

GUTZWILLER TWO

Umbrella fund under Swiss law with special risk
(Other fund for alternative investments)

Prospectus with integrated fund contract

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GUTZWILLER TWO, as a fund of funds, invests in various, usually foreign investment funds of various legal structure (particularly collective investment vehicles, investment corporations, trusts and limited partnerships, hereinafter called target funds) which pursue alternative investment strategies or make alternative investments and use alternative investment techniques (in general known as hedge funds or as non-traditional funds). The risks of these target funds are not comparable to the risks of securities funds. Most of the target funds are subject to the law of countries, where neither the legal framework nor the regulatory supervision are comparable to Swiss standards. For this reason, GUTZWILLER TWO belongs to the category "Other funds with alternative investments".

The attention of investors in GUTZWILLER TWO is therefore explicitly drawn to the risks mentioned in the prospectus, and investors must accept these risks. In particular, investors need to be prepared and in a financial position to accept any – even substantial – losses on invested capital.

The fund management of GUTZWILLER TWO, however, makes every effort to minimise risks as much as possible by utilising a broad diversification in the pursued investment strategy, by carefully selecting the underlying target funds and by closely monitoring these funds. Nevertheless, in exceptional circumstances one or more of the underlying target funds may suffer a total loss.

Important notice

This prospectus is an English translation of the German version, which was submitted to and approved by the FINMA. In cases of discrepancies the German version is prevail.

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Part I Prospectus

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

Only the information contained in the prospectus, in the fund contract shall be deemed valid.

1 Information on the investment fund

1.1 General information on the investment fund

GUTZWILLER TWO is an Umbrella fund under Swiss law with special risk of the category other funds for alternative investments pursuant to the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA). The fund contract was drawn up by Gutzwiller Fonds Management AG, Basel, as fund management company, and submitted to the Swiss Financial Market Supervisory Authority (FINMA, ex SFBC) with the consent of E. Gutzwiller & Cie, Banquiers, Basel, as the custodian bank. The fund contract was first approved by the FINMA on January 31, 2002.

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

The following subfunds currently exist:

- Gutzwiller TWO (USD)

In accordance with the fund contract, the fund management company is entitled to create, liquidate or merge different unit classes at any time, subject to the consent of the custodian bank and the approval of the supervisory authority.

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

The subfund Gutzwiller TWO (USD) is divided into the following unit classes:

- USD-Class: denominated in USD (reference currency);
- CHF-Class: denominated in CHF (reference currency). The investments in this unit class are hedged against the reference currency of the subfund (USD).

The investor participates only in the assets and in the earnings of the unit class, where he is invested. All unit classes are entitled to participate in the undivided assets of the fund. This participation may be different due to specific costs of these particular unit classes or specific income distributions of these particular unit classes. Therefore the NAV per unit may be different for each unit class.

1.2 Investment Objective of the investment fund

The investment objective of the subfund Gutzwiller TWO (USD) is principally to seek an attractive and constant risk/reward return with a low correlation to traditional equity investments. To reach this goal Gutzwiller TWO (USD) invests in a diversified way, primarily in offshore investment funds (target funds) which pursue alternative investment strategies or make alternative investments and use alternative investment techniques (generally known as hedge funds or as non-traditional funds).

1.3 Differentiation between traditional and alternative investment funds

Traditional investment funds invest in traditional investment instruments (stocks, bonds, etc.) and their investment policy uses traditional methods (purchase of the traditional investment instruments, reallocation due to change in market assessments, hedging transactions, etc.). In contrast, hedge funds, which belong to the category of alternative investment funds, are investment products, which are not seeking an exposure in specific markets or traditional investment instruments. Rather, the investment strategy sets the priority. Examples of alternative investment strategies are: Arbitrage, Commodity Trading Adviser (CTA), Event-Driven, Opportunistic, Sector, Emerging Markets and Global Macro. As a rule, hedge funds employ derivative financial instruments, e.g. options, futures, interest and forward exchange swaps and forward exchange transactions. Hedge funds also differ from traditional investment funds because they try to leverage their returns by borrowings or using derivatives and by short selling of securities.

Because of these characteristics hedge funds contain potential risks in addition to the usual market, credit and liquidity risks (cf. list below).

1.4 Risks of the investment fund

1.4.1 *General risks*

Investment in the umbrella fund respectively the subfunds entails various risks. The value of a fund unit may be subject to substantial fluctuations. There is no guarantee that the targeted investment objective can be attained. A commitment in a non-traditional investment like GUTZWILLER TWO is only suitable for risk-tolerant investors with a long-term investment horizon and as an addition to a broadly-diversified portfolio.

1.4.2 *A lack of regulatory supervision*

Target funds are primarily domiciled in countries with less legal framework and supervision than in Switzerland. Thus, there is no authorization for marketing or distributing units of these funds in Switzerland under Art. 120 sec. 2 sub-sec. b CISA. To minimize these risks, the umbrella fund respectively the subfunds uses a comprehensive due-diligence process to select the appropriate target funds and then to carefully monitor their performance.

1.4.3 *Market risks*

The subfunds invest in target funds which in turn invest in various capital markets and financial instruments worldwide which may be very volatile. Political uncertainties, fiscal measures, exchange restrictions or amendments to the law concerning foreign ownership structures may also adversely affect the investments and their returns.

1.4.4 *A lack of liquidity*

There may not be a liquid market for units of some of the target funds, and this can make their valuation and the purchase or sale of their units difficult. It means that under certain conditions purchase and sales prices might deviate from the net asset value. In addition, some target funds purchase investments, which are difficult to value or are illiquid.

1.4.5 *Currency risks*

The target funds invest in various capital markets worldwide. Their investments are not always denominated in the currency of reference, gains and losses may be subject to exchange rate fluctuations and fees may be charged for foreign exchange transactions. The units of the target funds are mostly denominated in USD. The subfunds having another reference currency than USD as a currency of reference and the USD unit class for the part of the portfolio, which is not invested in USD, are exposed to a currency risk.

1.4.6 *Short sales*

Target funds may use short sales. Short sales are in theory subject to the risk of unlimited loss as there is no limit on how high the price of the underlying security may rise before the position is closed.

1.4.7 *Broker*

Some target funds have brokers as their custodians instead of banks. Under certain conditions these brokers may not have the same credit ratings as a bank and unlike a Swiss custodian bank they are not subject to legal supervision. These brokers could have a lien over all the assets of the target funds, which are deposited as collateral. Should these brokers become insolvent, those assets might become available to their creditors.

1.4.8 *Leverage*

Hedge funds may take up loans in order to make additional investments (leverage). If gains are greater than the interest charge of the loan, the fund's performance will be better than if the loan had not been taken. However, the fund's assets may decline disproportionately if the investment results in a loss. Hedge funds can take on leverage not only by borrowing money but also by using derivative financial instruments.

1.4.9 *Investment manager's compensation*

The payment of performance-based fees to the investment managers of target funds may create an incentive for them to make investments that are riskier or more speculative than would be the case if they were paid only a fixed fee.

1.4.10 *Personnel and technical factors*

The success of target funds may in part depend on individuals and the infrastructures available to them. Investment managers often are invested in the target funds; therefore conflicts of interest may not be excluded.

1.4.11 *Transparency*

Typically, hedge funds are not required to report on their activities or transactions publicly. This can mean that it is difficult for investors to identify changes in strategy and the related risks.

The above list of the potential investment risks of the umbrella-fund respectively the subfunds is incomplete. By adopting strict monitoring and control procedures, however, the management will try to minimize the above mentioned investment risks.

The management recommends that potential investors commit only a small percentage of their total financial assets to the umbrella-fund respectively the subfunds. An investment in this fund may not be suitable for all investors. Moreover, potential investors should bear in mind that an investment is intended as a long-term investment, which may be subject to major variation in price.

1.5 Investment policy, use of derivatives and structure of the investment fund

1.5.1 *Investment policy*

In accordance with its investment objective, the subfund Gutzwiller TWO (USD) invests principally in non-traditional funds (hedge funds), focussed on event driven investment strategy and mainly denominated in USD. These target funds are generally foreign collective investment schemes with various legal structures, for example collective investment contracts, investment companies, trusts and limited partnerships, for which there is no marketing or distribution authorization in Switzerland as stated in Art. 120 Sec. 2 Sub-sec. b CISA.

In order to accommodate short-term liquidity needs the management of GUTZWILLER TWO may take up credits for an amount of up to 10% of a subfund's assets but no more than 10% of the fund's total assets.

1.5.2 *Use of derivatives*

The fund management company uses derivatives for currency hedging purposes. However, even in exceptional market conditions, these may not result in a deviation from the investment objectives or a change in the investment character of the fund. Commitment approach I (simplified process) is applied to the assessment of risk.

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

For the management of the CHF-Class the fund management uses forward exchange deals and swaps. Both are only used for currency hedging purposes.

Even in exceptional market conditions, the use of these instruments may not result in the funds asset being leveraged; neither may they correspond to a short sale.

1.5.3 *The fund-of-funds structure*

Since the umbrella-fund respectively the subfunds invest in other funds only and does not make direct investments, the umbrella-fund respectively the subfunds are considered a fund of funds. The special structure of the umbrella-fund respectively the subfunds provide significant advantages against traditional investment funds, which are investing directly:

- the investment in different hedge fund strategies provides a wider risk diversification;
- the comprehensive selection process employed by the management uses qualitative and quantitative criteria and enables it to identify the best event-driven funds worldwide;
- the continuous monitoring and control procedures (due diligence) by the management normally enables it to reduce risks or enhance return through timely portfolio adjustments;
- the umbrella-fund respectively the subfunds provide access to target funds which might not be available to investors otherwise.

The disadvantages of the fund-of-funds structure are:

- the additional costs charged indirectly to the umbrella-fund respectively the subfunds for the fund management activities of the target funds as well as for any issuing and redemption commission;
- the target funds may a high degree of leverage, which can't influenced through the fund management company;
- the risk diversification may lead to a lower performance.

1.6 Strategy of the investment fund

1.6.1 *Diversification of event-driven funds*

To implement the investment policy of the umbrella-fund respectively the subfunds, a broad diversification in various event-driven funds shall be used.

In addition, the fund management company may hold appropriate liquid assets.

In the interest of the investors, the fund management company reserves the right to modify the composition of the portfolio of the subfund Gutzwiller TWO (USD) at any time as well as to expand or reduce the number of target funds, provided that no more than 20% of the subfund's assets shall be invested in any single target fund.

The investment styles mentioned in prov. 1.6.2 shall be broadly diversified, i.e. the fund shall invest in three different event driven investment styles at least. Depending on the market situation the different investment styles can be temporary over or under weighted.

The fund's investment policy and its implementation (investment strategy) are subject to investment restrictions as described in the fund contract (§ 15) and as also discussed in prov. 1.7 of the prospectus below.

1.6.2 Definition of event-driven

The terminology of "event-driven" shall be understood to cover various alternative investment styles:

- Investments in companies which are undergoing a reorganization/restructuring (special situation);
- Investments in companies which are undergoing bankruptcy proceedings (distressed securities);
- Investments in companies which are the target of a takeover, a merger, a leveraged or management buy-out (merger arbitrage);
- Investments in companies which are undervalued and/or badly managed and need a catalyst to change (proactive investing);
- Convertible arbitrage.

1.7 Investment restrictions

- At least two-thirds of the assets of the subfund Gutzwiller TWO (USD), after deduction of liquid assets, must be invested in non-traditional funds (hedge funds). These investments could include both open-ended funds and closed-ended funds, whereas the latter need to be quoted on a stock exchange or another regulated market open to the public.
- No more than 20% of the assets of the subfund Gutzwiller TWO (USD) shall be invested in any single target fund.
- The management may not invest in funds of funds, although the subfund
- No more than 20% of sight or time deposits may be invested within the same bank.
- The management may not proceed in direct investments.
- The management may not invest in target funds, which are managed by itself or persons related to it.
- The same fund manager may manage no more than two target funds or 30% of the subfund's assets of Gutzwiller TWO (USD).
- The management of Gutzwiller TWO may not issue individual mandates for asset management (managed accounts).
- Investments shall only be made in financial instruments in the broadest sense; GUTZWILLER TWO as well as the individual target funds may not invest directly in physical goods (commodities, objects of art, antiques, etc.). However, specific target funds may have short time investments in commodities.

Note: The target funds acquired by the management of GUTZWILLER TWO are subject solely to the investment restrictions noted in their information memoranda and prospectuses.

1.8 Analysis, selection and controlling procedures (due diligence)

The management uses standardized review, selection and controlling procedures (due diligence) to identify, analyse, select and monitor the individual hedge funds. Its goal is to include the most suitable event-driven funds worldwide in the portfolio of the subfund by continuously exercising due diligence.

The due diligence procedure used to analyse target funds will review comprehensive investment criteria. In addition, written information and visits to the respective fund managers enables the management to gain on in-depth understanding of target funds being considered for investment.

The management will continuously monitor the investments of the subfunds to update its database and will initiate the appropriate corrective measures as necessary.

Due diligence procedure takes account of the following qualitative and quantitative criteria:

1.8.1 *Qualitative criteria*

- The use of leverage in the portfolio;
- Transparency of the investment process and of the portfolio holdings;
- The professional experience of fund managers;
- The strategy and investment objectives of the target fund;
- The liquidity of the fund and of portfolio holdings;
- Strategy implementation and the investment making process;
- The identification and management of risks;
- Transparency, i.e the quality and availability of information such as explanatory memoranda, prospectuses, periodic reports of the target fund;
- The reputation and experience of the auditors, custodian bank, administrator and prime broker;
- Internal and external industry references.

1.8.2 *Quantitative criteria*

- Periodic monitoring of the net asset value of the individual target funds;
- Performance of the individual target funds over the medium and long term;
- Analysis of the target funds' restrictions and fee structure, including subscription and redemption conditions;
- Impact on the pro-forma performance and volatility based on historical data about the target fund.

1.9 Advantages and disadvantages for the investor

The umbrella-fund respectively the subfunds are high-quality fund products made up of various hedge funds with all the advantages of a well-diversified, collective investment instrument (lower risk and lower costs compared to individual direct investments).

The subfunds provide diversification within a portfolio of traditional investments. Non-traditional funds like generally have a low correlation to traditional investments. It is, therefore, possible to improve the risk/reward ratio of a traditional portfolio by achieving either higher expected returns with the same risk or the same expected returns with a lower risk. The management assumes responsibility for the analysis, selection and monitoring of the target funds as well as for the management of risks in a portfolio of event-driven funds.

Investments in hedge funds are generally characterized by high minimum investment limits. Thus, these funds are accessible only to a small circle of investors. The umbrella-fund respectively the subfunds, in contrast, offer a lower minimum investment limit and thereby accommodates a larger, risk tolerant investor group.

The disadvantages are the above-mentioned risks as well as the additional cost due to the fund of funds structure. Furthermore, the performance of Gutzwiller TWO (USD) respectively the CHF-class can be reduced by the costs of the currency hedge.

1.10 Profile of the typical investor

The collective investment scheme is suitable for institutional investors with a long term investment horizon in addition to a traditional portfolio and as an alternative to fixed income securities.

Target Market Definition MiFID II

This fund applies to retail investors with an advanced financial understanding, who can accept a possible loss on the investment amount. The fund is aimed at growing the investment value, while granting quarterly redemption facilities under normal market conditions. Under certain market conditions the fund might not be able to satisfy redemption requirements. With their investment in this fund, investors can satisfy long term investment needs. The fund is suited to be acquired subject to a test of the investor's financial knowledge and experience. The Product has been established for an indefinite period of time. The Manufacturer may terminate the Product early. The amount you will receive upon early termination may be less than the amount you invested.

The target market definition of GUTZWILLER TWO can be found in the PRIIP KID section "What is this Product?". The PRIIP KID follows the instructions of the Commission Delegated Regulation (EU) 2017/653 and is additional to the Swiss law. The current version of the PRIIP KID can be found on the webpage www.gutzwiller-funds.com.

1.11 Tax regulation relevant for GUTZWILLER TWO

The umbrella-fund respectively 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 corresponding subfund by the fund management company.

Income and capital gains realized outside Switzerland may be subject to the relevant withholding tax deductions imposed by the country of investment. Insofar as is possible, these taxes will be reclaimed by the fund management company on behalf of investors domiciled in Switzerland under the terms of double taxation treaties or other such agreements.

Net income retained and reinvested by the subfunds is subject to Swiss federal withholding tax (source tax) at 35%.

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.

Investors domiciled abroad who benefit from the affidavit process will be credited the withholding tax on presentation of the declaration of domicile, subject to presentation of confirmation from a bank stating that the units in question are held at the bank in the custody account of an investor domiciled outside Switzerland, and that the distributions of income are credited to this investor's account (declaration of domicile / affidavit). No guarantee can be given that at least 80% of a subfund's income will stem from foreign sources.

Furthermore, both income and capital gains, whether distributed or reinvested, may, depending on the person who holds the units directly or indirectly, be subject in full or in part to a "paying agent tax" (e.g. final withholding tax, EU savings tax, foreign account tax compliance act).

This tax information is based on the current legal situation and practice. 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 units in funds and subfunds are defined by the tax laws and regulations in the investor's country of domicile.

The umbrella-fund respectively the subfunds have the following tax status:

International automatic exchange of information in tax matters (automatic exchange of information)

For the purposes of the automatic exchange of information in accordance with the Common Standard on Reporting and Due Diligence for Financial Account Information (CRS) of the Organisation for Economic Co-Operation And Development (OECD), the Fund qualifies as a non-reporting financial institution.

FATCA

The Investment Fund is registered with the US tax authorities as “Registered Deemed Compliant Financial Institution” pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including the corresponding rulings, “FATCA”).

Therefore, the management strongly advises potential investors to consult previously their tax advisor or accountant in their country of domicile concerning the relevant tax implications of the purchase, sale or holding of fund units. This prospectus may not substitute any professional tax advice. The custodian bank and the management cannot accept responsibility for the tax consequences to investors that may arise as a result of the purchase, sale or holding of fund units.

2 Information on the fund management company

2.1 General Information on the fund management company

The fund management company is the Gutzwiller Fonds Management AG. The fund management company, which has its registered office in Basel, has been active in the fund business since its formation as an *Aktiengesellschaft* (joint-stock company) in 2000.

On December 31, 2017 the subscribed share capital of the fund management company amounted to CHF 2,25 million. The share capital is divided into registered shares and has been paid up.

100% of the capital is owned by E. Gutzwiller & Cie, Banquiers, Basel.

As of January 1, 2018 the fund management company managed a total of six collective investment schemes in Switzerland, with assets under management totaling CHF 194.4 million.

Furthermore, as of January 1, 2018 the fund management company also provided the following services: Administrative services for in-house funds (governed by art. 4 of CISA) of the depositary bank.

Address of the fund management company: Gutzwiller Fonds Management AG, Kaufhausgasse 5, CH-4051 Basel, Switzerland; internet website: www.gutzwiller-funds.com.

2.1.1 Board of directors

The Board of Directors consists of:

- Archduke Lorenz von Habsburg-Lothringen, chairman of the board of Gutzwiller Fonds Management AG, General Partner of E. Gutzwiller & Cie, Banquiers;
- François Gutzwiller, vice-chairman, General Partner of E. Gutzwiller & Cie, Banquiers;
- Reto Brillinger, member, Managing Director of Gutzwiller Fonds Management AG;
- Frederik Sohns, member, legal advisor and member of Management Committee of E. Gutzwiller & Cie, Banquiers.

2.1.2 Executive board

The executive board consists of:

- Reto Brillinger, director, responsible for finance, accounting and compliance;
- François Boulte, member of Management Committee, fund management;
- Christian Frantz, member of Management Committee, responsible for fund administration and risk management.

2.1.3 *Persons of the management company with specialised qualifications as stated in Art. 10 CISO*

Archduke Lorenz of Habsburg-Lothringen, Reto Brillinger and Christian Frantz form the supervisory board, supervise the activities of the fund managers. The supervisory board ensures the compliance with the investment principles, that investment decisions are based on objective criteria and that transactions are settled properly. Furthermore it monitors the said due diligence procedures continuously, in particular that the collected data of the target funds are actual and plausible. The exact nature of the supervision is set out in a regulation of the board of directors.

Archduke Lorenz von Habsburg-Lothringen received a MBA in economics in 1983 after studies in St.Gallen in Switzerland, and Innsbruck in Austria. In 1983 he joined E. Gutzwiller & Cie, Banquiers, and became a general partner in 1990. From 1986 he works closely with Stéphane Gutzwiller on the field of merger arbitrage. In addition, he is consultant of a major French banking group and of an important Belgium financial firm, which specializes in merger and acquisition, private placement, leverage buy-out and management consultancy. Lorenz von Habsburg-Lothringen has many years of experience in merger arbitrage as a practitioner, consultant and investor.

Reto Brillinger worked after his banking diploma in 1978 with a big bank and an important auditor firm. In 1985 he was awarded a Swiss Federal Qualified Expert in Accounting and Comptrolling. From 1986 until 2000 he was the sole manager of Bourcart Treuhand AG, Basel, a wholly owned subsidiary of E. Gutzwiller & Cie, Banquiers. From the establishment of the fund management company in 2000 Reto Brillinger deals, as a member of the board of directors and of the executive board, exclusively with investment funds, where he assumes the responsibility for finance, accounting and compliance.

Christian Frantz graduated in business administration at the university of Mulhouse, France, in 1979. For 11 years he worked with a Swiss fund management company, during 5 years as a member of the management committee, and assumed the responsibility for the accounting and the valuation of 7 investment funds. Since 2001 Christian Frantz is a member of the executive board of the fund management company, where he focuses on fund administration and risk management.

2.2 Delegation of investment decisions

Investment decisions regarding the investment fund have been delegated to E. Gutzwiller & Cie, Banquiers, Basel. The exact nature of the mandate is set out in the asset management agreement between Gutzwiller Fonds Management AG and E. Gutzwiller & Cie, Banquiers. E. Gutzwiller & Cie, Banquiers, have many years of experience in portfolio management. Stéphane und François Gutzwiller are the fund managers and have the overall responsibility for the funds allocation.

Stéphane Gutzwiller and François Gutzwiller have been working with E. Gutzwiller & Cie, Banquiers, since 1986 respectively 1987, and are both general partners since 1990. Previously Stéphane Gutzwiller was active in the alternative investment sector, from 1982 as an employee, from 1984 until 1986, as head of research of the merger arbitrage department of Prudential Bache Securities in New York under the leadership of Guy Wyser Pratte. Stéphane Gutzwiller's 30 years involvement in the event-driven sector gives him a deep knowledge of this area.

François Gutzwiller graduated in 1985 with a master's degree in economic science at the University of Paris X. From 1986 he works closely with Stéphane Gutzwiller on the field of merger arbitrage. From 1990 he was for 10 years member of the investment advisory board of a leading European multi-advisor fund. Today he is member of its supervisory board.

1.6 Exercising of membership and creditors' rights

The fund management company exercises the membership and creditors' rights associated with the investments of the funds it manages independently and exclusively in the interests of the investors. The fund management company will, upon request, provide the investors with information on exercising of membership and creditors' rights.

In the case of scheduled routine transactions, the fund management company is free to exercise membership and creditors' rights itself or to delegate their exercise to the custodian bank or a third party.

In the case of all other events that might have a lasting impact on the interests of the investors, such as, in particular, the exercise of membership and creditors' rights the fund management company holds as a shareholder or creditor of the custodian bank or another related legal entity, the fund management company will exercise the voting rights itself or issue explicit instructions. In such cases, it may base its actions on information it receives from the custodian bank, the portfolio manager, the company concerned, or from voting rights advisors or other third parties, or that it ascertains from the media.

The fund management company is free to waive the exercise of membership and creditors' rights.

3 Information on the custodian bank

The custodian Bank are E. Gutzwiller & Cie, Banquiers. The bank was founded in 1886 as a limited partnership in Basel.

E. Gutzwiller & Cie, Banquiers, are private bankers. The company specializes in portfolio management. It is a member of the Swiss Private Bankers Association.

The Custodian Bank may transfer the safekeeping of the fund assets to third-party custodians and collective securities depositories in Switzerland or abroad, provided this is in the interests of proper safekeeping. In respect of financial instruments, such transfer may be made only to regulated third-party custodians and collective securities depositories. This does not apply to mandatory safekeeping at a location where the transfer of safekeeping to regulated third-party custodians and collective securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question. The use of third-party custodians and collective securities depositories means that deposited securities are no longer owned solely by the fund management company, which instead becomes only a co-owner. Furthermore, if the third-party custodians and collective securities depositories are not subject to supervision, they are unlikely to meet the organizational requirements imposed on Swiss banks.

The Custodian Bank is liable for damage or loss caused by its agents unless it is able to prove that it exercised the due diligence required in the circumstances in respect of selection, instruction, and monitoring.

The Custodian Bank is registered with the US tax authorities as Reporting Financial Institution under Model 2 IGA pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code (Foreign Account Tax Compliance Act, including the corresponding rulings, "FATCA").

4 Information on third parties

4.1 Paying agent

The paying agent are E. Gutzwiller & Cie, Banquiers, Kaufhausgasse 7, CH-4051 Basel.

4.2 Selling agent

The principal selling agent are E. Gutzwiller & Cie, Banquiers, Kaufhausgasse 7, CH-4051 Basel.

4.3 Audit firm

The audit firm is Ernst & Young AG, Aeschengraben 9, CH-4002 Basel.

5 Further information

5.1 Key data

Security identification numbers Gutzwiller TWO (USD):

- Class-USD Val. 1'313'915 = ISIN CH 0013139156
- Class-CHF Val. 2'181'837= ISIN CH 0021818379

Listing on stock exchange none

Financial year January 1 to December 31

Investment currencies for all subfunds USD (US dollar)

Currency of reference and accounting:

- Class-USD USD (US-Dollar)
- Class-CHF CHF (Swiss franc)

Units the units of the subfund Gutzwiller TWO (USD) are bearer units without securitization. The investor is not authorized to demand a physical delivery of his units.

Distributions None; earnings will be reinvested (accumulation of earnings).

Minimal investment..... USD 10'000 or CHF 10'000

Appropriation of income no distribution, reinvestments (accumulation of earnings)

5.2 Terms for the issuance and redemption of fund units

Subfund units can be purchased with the enclosed subscription form on the last bank business day of each calendar quarter. Subscriptions should reach the custodian bank at least ten bank business days before this date. Subscriptions which do not arrive by this date, shall be settled at the last bank business day of the following calendar quarter. By request of the investor and with the specific authorisation of the fund management company, subfund units can also be subscribed on the last bank business day of any month, as far as subscriptions do reach the custodian bank ten bank business days earlier.

Redemptions are permitted at any time upon receipt of notice in writing, subject to a notice period of five weeks and shall be effective on the last bank business day of a calendar quarter, or, exceptionally, if the investor refunds the respective costs for the benefit of the subfund's assets, on the last bank business day of any month ("exceptional redemption"). Redemption requests, which do not arrive in time, will be settled at the following calendar quarter or, in the case of exceptional redemptions, at the following month.

The net asset value per subfund unit is determined by deducting the total liabilities of a subfund from the market value of its investments and dividing the result by the number of subfund units issued. The net asset value of a subfund unit is rounded up or down to 0.10 accounting units.

The issuance price of a subfund unit corresponds to the net asset value plus any issuing commissions. The redemption price corresponds to the net asset value minus any redemption commission. The amount of the issuing and the redemption commission is specified in Sec. 5.3 below.

Incidental costs (standard brokerage charges, fees, taxes etc.) incurred by the respective 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 respective subfund's assets.

Unit certificates must be delivered together with the redemption request if they have been physically delivered.

5.3 Fees and incidental costs

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

- Issuing commission accruing to the fund management company, custodian bank and/or distributors in Switzerland and abroad, currently maximum applicable2.00%
- Redemption commission accruing to the fund management company, custodian bank and/or distributors in Switzerland and abroad (for quarterly redemptions), currently none
- Commission for switching from one subfund to another, currently none
- Commissions for exceptional redemptions (i.e. monthly redemptions) accruing to the corresponding subfund's assets none

b) Fees and incidental costs charged to the fund's assets (excerpt from § 19 of the fund contract)

- Management fee charged by the fund management company, covers the administration, asset management and distribution no more than 1.50% p.a.
- Custodian bank fee charged by the custodian bank no more than 0.20% p.a.

The management fee charged by the Fund Management Company is also used to pay retrocessions and/or rebates in accordance with 5.3c.

The fee covers the tasks of the Custodian Bank such as the safekeeping of the fund assets, the handling of payment transactions, and the performance of the other tasks listed under § 4 of the Fund Contract.

Furthermore, the fees and incidental costs listed under § 19 of the fund contract may also be charged to the subfunds.

c) Payment of retrocession and rebates

The fund management company and its agents may pay retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland. Distributing activity are particularly all activities, which promote the sales or the distribution of the fund units as the organisation of roadshows, the participation in events or fairs, the production of promotion material, the training of salespersons, etc..

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

The recipients of the retrocessions must ensure transparent disclosure and inform Investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution.

On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the Investors concerned.

In respect of distribution in or from Switzerland, the Fund Management Company and its agents may on request pay rebates directly to Investors. The purpose of rebates is to reduce the fees or costs incurred by the Investor in question. Rebates are permitted provided that:

- they are paid from fees charged by the Fund Management Company and therefore do not represent an additional charge to the fund assets;
- they are granted on the basis of objective criteria;

- all Investors who meet these objective criteria and request rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the Fund Management Company are as follows:

- the volume subscribed by the Investor or the total volume they hold in the collective investment scheme or, where applicable, in the product range of the promoter;
- the investment behavior shown by the Investor (e.g. expected investment period);
- the Investor's willingness to provide support in the launch phase of a collective investment scheme.

At the request of the Investor, the Fund Management Company must disclose the amounts of such rebates free of charge.

d) Total expense Ratio:

The coefficient of the total costs charged to the fund's assets on an ongoing basis (total expense ratio, TER) was:

| | |
|-----------------------------------|-------|
| - 2015 Gutzwiller TWO (USD) | 3.92% |
| - 2016 Gutzwiller TWO (USD) | 5.15% |
| - 2014 Gutzwiller TWO (CHF) | 6.48% |
| - 2015 Gutzwiller TWO (CHF) | 4.14% |
| - 2016 Gutzwiller TWO (CHF) | 5.41% |
| - 2017 Gutzwiller TWO (CHF) | 4.72% |

e) Commission sharing agreements and soft commissions

The fund management company has not concluded any fee splitting agreements.

5.4 Publications of official notices by the investment fund

Further information on the investment fund may be found in the latest annual or semi-annual report. The latest information can also be found on the Internet on the homepage of the fund management company at www.gutzwiller-funds.com or on the independent electronic platform, recognized by the supervisory authority, of Swiss Fund Data AG at www.swissfunddata.ch.

The prospectus with integrated fund contract and the latest annual or semi-annual reports, may be obtained free of charge from the fund management company, the custodian bank and all distributors, or on Internet at www.gutzwiller-funds.com and www.swissfunddata.ch.

In the event of a change to the fund contract, a change in the fund management company or the custodian bank, as well the dissolution of the fund, the corresponding notice will be published by the fund management company on the independent electronic platform, recognized by the supervisory authority, of Swiss Fund Data AG at www.swissfunddata.ch.

Prices are published on each day on which units are issued or redeemed, but at least every first and third Monday of a month, on the independent electronic platform recognized by the supervisory authority of Swiss Fund Data AG at www.swissfunddata.ch. Prices are also published in the following media:

- Neue Zürcher Zeitung (NZZ), Zürich (daily)
- Le Temps, Genève (daily)
- International Herald Tribune, Paris (daily)
- in der Basler Zeitung, Basel (every Saturday)
- Handelszeitung, Zürich (every Thursday)
- Finanz und Wirtschaft, Zürich (every Wednesday and Saturday)
- Homepage of the fund management company (<http://www.gutzwiller-funds.com>)

5.5 Sales Restrictions

The issue and redemption of units of this investment fund outside Switzerland, the regulations valid in the country in question apply.

- a) The fund has been authorized for distribution in the following countries:
 - Switzerland
- b) Units of the umbrella-fund respectively the subfunds may not be offered, sold or delivered within the United States.

Depending on the national law the delivery of this prospectus or the offer of units could be restricted. The fund management company and the custodian bank ask the individuals, which receive this prospectus, to inform about any restrictions regarding the offer or distribution within their national law. In any countries in which the umbrella-fund respectively the subfunds are not authorized for distribution, this prospectus is not an offer neither a request to buy units of the subfunds.

The fundmanagement company reserves the right to demand a reclaim of the units if they sold,hold or transferred without respecting the existing regulations.

5.6 Supplementary Information

Information on the principles of calculating the issuance and redemption prices of the units of subfunds as well as on particular target funds may be asked for with the fund management company free of charge. The fund management company will release information on particular transactions of the past years, if the investor asserts a legitimate interest.

5.7 Detailed regulations

All further information on the fund, such as the method used for the valuation of the fund's assets, a list of all fees and incidental costs charged to the investor and the fund, and the appropriation of net income, can be found in detail in the fund contract. Technical terms are explained in the glossary (part III).

Part II 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 type “Other fund with alternative investments” has been established under the name of GUTZWILLER TWO (hereinafter referred to as the “investment fund”) in accordance with Art. 25ff. in conjunction with Art. 71ff. and Art. 92f. of the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA), with the following subfunds:

- Gutzwiller TWO (USD)
- 2. The fund management company is Gutzwiller Fonds Management AG, Basel.
- 3. The custodian bank are E. Gutzwiller & Cie, Banquiers, Basel.
- 4. The fund manager are E. Gutzwiller & Cie, Banquiers, Basel.

II. Rights and obligations of 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 is governed by the present fund contract and the applicable provisions of the legislation on collective investment schemes.

§ 3 *The fund management company*

1. The fund management company manages the subfunds at its own discretion and in its own name, but for the account of the investors. It decides in particular on the issue of units, the investments and their valuation. It calculates the net asset value and determines the issue and redemption prices of units. It exercises all rights associated with the umbrella fund and the subfunds respectively.

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 this umbrella fund and the subfunds respectively. They disclose all charges and fees incurred directly or indirectly by Investors and the appropriation of such charges and fees. They notify Investors of compensation for the distribution of collective investment schemes in the form of commissions, brokerage fees and other soft commissions in a full, truthful, and comprehensible manner.

3. The fund management company can delegate investment decisions as well as specific tasks for all or for specific subfunds, provided that it 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.

Investment decisions may be delegated only to asset managers who are subject to recognized supervision.

If foreign law requires an agreement on cooperation and the exchange of information with foreign supervisory authorities, the Fund Management Company may delegate investment decisions to asset managers abroad only if such an agreement exists between FINMA and the relevant foreign supervisory authorities for the investment decisions concerned.

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, with the consent of the supervisory authority, open further subfunds.
5. The fund management company can merge subfunds with other subfunds or other investment funds pursuant to the provisions set down under § 24 and it can dissolve subfunds pursuant to the provisions set down under § 25.
6. The fund management company is entitled to receive the fees and commissions stipulated in §§ 18 and 19. It is further entitled to be released from the liabilities assumed in the proper execution its tasks, and to be reimbursed for expenses incurred in connection with such liabilities.

§ 4 *The custodian bank*

1. The custodian bank holds the subfunds' assets. It handles the issue and redemption of subfund 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 this umbrella fund and the subfunds respectively. They disclose all charges and fees incurred directly or indirectly by Investors and the appropriation of such charges and fees. They notify Investors of compensation for the distribution of collective investment schemes in the form of commissions, brokerage fees and other soft commissions in a full, truthful, and comprehensible manner.
3. The Custodian Bank is responsible for account and safekeeping account management on behalf of the umbrella fund and the subfunds, but does not have independent access to its assets.
4. The Custodian Bank ensures that, in the case of transactions relating to the assets of the Investment Fund, the countervalue is transferred within the usual time limit. It notifies the Fund Management Company if the countervalue is not remitted within the usual time limit and, where possible, requests reimbursement for the asset item concerned from the counterparty.
5. The Custodian Bank keeps the required records and accounts in such manner that it is, at all times, able to distinguish between the assets held in safekeeping for the individual investment funds.

In relation to assets that cannot be taken into safekeeping, the Custodian Bank verifies ownership by the Fund Management Company, and keeps a record thereof.

6. The Custodian Bank may transfer the safekeeping of the fund assets to third-party custodians and collective securities depositories in Switzerland or abroad, provided this is in the interests of proper safekeeping. The Custodian Bank verifies and monitors that the third-party custodian or collective securities depository it appoints:
 - a) possesses an appropriate organizational structure, financial guarantees and the specialist qualifications required given the nature and complexity of the assets entrusted to it;
 - b) is subject to regular external audits, thereby ensuring that it possesses the financial instruments;
 - c) the assets received from the Custodian Bank are held in safekeeping in such a manner that by means of regular portfolio comparisons they can, at all times, be clearly identified as belonging to the fund assets;
 - d) complies with the provisions applicable to the Custodian Bank with respect to the performance of the tasks delegated to it and the avoidance of conflicts of interest.

The Custodian Bank is liable for damage or loss caused by its agents unless it is able prove that it exercised the due diligence required in the circumstances in respect of selection, instruction, and monitoring. The Prospectus contains information on the risks associated with the transfer of safekeeping to third-party custodians and collective securities depositories.

In respect of financial instruments, the transfer of safekeeping in the sense of the previous paragraph may be made only to regulated third-party custodians and collective securities depositories. This does not apply to mandatory safekeeping at a location where the transfer of safekeeping to regulated third-party custodians and collective securities depositories is not possible, in particular owing to mandatory legal provisions or to the particular arrangements for the investment product in question. Investors must be informed in the Prospectus of safekeeping with non-regulated third-party custodians or collective securities depositories.

7. The Custodian Bank ensures that the Fund Management Company complies with the law and the Fund Contract. It verifies that 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 that 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.

8. 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.

9. The custodian bank is not responsible for the safekeeping of the assets of the target funds, in which the subfunds invest in. Unless the function is delegated to the custodian bank.

§ 5 *The investor*

1. There are no restrictions in terms of investor eligibility.

2. 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 investment fund's assets and income. The investor's claim is evidenced in the form of fund units.

3. Investors are only obliged to remit payment for the units of the subfund they subscribe. They shall not be held personally liable for the liabilities of the umbrella fund and the subfunds respectively.

4. Investors may obtain information concerning the basis of the calculation of the net asset value per unit from the fund management company at any time. If investors assert 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, or on risk management, they must be given such information by the fund management company at any time. The investors may request before the courts of the registered office of the fund management company that the audit firm or another expert investigate the matter which requires clarification and furnish the investors with a report.

5. The investor may terminate the fund contract at any time and demand in writing that their share in the respective subfund be paid out in cash; such redemption shall be subject to a notice period of five weeks and shall be effective on the last bank business day of each calendar quarter, or, exceptionally, if the investor refunds the respective costs for the benefit of the subfund's assets, on the last bank business day of any month. Payment must be effected by twenty bank business days.

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

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

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 and the subfunds respectively in Switzerland or abroad;
- b) the investor has acquired or holds their units in violation of provisions of a law to which they are subject either in Switzerland or abroad, of the present fund contract or the prospectus;

- c) there is a detrimental impact on the economic interests of the investors, in particular in cases where individual investors seek by way of systematic subscriptions and immediate redemptions to achieve a pecuniary gain by exploiting the time differences between the setting of the closing prices and the valuation of the fund's assets (market timing).

§ 6 *Units and unit classes*

1. The fund management company can establish different unit classes for each subfund and can also merge or dissolve unit classes at any time subject to the consent of the custodian bank and the approval of the supervisory authority. All unit classes embody an entitlement to a share in the undivided assets of the respective subfund, which are not segmented. This share may differ due to class-specific costs or distributions or class-specific income and the various classes of subfunds may therefore have different net asset values per unit. Class-specific costs are covered by the assets of the respective subfund as a whole.
2. Notification of the establishment, dissolution or merger of unit classes shall be published in the media of publication. Only mergers shall be deemed a change to the fund contract pursuant to § 26.
3. The various unit classes of the subfunds may differ from one another in terms of their cost structure, reference currency, currency hedging, policy with regard to distribution or reinvestment of income, the minimum investment required and investor eligibility. Fees and costs are 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 subfund Gutzwiller TWO (USD) is divided into the following unit classes:
 - USD-Class: denominated in USD (reference currency);
 - CHF-Class: denominated in CHF (reference currency). The investments in this unit class are hedged against the reference currency of the subfund (USD).

Units do not take the form of actual certificates, but exist purely as book entries. Investors are not entitled to demand the delivery of a registered or bearer unit certificate.

III. Investment policy guidelines

A. Investment principles

§ 7 *Compliance with investment regulations*

1. In selecting individual investments of the respective subfunds, 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 subfund assets at market value and must be complied with at all times. Subfunds shall comply with the investment restrictions within six months of 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 limits of the specific investment policy of each subfund according to para. 2 thereafter, the fund management company may invest the assets of the respective subfunds in the following investments. The risks involved in these investments must be disclosed in the prospectus.

- a) Units of other open-ended and closed-ended collective investment schemes (domestic and foreign traditional and non-traditional target funds), whereby closed-ended target funds are traded on an exchange or on another regulated market which is open to the public.
 - b) Derivatives to hedge currencies risks, i.e. forward currency transactions and swaps, selling of call options and futures on currencies and buying of put options on currencies.
 - c) 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.
2. Investment policy for the subfund Gutzwiller TWO (USD)
- a) The fund management company shall, after deduction of the liquid assets, invest at least two thirds of the subfund's assets in domestic and foreign non-traditional target funds, which follow an event driven strategy. These non-traditional funds generally use offshore vehicles, which may have various legal structures (e.g. collective investment contracts, investment companies, trusts and limited partnerships) for which there is no marketing or distribution authorisation in Switzerland as stated under Art. 120 sec. 2 sub-sec. b CISA.
 - b) The fund management company may, after deduction of the liquid assets, also invest up to a maximum of one third of the subfund's assets in parts of non-traditional target funds.
 - c) Two third of the respective subfund's assets, after deduction of liquid assets, must be invested in the investment currency USD.
 - d) The fund management company may not invest in parts of funds of funds.
 - e) The fund management company may not make direct investments.
 - f) The fund management company may not invest in target funds, which are managed by itself or persons related to it.
 - g) The fund management company may not issue individual mandates for asset management (managed accounts).
 - h) Investments shall only be made in financial instruments in the broadest sense; the fund management company as well as the individual target funds may not invest directly in physical goods (commodities, objects of art, antiques, etc.). However, specific target funds may have short time investments in commodities.
3. The risks inherent in the above-mentioned target funds (sub-para. 2 (a)) are not comparable with those of traditional securities funds. Therefore the umbrella-fund respectively the subfunds belong to the category "Other funds with alternative investments".
4. The fund management company seeks to reduce the level of risk in the portfolio with a careful selection of the target funds, through the diversification of investments and of the managers (multi-manager approach) and by closely monitoring the performance of the target funds. The criteria used may be seen in the prospectus.
5. The relevant risks, the investment objective and the investment policy are discussed in detail in the prospectus.

§ 9 *Liquid Assets*

The fund management company may for each subfund also hold liquid assets in the accounting currencies of the respective subfunds and in other currencies in which investments are made. Liquid assets shall be restricted to demand and time deposits with banks with maturities up to twelve months.

B. Investment techniques and instruments

§ 10 *Securities lending*

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

§ 11 *Securities repurchase agreements*

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

§ 12 *Derivatives*

1. The fund management company may use derivatives. 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 and the prospectus, and that it does not change the investment character of the subfunds. Furthermore, the underlyings of the derivatives must be permitted as investments for the respective subfund according to the present fund contract.

In connection with collective investment schemes, derivatives may be used for currency hedging purposes, with the exception of the hedging of market, interest rate and credit risks in the case of a collective investment scheme for which the risks can be determined and measured unequivocally.

2. To hedge the currency of the subfund, the fund management company will use forward currency transactions and swaps.

To hedge against currency risks the fund management company may also sell call options and futures on currencies and use forward currency transactions and swaps.

For the assessment of risk, Commitment Approach I shall be applied. The use of derivatives therefore does not result in a leverage effect on the subfund's assets, nor does it correspond to short selling.

The provisions of this paragraph shall apply to the respective subfund.

3. 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) Credit default swaps (CDS).
- c) 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.
- d) Future and forward transactions whose value is linearly dependent on the value of the underlying.

4. 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.

5.

- a) In the case of exposure-reducing derivatives, the arising obligations subject to provs. 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;

- in adequate correlation to these investments.
 - c) The fund management company must have unrestricted access to these underlyings or investments at all times.
 - d) An exposure-reducing derivative can be weighted by the delta in the calculation of the corresponding underlyings.
6. In the case of exposure-increasing derivatives, the underlying equivalents must be covered at all times by near-money assets pursuant to Art. 34 para. 5 CISO-FINMA. In the case of futures, options, swaps, and forwards, the underlying equivalent is determined in accordance with Annex 1 CISO-FINMA.
7. When netting derivative positions, the Fund Management Company must comply with the following rules:
- a) Counter positions in derivatives based on the same underlying as well as counter positions in derivatives and in investments in the same underlying may be netted, irrespective of the maturity date of the derivatives, provided that the derivative transaction was concluded with the sole purpose of eliminating the risks associated with the derivatives or investments acquired, no material risks are disregarded in the process, and the conversion amount of the derivatives is determined pursuant to Art. 35 CISO-FINMA.
 - b) If the derivatives in hedging transactions do not relate to the same underlying as the asset that is to be hedged, for netting to be permitted a further condition must be met in addition to the rules set out under a) above, namely that the derivative transactions may not be based on an investment strategy that serves to generate profit. Furthermore, the derivative must result in a demonstrable reduction in risk, the risks of the derivative must be balanced out, the derivatives, underlyings, or assets that are to be netted must relate to the same class of financial instruments, and the hedging strategy must remain effective even under exceptional market conditions.
 - c) Derivatives that are used solely for currency hedging purposes and do not result in leverage or contain additional market risks may be netted when calculating the overall exposure arising from derivatives without having to meet the requirements set out under b) above.
 - d) Covered hedging transactions by interest derivatives are permitted. Convertible bonds do not have to be taken into account when calculating the overall exposure to derivatives.
8. 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.
- 9.
- 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 have a high credit rating.
 - 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 derivative, it must be possible to determine the price at any time using an appropriate valuation model that is recognized in practice, based on the market value of the underlyings from which the derivative was derived. Before concluding a contract for such a derivative, specific offers must, in principle, be obtained from at least two counterparties, and the contract concluded with the counterparty providing the most favorable offer in terms of price. Deviations from this principle are permitted for reasons relating to risk diversification, or where other parts of the contract such as credit rating or the range of services offered by the counterparty render another offer more advantageous overall for the investors. Furthermore, and by way of exception, the requirement to obtain offers from at least two potential counterparties may be dispensed with if this is in the investors' best interests. The reasons for doing so must be clearly documented, as must the conclusion of the contract and pricing.

d) As part of OTC transactions, the Fund Management Company and its agents may only accept collateral that satisfies the requirements set down in Art. 51 CISO-FINMA. The issuer of the collateral must have a high credit rating, and the collateral may not be issued by the counterparty or by a company that belongs to or is dependent on the counterparty's group. The collateral must be highly liquid, traded at a transparent price on an exchange or other regulated market open to the public, and must be valued at least on each trading day. In managing the collateral, the Fund Management Company and its agents must comply with the duties and requirements under Art. 52 CISO-FINMA. In particular, they must diversify the collateral appropriately in terms of countries, markets, and issuers. Appropriate diversification of issuers is deemed to have been achieved if the collateral of a single issuer held does not correspond to more than 20% of the net asset value. Deviation from this rule is permitted for publicly guaranteed or issued investments pursuant to Art. 83 CISO. The Fund Management Company and its agents must further be able to obtain power of disposal over, and authority to dispose of, the collateral received at any time in the event of default by the counterparty, without involving the counterparty or obtaining its consent. The collateral received must be kept at the Custodian Bank. The collateral received may be held in safekeeping by a supervised third-party custodian on behalf of the Fund Management Company provided that ownership of the collateral is not transferred and the third-party custodian is independent of the counterparty.

10. The contract value of these transactions may not exceed 100% of the market value of the underlying securities to be hedged at the time the contract is concluded.

11. In complying with the statutory and contractual investment restrictions (maximum and minimum limits), derivatives must be factored in accordance with the legislation in accordance with the legislation on collective investments schemes.

12. The prospectus must contain further information on:

- the importance of derivatives as part of the investment strategy;
- the effect of the use of derivatives on the risk profile of the umbrella fund;
- the counterparty risks attached of derivatives;
- the collateral strategy.

§ 13 Taking up and extending loans

1. The fund management company may not grant any loans for the subfunds' accounts.
2. The fund management company may borrow the equivalent of up to 10% of each net subfund assets on a temporary basis, but no more than 10% of the umbrella's net assets.

§ 14 Encumbrance of the fund's assets

1. No more than 25% of the net subfund assets may be pledged or ownership thereof transferred as collateral by the fund management company.
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 pursuant to § 8;
 - b) liquid assets pursuant to § 9;
 - c) claims against counterparties arising from OTC transactions.

2. Risk diversification for the subfund Gutzwiller TWO (USD)
 - a) No more than 20% of the subfund's assets can be invested in any single target fund and the same fund manager may manage no more than two target funds or 30% of the respective subfund's assets.
 - b) The investment styles mentioned in the prospectus shall be broadly diversified, i.e. the fund management company shall invest in three different event driven investment styles at least. Depending on the market situation the different investment styles can be temporary over weighted or under weighted.

3. The fund management company may invest up to a maximum of 20% of the subfund's assets in sight and term deposits with the same bank. Both liquid assets pursuant to § 9 and investments in bank deposits pursuant to § 8 shall be included in this limit.

4. The target funds in which the fund management company invests shall be subject solely to the investment restrictions noted in their respective information memoranda and prospectuses.

IV. Calculation of the net asset value and issue and redemption of units

§ 16 *Valuation of the net asset value*

1. The net asset value of each subfund and the proportions attributable to the individual classes (percentages) is calculated in the accounting currency of the respective subfund at the market value as of the end of the financial year and for each day on which units are issued or redeemed (valuation day).

2. Securities traded on an exchange or other regulated market open to the public are to be valued at the current prices paid on the main market. Other investments or investments for which no current price is available are to be valued at the price that would probably have been obtained in a diligent sale at the time of the estimate. In such cases, the Fund Management Company will use appropriate and recognized valuation models and principles to determine the market value.

3. Open-ended collective investment schemes are valued at their redemption price / net as-set value. If they are regularly traded on an exchange or other regulated market open to the public, the Fund Management Company may value such funds in accordance with point 2.

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

5. The net asset value of unit of a given class is determined by the proportion of the market value of the fund assets attributable to that unit class, less any of the fund liabilities that are attributed to that unit class, divided by the number of units of that class in circulation. It will be rounded up or down to the nearest 0.10 of the accounting units.

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

- a) when units are issued and redeemed;
- b) on the cut-off date for distributions, provided that (i) such distributions are made only for individual unit classes (distribution classes), or provided that (ii) the distributions of the various unit classes differ as percentages of their individual net asset values, or provided that (iii) different commission or costs, as percentages, are charged on the distributions of the various unit classes;
- c) when the net asset value is calculated, as part of the allocation of liabilities (including due or accrued costs and commissions) to the various unit classes, provided that the liabilities of the various unit classes differ as percentages of their individual net asset values, especially if (i) different commission rates are applied to the various unit classes or if (ii) class-specific costs are charged;
- d) when the net asset value is calculated, as part of the allocation of income or capital gains to the various unit classes, provided the income or capital gains originate from transactions made solely in the interests of one unit class or in the interests of several unit classes, but not in proportion to their share of the net fund assets.

§ 17 *Issue and redemption of units*

1. Units of a subfund can be purchased on the last bank business day of each calendar quarter. Subscriptions should reach the custodian bank at least ten bank business days before this date. Subscriptions, which do not arrive by this date, shall be settled at the last bank business day of the following calendar quarter. By request of the investor and with the specific authorisation of the fund management company, units of a subfund can also be subscribed on the last bank business day of any month, as far as subscriptions do reach the custodian bank ten bank business days earlier.

2. Redemptions are permitted at any time upon receipt of notice in writing, subject to a notice period of five weeks:

- a) Redemptions shall regularly be effective on the last bank business day of a calendar quarter. Redemption requests, which do not arrive in time, will be settled at the following calendar quarter.
- b) Redemptions shall exceptionally be effective on the last bank business day of any month, if the investor refunds the respective costs for the benefit of the specific subfund's assets («exceptional redemptions»). Redemption requests, which do not arrive in time, will be settled at the following month.

3. The subfund unit issue and redemption prices is based on the net asset value per subfund unit calculated at the time of issue or redemption 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 the 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 respective subfund's assets.

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

5. The fund management company may temporarily suspend the redemption of subfund units if they believe it to be in the interest of all investors, under the following exceptional circumstances:

- a) If a market which is the basis for valuation of a significant proportion of the respective subfund's assets is closed, or when trading on such a market is limited or suspended.

- b) In the event of a political, economic, military, monetary or other emergency.
 - c) If, owing to exchange controls or restrictions on asset transfers, the subfund can no longer transact its business.
 - d) In the event of large-scale redemptions that could significantly affect the interests of the remaining investors.
6. The fund management company will immediately inform the audit firm and the supervisory authority of any decision to defer redemptions. It must also notify the investors in a suitable manner.
7. No subunits will be issued as long as the redemption of units of such subfund is suspended for the reasons stipulated under prov. 5 lit. a to c.

V. Fees and incidental costs

§ 18 *Fees and incidental costs charged to the investor*

1. On the issue of fund units, the investors can be charged an issuing commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad, which in total shall not exceed 6% of the net asset value. The currently applicable maximum rate is stated in the prospectus.
2. On the redemption of fund units, the investors can be charged a redemption commission accruing to the fund management company, the custodian bank and/or distributors in Switzerland and abroad, which in total shall not exceed 1% of the net asset value. For the costs (e.g. supplementary redemption fees charged by any target fund or capital costs) of exceptional redemptions (i.e. monthly redemptions, effective not on the end of a calendar quarter), a flat rate for the benefit of the corresponding subfund's assets not exceeding 4.00%, based on of the net asset value of the redeemed subfund units, may be charged. The currently applicable maximum rate is stated in the prospectus.
3. The switch from one subfund to another will be treated as a redemption, followed by a new issue of subfund units; the aforementioned commissions may therefore be charged to the investors.
4. For the distribution of liquidation proceeds in the event of a subfund's liquidation, the custodian bank shall charge the investor a commission of 0.5 % of the net asset value of 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 will charge the subfund an annual commission not exceeding 1.5% p.a. of the subfund's net asset value (management fee). The management fee is to be charged to the respective subfund's assets on a pro rata basis every time the net asset value is calculated and paid out at the end of each quarter.

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

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

The rate of the custodian bank fee actually charged shall be 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:

- a) the supervisory authority's fees in relation to the establishment, amendment, liquidation or merger of the Fund;
 - b) the supervisory authority's annual fees;
 - c) the audit firm's fees for annual auditing as well as certification in the case of establishment, amendments, liquidation or mergers of the Fund;
 - d) fees for legal and tax advisors in connection with the establishment, amendment, liquidation or merger of the Fund, as well as generally upholding the interests of the Fund and its Investors;
 - e) the cost of publishing the net asset value of the Fund, together with all the costs of providing notices to Investors, including translation costs, provided such costs cannot be ascribed to any failure on the part of the Fund Management Company;
 - f) the cost of printing legal documents, as well as the Fund's annual and semi-annual reports;
 - g) the cost of any registration of the Fund with a foreign supervisory authority, and specifically the commissions levied by the foreign supervisory authority, translation costs, and remuneration for the representative or paying agent abroad;
 - h) costs relating to the exercising of voting rights or creditors' rights by the Fund, including the cost of fees paid to external advisors;
 - i) costs and fees relating to intellectual property registered in the name of the Fund or with rights of use for the Fund;
 - j) all costs incurred though any extraordinary steps taken to safeguard the interests of Investors by the Fund Management Company, Asset Manager of Collective Investment Schemes or Custodian Bank;
4. The respective subfunds 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 subfund's assets. These costs will be offset directly against the stated acquisition or saleable value of the respective investments (target funds).
5. The Fund Management Company and its agents may, in accordance with the provisions of the Prospectus, pay retrocessions as remuneration for distribution activity in respect of fund units, and rebates to reduce the fees or costs incurred by the Investor and charged to the Fund.
6. Taking any reimbursements into account, the management fee of the target funds in which investments are made on behalf of subfunds may not exceed 3.0%. The maximum rate of the management fee of the target funds in which investments are made, taking any reimbursements into account, shall be disclosed for each subfund in the annual report.
7. Expenses and costs will only be debited to the particular subfund which benefits from a particular service. Expenses and costs, which can obviously not be assigned to a particular subfund shall be charged to each subfund in relation to its net asset value.

VI. Financial statements and audits

§ 20 *Financial statements*

1. The accounting currencies of the respective subfunds are:
 - Gutzwiller TWO (USD): US-Dollar (USD)
2. The financial year shall run from January 1 to December 31.
3. The fund management company publishes an audited annual report for the umbrella fund and the subfunds respectively within four months of the end of the financial year.
4. The fund management company publishes a semi-annual report for the umbrella fund and the subfunds respectively within two months following the end of the first half of the financial year.
5. The fund management company provides information in the annual and semi-annual reports particularly about the performance of individual investment strategies and investment styles as well as about the value of investments for which there is no market price (§ 16 no. 2 and 3).
6. The investor's right to obtain information under § 5 no. 4 is reserved.

§ 21 *Audits*

The audit firm examines each year whether the fund management company and the custodian bank have complied with the statutory and contractual provisions, and with the code of conduct of the Swiss Funds & Asset Management Association SFAMA. The annual report contains a short report by the audit firm on the published annual financial statements.

VII. Appropriation of net income

§ 22

1. The net income of the fund will be added on an annual basis to the fund assets for reinvestment, within four months of the close of the financial year, subject to any taxes and duty charged on the reinvestment.
2. Realized capital gains from the sale of assets and rights will be reinvested (accumulation of earnings).

VIII. Publication of official notices by the investment fund

§ 23

1. The medium of publication of the investment fund is the print medium or electronic medium specified in the prospectus. Notification of any change in the medium of publication must be published in the medium of publication.
2. The following information must 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 sub funds. 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" on an independent electronic platform, recognized by the supervisory authority. The prices shall be published at least twice per month. The weeks and weekdays on which publications are made shall be specified in the prospectus.

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

IX. Restructuring and dissolution

§ 24 Mergers

1. Subject to the consent of the custodian bank, the fund management company can merge funds or subfunds by transferring – as of the time of the merger - the assets and liabilities of the fund(s) or subfund(s) being acquired to the acquiring fund or subfund. The investors of the fund(s) or subfund(s) being acquired shall receive the corresponding number of units in the acquiring fund or subfund. The fund(s) or subfund(s) being acquired is/are terminated without liquidation when the merger takes place, and the fund contract of the acquiring fund or subfund will also apply for the fund(s) or subfund(s) being acquired.

2. Investment funds or subfunds may only be merged if:

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

The provisions of § 19.3a are reserved.

- d) the valuation of the fund assets, the calculation of the exchange ratio and the transfer of the fund assets must take place on the same day;
- e) no costs shall arise as a result for either the investment fund or the investors.

3. If the merger is likely to take more than one day, the supervisory authority may approve limited deferment of repayment in respect of the units of the investment funds and the subfunds respectively 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 and the subfunds respectively involved and any differences between the acquiring fund/subfund and the fund(s)/subfund(s) being acquired, the calculation of the exchange ratio, any differences with regard to fees and any tax implications for the funds and the subfunds respectively, as well as a statement from the audit firm responsible in accordance with the legislation on collective investment schemes.

5. The fund management company must publish a notice of the proposed changes to the fund contract pursuant to § 23.2 and the proposed merger and its timing, as well as the merger schedule, at least two

months before the planned date of merger in the medium of publication of the funds in question. In this notice, the fund management company must inform the investors that they may lodge objections to the proposed changes to the fund contract with the supervisory authority, or request redemption of their units in cash, or submit application for a redemption in kind in accordance with § 17.7, within 30 days of the publication.

6. The audit firm 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 audit firm regarding the proper execution of the merger and the exchange ratio without delay in the media of publication of the funds and the subfund respectively involved.

8. The fund management company must make reference to the merger in the next annual report of the acquiring fund and the subfund respectively 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) and the subfund(s) respectively being acquired.

§ 25 Duration of the investment fund and dissolution

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

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

3. The subfund may be dissolved by order of the supervisory authority, in particular the subfund 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 if 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. The fund management company must obtain authorization from the supervisory authority prior to the final payment.

X. Changes to the fund contract

§ 26

If any amendments are to be made to the present fund contract, or if the merger of unit classes or a change of the fund management company or of the custodian bank is planned, the investors may lodge objections with the supervisory authority within 30 days after the last corresponding publication. In the publication, the fund management company must inform the investors about which amendments to the fund contract are covered by FINMA's verification and check for compliance with the law. In the event of a change to the fund contract (including the merger of unit classes) the investors may also demand the redemption of their units in cash subject to the contractual period of notice. Exceptions in this regard are cases pursuant to § 23.2 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 investment fund is subject to **Swiss law**, in particular the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, the Ordinance on Collective Investment Schemes of 22 November 2006 and the Ordinance of the Swiss Financial Market Supervisory Authority FINMA on Collective Investment Schemes of 21 December 2006.

The **place of jurisdiction** is the registered office of the fund management company.

2. The German version is binding for the interpretation of the present fund contract.
3. The present fund contract takes effect on December 31, 2016.
4. The present fund contract replaces the fund contract dated October 12, 2015.
5. When approving the Fund Contract, FINMA verifies all of the provisions of the Fund Contract and ensures their compliance with the law.

Basel, November 16, 2016 (date of approval of the fund contract)

The fund management company: Gutzwiller Fonds Management AG

The custodian bank: E. Gutzwiller & Cie, Banquiers

Part III Glossary

Accumulation

The income from the investment fund will be reinvested back into the fund, with no charge to reinvest.

Affidavit procedure

If at least 80% of swiss investment funds' earnings come from foreign sources, they can be distributed to foreign investors free of withholding tax.

Accounting currency

Currency in which the net asset value is calculated and financial reporting is given.

Alternative investment strategy

In this prospectus/fund contract, the generic term "alternative investment strategy" is understood as the way in which a hedge fund is managed. The investment strategy is thus the method used to manage a fund.

Arbitrage

An investment strategy, which seeks to exploit market inefficiencies and to profit from them. There are various types of arbitrage such as equity, bond and currency arbitrage. Income from arbitrage transactions is largely independent of the direction of market trends; it is primarily based on price differences for the same or similar assets in various markets.

Broker

A securities dealer who carries out stock market transactions at the request of and for the account of funds.

Cash

Demand and time deposits up to twelve months with banks. Cash is a liquid asset.

Catalytic change

In correlation with undervalued or badly managed companies an event, that mostly comes from outside (e.g. a new management, a strategic change in paradigm, etc.), which works as a catalyst and thus triggers a turn-around.

CISA

Swiss Federal Act on Collective Investment Schemes of 23 June 2006.

CISO

Ordinance on Collective Investment Schemes of 22 November 2006.

CISO-FINMA

Ordinance of the Swiss Federal Banking Commission on Collective Investment Schemes of 27 August 2014.

Closed-ended funds

Funds for which the fund management company is not obliged to redeem units at the net asset value.

Collective Investment agreement

A collective investment agreement forms the legal basis for the investment fund business in Switzerland and is concluded between the fund management, the custodian bank and the investor. It forms the legal basis for the management of the investment fund by the fund management on the one hand and for the investor's participation in the investment fund's assets on the other. The collective investment agreement is embodied by the fund regulations.

Collective investment scheme

Assets raised from investors for the purpose of collective investment, and which are managed for the account of such investors. Collective investment schemes may be open or closed-ended.

Commodity trading adviser (CTA)

A CTA trades options, futures and other derivative instruments on various commodity, currency and financial markets.

Convertible arbitrage

Investment in convertible bonds, whereas the investor takes advantage of the difference in price between the convertible bond and the stock it is exchangeable into.

Correlation

Statistical ratio for measuring the relation between the performance of a particular investment instrument on that of other investment instruments or of the general market.

Credit risk

The risk of insolvency of a debtor or partner.

Creditworthiness (credit rating/standing)

Reputation of a borrower concerning its solvency.

Currency of reference

Currency used by the investor to review the performance.

Custodian bank

According to CISA, the custodian bank is responsible for the safekeeping of the fund's assets. It may delegate this responsibility to third parties. The custodian bank of GUTZWILLER TWO are E. Gutzwiller & Cie, Banquiers, Basel.

Derivatives (derivative financial instrument)

Financial instruments derived from other, underlying instruments or from reference rates. Examples are options, futures, interest rate and foreign exchange swaps and forward transactions.

Distressed securities

Securities of companies, which are undergoing a reorganization/restructuring or bankruptcy proceedings. Distressed securities are a component of the "event-driven" investment strategy.

Diversification

Diversification means allocating an investment to various currencies, countries, investment instruments, securities, etc.

Double taxation treaty (DTT)

Double taxation treaties are international treaties which Switzerland concludes with other countries in order to mitigate or avoid possible double taxation. Double taxation occurs if the same taxpayer is taxed for the same taxable item or the same taxable proceeding by two different countries. Based on a DTT, withholding tax deducted in Switzerland may be partially or completely taken into account by the foreign country (fiscal domicile) after the investor has submitted his tax declaration.

Due diligence

Detailed analysis, evaluation and controlling procedures for identifying, selecting and monitoring securities, such as in this case the target funds of GUTZWILLER TWO.

Emerging markets

Emerging markets are markets, which are still at an early stage of development. They typically are associated with high price volatility and temporary liquidity bottlenecks. In addition, emerging market countries may entail an increased political or economic risk.

Event-driven

The terminology of "event-driven" shall be understood to cover various alternative investment styles seeking to take advantage of the occurrence of a "event", such as: Investments in companies which are undergoing a reorganization/restructuring (special situation); invest-

ments in companies which are undergoing bankruptcy proceedings (distressed securities); investments in companies which are the target of a takeover, a merger, a leveraged or management buy-out (merger arbitrage); investments in companies which are undervalued and/or badly managed and need a catalyst to change (proactive investing); convertible arbitrage.

Exchange rate risk

Risk of fluctuations of market rates between accounting currency and the investor's benchmark currency.

Exposure

Exposure is the commitment incurred from holding a securities position. For derivatives it does not only cover the respective contract value but also any related leverage.

Fair value

The most reliable evaluation of an investment based on what could probably be expected from a conservative sale under normal business conditions.

FINMA

Swiss Financial Market Supervisory Authority; the Swiss supervisory authority for banks, collective investment schemes, securities traders and stock exchanges.

Fund

Cf. Collective investment scheme.

Fund management company

The fund management company manages the investment fund at its own discretion and in its own name, but for the account of the investors. In particular, it makes all decisions relating to the issuing of fund units, investment policy and the proportion of liquid assets held. It calculates the net asset value as well as the issue and redemption prices and also determines the allocation of earnings. The fund management company exercises all rights relating to the fund. The fund management company can delegate investment decisions as well as other specific tasks, provided that it adheres to common standards of professional management. It is liable for the actions of its representatives as if they were its own actions.

Fund manager

The portfolio manager of a target fund.

Fund of funds

A fund that invests more than 49% in other investment funds.

Future

Standardized forward contract traded on a stock exchange; a future is a derivative financial instrument.

Global macro

This term refers to an investment strategy based on macroeconomic analyses and expectations concerning interest rate, currency and stock market trends, etc. Investments are made in various markets worldwide using all types of investment techniques and instruments.

Hedge fund

In contrast to traditional funds, hedge funds invest their assets not according to traditional investment categories but according to alternative investment strategies, such as arbitrage, commodity trading, event-driven, sector, emerging markets, global macro and opportunistic. They usually employ derivative financial instruments (derivatives). In addition, hedge funds frequently leverage their assets.

High watermark

After price declines, a fund manager's profit participation in the form of a performance fee is only permitted again once the declines have been offset by gains, i.e. the net asset value per unit at the end of the prior accounting period has been exceeded.

Index

In the field of asset management, a benchmark represents a reference mark against which the development of the value of a portfolio is measured (yardstick). In active portfolio management, portfolio managers endeavour to outperform ("to beat") the respective benchmark in terms of value development.

Investment currency

The currency in which most investments are made.

Investment fund

Cf. Collective investment scheme

Investment horizon

The time for which an investor wants to invest a part of his assets. The longer the time horizon, the more risk an investor can take.

ISIN

International Securities Identification Number. The first two letters correspond to the respective country code.

Issue commission

Commission which is charged to the purchaser at the time of the subscription of fund units.

Leverage

Leverage refers to the use of borrowings by the fund and/or the use of derivative financial instruments.

Liquid assets

Cf. Cash

Long position

A long position occurs when securities are purchased without simultaneously selling identical securities nor hedging the position with derivatives.

Macro

Cf. Global macro

Managed accounts

Account opened in the name of the fund and managed by third party asset manager. Potential liabilities exceed value of the assets.

Management buy-out

Takeover of a company by the existing management.

Net asset value (NAV)

The net asset value (NAV) is the total of all assets of the fund at current market values less all of its liabilities.

Non-traditional fund

Cf. Hedge fund

Open-ended fund

Fund for which the fund management company is obliged to redeem units of the fund at its net asset value.

Opportunistic

An opportunistic investment strategy focuses on companies for which long-term capital gains are expected based on the fundamental analysis. This style of investment is often referred to as "stock picking" and, as a rule, results in long positions.

Option

The right to buy (call) or sell (put) a specified amount of a certain underlying instrument at a predetermined price on or by a specified future date; an option is a derivative financial instrument.

Price volatility

Cf. Volatility

Proactive investing

An proactive investing strategy focuses on investments in under-valued or badly managed

companies and seeks to implement the necessary changes.

Pro-forma performance

The calculation of a (theoretical and historical) performance based on model calculations. Thus, based on the effective performance of the target funds, the performance of GUTZWILLER TWO may be calculated for the years before the launch of GUTZWILLER TWO.

Redemption commission

The commission which is charged by the fund company when redeeming units from investors.

Risk

In portfolio theory, risk is usually defined as a standard deviation of performance values. The standard deviation is a statistical measure for the spread around the mean value of performance values over the period under observation. The portfolio theory according to Markowitz assumes that higher earnings can only be bought with a greater risk. Put in simple terms, risk can be described as the danger that a damaging event or loss of assets may occur. Risk can be related to countries, transfers, handling, market prices, interest rates and del credere.

Risk tolerance

Risk tolerance is the degree of variability in investment returns that an investor is willing to withstand.

Sales agents

Legal entities or individuals that distribute units of funds professionally.

Sector

An investment strategy which focuses on industry and sectors which demonstrate superior growth potential over the medium to long term. As a rule, long positions are assumed.

SFAMA

Swiss Funds & Asset Management Association

Short position

A short position results from the sale of securities, derivatives, currencies, etc. which the seller does not possess at the time of the sale (short sale).

Solvency risk

Possibility that a borrower will become insolvent.

Standard deviation

Statistical ratio for measuring the price fluctuation of an investment. In principle, the higher

the standard deviation of the investment, the greater its risk.

Stock picking

Careful selection of securities according to clearly defined criteria, usually based on fundamental analysis.

Strategy

Cf. Investment strategy

Subfund

Cf. Umbrella fund

Swaps

Exchange of future payment flows between two parties, with the payment flows being based on e.g. interest rates or currencies (interest rate and currency swaps). Swaps are derivative financial instruments.

Target fund

Non-Swiss fund, primarily hedge funds or non-traditional funds, in which GUTZWILLER TWO invests.

Traditional

Traditional investment strategy emphasizes investments in traditional securities and other certificated equities and debt securities.

Trust

A structure under Anglo-Saxon law, which provides for the transfer of ownership of specified assets while allowing the donor to retain the benefits of ownership. A trust structure is often used to combine the assets of several persons and to have them managed on a fiduciary basis.

Umbrella fund

A fund structure containing one or several subfunds. Each subfund constitutes a collective investment scheme in its own right and has its own net asset value. Investors are only entitled to participate in the assets and income of the respective subfund they are invested in. Each subfund is liable only for its own liabilities. The subfunds are regulated in a single prospectus with integrated fund contract. Subfunds may follow different investment strategies.

Unit classes

A fund or subfund can be divided up into several tranches respectively classes, i.e. separate securities which differ from one another in one more factors. Examples: distribution practice, terms and conditions, fund currency. On the other hand, all classes are always invested in the same portfolio.

Valuation day

The day on which the assets of a fund are evaluated. For GUTZWILLER TWO the valuation day is the last bank business day of a calendar quarter.

Volatility

Price fluctuations of securities, currencies, etc. As a rule, volatility refers to market risk and is expressed in the form of a standard deviation ratio.

Withholding tax

A withholding tax of 35% is deducted at source by the Swiss Federal authorities on domestic capital gains; it is levied, among other things, on Swiss investment funds' distributions of earnings. Depending on the origin of the earning and the investors' domicile, the deductions can be reclaimed in full or in part.