German-language version shall be binding.
3. The present fund contract takes effect on October 15, 2011.
4. The present fund contract replaces the fund contract dated October 18, 2010.

Date of approval of the fund contract by the Swiss Financial Market Supervisory Authority FINMA: October 7, 2011.