

GUTZWILLER TWO

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

Umbrella structure with subfunds

GUTZWILLER TWO (USD)

GUTZWILLER TWO (CHF)

GUTZWILLER TWO (EUR)

Prospectus with integrated fund contract

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GUTZWILLER TWO is an umbrella fund containing several subfunds. Each subfund may, directly or indirectly, pursue a non-traditional investment strategy, where the risks are not comparable to the risks of equities funds.

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 Swiss Federal Banking Commission. In cases of discrepancies the German version shall 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 subfunds of GUTZWILLER TWO.

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 a contractual investment fund under Swiss law with special risk, containing several subfunds (umbrella structure) 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:

Name of subfund	investment currency	currency of reference	accounting currency
GUTZWILLER TWO (USD)	USD	USD	USD
GUTZWILLER TWO (CHF)	USD	CHF	CHF
GUTZWILLER TWO (EUR)	USD	EUR	EUR

The expression in parentheses (USD or CHF or EUR) in the names of the subfunds refers to the currency of reference of the respective subfund. The currency of reference serves to calculate the performance and for accounting purpose, and does not necessarily need to be similar to the investment currency. Investment currency of all subfunds is the USD. Currency of reference and for accounting purpose is the USD for GUTZWILLER TWO (USD), the CHF for GUTZWILLER TWO (CHF) and the EUR for GUTZWILLER TWO (EUR). For the particular terms see also the Glossary in Part III.

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. The investor's claim is restricted to the assets and income of the respective subfund in which he participates. No subfund will answer for liabilities of an other subfund.

At the time of the initial issue of units of subfunds the existing units of GUTZWILLER TWO, which initially have been issued on March 30, 2002 (initially approved by FINMA on January 31, 2002), were exchanged into units of GUTZWILLER TWO (USD) at an exchange ratio of 1:1 and at the expense of the custodian bank.

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

The investment fund is not divided into unit classes.

1.2 Investment Objective of the investment fund

The investment objective of GUTZWILLER TWO and of its subfunds is principally to seek an attractive and constant risk/reward return with a low correlation to traditional equity investments. To reach this goal, the subfund 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). The subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR) invest in units of GUTZWILLER TWO (USD), the former being hedged against USD.

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 a subfund of GUTZWILLER TWO entail 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, GUTZWILLER TWO uses a comprehensive due-diligence process to select the appropriate target funds and then to carefully monitor their performance.

1.4.3 Market risks

GUTZWILLER TWO invests 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 of GUTZWILLER TWO are mostly denominated in USD.

The subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR), having CHF and EUR as a currency of reference, and the target funds of the subfund GUTZWILLER TWO (USD) being invested in currencies others than USD, are exposed to a currency risk. The currency risks of the subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR) will be hedged against USD in a constant and methodical way.

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 GUTZWILLER TWO is incomplete. By adopting strict monitoring and control procedures, however, the management of GUTZWILLER TWO will try to minimize the above mentioned investment risks.

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

1.5 Investment policy 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.

The subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR) invest in units of the subfund GUTZWILLER TWO (USD). The currencies of reference of the former, CHF and EUR respectively, are hedged against the investment currency USD. For hedging, forward currency transactions and swaps are used. Profits and losses of hedges will be counted for the corresponding subfund only.

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 *The fund-of-funds structure*

Since GUTZWILLER TWO invests in other funds only and does not make direct investments, GUTZWILLER TWO is considered a fund of funds. The special structure of GUTZWILLER TWO provides significant advantages against traditional investment funds, which are investing directly:

- A higher degree of diversification provides risk diversification.
- The comprehensive selection process employed by the management of GUTZWILLER TWO 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 of GUTZWILLER TWO normally enables it to reduce risks or enhance return through timely portfolio adjustments.
- GUTZWILLER TWO also provides access to target funds which might not otherwise be available to investors.

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

- The additional costs charged indirectly to GUTZWILLER TWO for the fund management activities of the target funds as well as for any issuing and redemption commission.
- The possible interference with the performance, due to a broader risk diversification.

1.6 Strategy of the investment fund

1.6.1 *Diversification of event-driven funds*

To implement the investment policy of GUTZWILLER TWO, 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.

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 subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR), however, shall be fully invested in the subfund GUTZWILLER TWO (USD).
- The management of GUTZWILLER TWO may not invest in funds of funds, although the subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR) may invest in GUTZWILLER TWO (USD).
- 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 of GUTZWILLER TWO 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 of GUTZWILLER TWO 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 GUTZWILLER TWO 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 of GUTZWILLER TWO to gain on in-depth understanding of target funds being considered for investment.

The management of GUTZWILLER TWO will continuously monitor the investment of GUTZWILLER TWO 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 of GUTZWILLER TWO based on historical data about the target fund.

1.9 Advantages and disadvantages for the investor

GUTZWILLER TWO is a high-quality fund product 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).

GUTZWILLER TWO provides diversification within a portfolio of traditional investments. Non-traditional funds like GUTZWILLER TWO 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 of GUTZWILLER TWO 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. GUTZWILLER TWO, in contrast, offers a lower minimum investment limit and thereby accommodates a larger, risk tolerant investor group.

Investors using CHF or EUR as their currency of reference may invest in the subfunds GUTZWILLER TWO (CHF) or GUTZWILLER TWO (EUR), in which the currency risk against the investment currency USD will essentially be hedged in a constant and methodical way.

The disadvantages are the above-mentioned risks as well as the additional cost due to the fund of funds structure. Furthermore, the performance of the subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR) 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.

1.11 Tax regulation relevant for GUTZWILLER TWO

GUTZWILLER TWO and the subfunds have no legal personality in Switzerland. They are not subject to tax on income or capital.

The Swiss federal withholding tax deducted from the subfunds' domestic income can be reclaimed in full for the 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 of the subfund GUTZWILLER TWO (USD) 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. For the subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR) the affidavit process is not applicable.

The interest realized on the sale or redemption of units is not subject in Switzerland to EU savings tax.

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.

Therefore, the management of GUTZWILLER TWO 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 of GUTZWILLER TWO 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

Gutzwiller Fonds Management AG is responsible for the management of GUTZWILLER TWO. The fund management company is domiciled in Basel, Switzerland, and has exclusively been active in the fund business since its formation as a limited company under Swiss law in 2000.

From March 25, 2010 the subscribed share capital of the fund management company amounts to CHF 2,25 million. The share capital is divided into registered shares and is fully paid-in.

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

As of January 1, 2010 the fund management company managed a total of seven collective investment schemes in Switzerland, with assets under management totaling CHF 224.2 million.

Furthermore, as of January 1, 2010 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;
- Francis Arm, vice-chairman, Director of E. Gutzwiller & Cie, Banquiers;
- Reto Brillinger, member, Managing Director Administration of Gutzwiller Fonds Management AG;
- Jean-Patrick Voisin, member, CEO of SV International SA, Paris;
- Martin Wicki, 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, member of management committee, responsible for administration;
- François Boulte, member of Management Committee, financial analyst and responsible for Investors Relations;
- Christian Frantz, assistant vice president, responsible for client relations.

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

Archduke Lorenz of Habsburg-Lothringen and Jean-Patrick Voisin form the supervisory board, together with the assistant members Reto Brillinger and Christian Frantz, who supervises 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.

Jean Patrick Voisin got his master's degree at the École supérieure des sciences économiques et commerciales of Paris (ESSEC) in 1977. After 10 years as CFO, later as CEO of a industrial enterprise, he joined a major American broker in their institutional sales department. In 1989 he joined SV International SA, Paris, from 1993 as CEO. This financial business focuses on special situations, e.g. hostile and other public buy and take-over offers (risk arbitrage), spin-offs, de-mergers, arbitrage of every kind, brokerage on American and European markets.

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 all administrative matters, including accounting and valuation of funds.

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 accounting and valuation of funds.

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 of GUTZWILLER TWO.

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 20 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 ac-

tions on information it receives from the custodian bank, the portfolio manager, the company or from third parties.

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

3 Information on the custodian bank

E. Gutzwiller & Cie, Banquiers, will be the custodian bank for the fund. The bank was incorporated in 1886 as a limited partnership in Basel. E. Gutzwiller & Cie, Banquiers, are private bankers and the company is a member of the Swiss Private Bankers Association, which specializes in portfolio management.

The custodian bank may delegate the safekeeping of the fund's assets to third-party custodians and collective securities depositaries in Switzerland or abroad. In such cases, it is liable for applying due diligence when choosing and instructing the third parties, as well as for monitoring their constant compliance with the selection criteria. The use of third-party custodians and collective securities depositaries means that deposited securities are no longer owned solely by the fund management company, which instead becomes only a co-owner.

4 Information on third parties

4.1 Paying 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 Auditors

Ernst & Young AG, Basel, have been appointed as the auditors.

5 Further information

5.1 Key data

Security identification numbers:

- subfund GUTZWILLER TWO (USD)..... Val. 1'313'915 = ISIN CH 0013139156
- subfund GUTZWILLER TWO (CHF)..... Val. 2'181'837= ISIN CH 0021818379
- subfund GUTZWILLER TWO (EUR)..... Val. 2'181'835= ISIN CH 0021818353

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:

- subfund GUTZWILLER TWO (USD)..... USD (US-Dollar)
- subfund GUTZWILLER TWO (CHF)..... CHF (Swiss franc)
- subfund GUTZWILLER TWO (EUR)..... EUR (Euro)

Units Basically units exist purely as book entries; physical delivery of subfund certificates is possible if the investor bears the cost (see para 5.3)

Distributions	None; earnings will be reinvested (accumulation of earnings).
Minimal investment.....	USD 10'000 or CHF 15'000 or EUR 10'000

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.

No issue or redemption will take place under the exceptional circumstances defined under § 17.5 of the fund contract. The fund management company may suspend the issue of units at any time and may reject applications for the subscription or switching of units, as well as suspend or limit the sale, distribution or transfer of units to individuals or corporate bodies in particular countries or areas

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. These incidental cost only incur with the subfund GUTZWILLER TWO (USD) while the subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR) will not be charged these expenses. However, the costs of hedging currency risks are at the expense of the latter.

As a rule, subfund units shall not take the form of actual certificates but shall exist purely as book entries. Investors, however may demand physical delivery of subfund unit certificates from the custodian bank. Certificates will be issued in denominations of one unit or more. Fractions of units are not issued in certificate form. A fee of CHF 250 per certificate physically delivered plus Swiss Federal Added Value Taxes will be charged by the custodian bank, if delivered in Switzerland.

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 abroad6.00%
- Redemption commission accruing to the fund management company, custodian bank and/or distributors in Switzerland and abroad (for quarterly redemptions)..... at present none

- Commission for switching from one subfund to another at present none
- Commissions for exceptional redemptions (i.e. monthly redemptions) accruing to the corresponding subfund's assets 4.00% flat
- Cost for the physical delivery of subfund certificates(plus VAT if applicable) CHF 250.00

The effectively charged commissions can be seen in the prospectus.

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 of the subfund GUTZWILLER TWO (USD)..... no more than 1.50% p.a.
- ditto of the subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR)..... no more than 0.06% p.a.
- Custodian bank fee charged by the custodian bank for the subfund GUTZWILLER TWO (USD)..... no more than 0.20% p.a.
- ditto for the subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR)..... no more than 0.01% p.a.

The effectively charged commissions can be seen in the latest annual and semi-annual reports.

Concerning the subfunds GUTZWILLER TWO (CHF) und GUTZWILLER TWO (EUR), investors are reminded that the management and the custodian bank fees of GUTZWILLER TWO (USD) have to be added, the assets of the former subfunds being completely invested in parts of GUTZWILLER TWO (USD). Therefore the TER (Total Expense Ratio) of GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR) will be marginally increased in comparison to the TER of GUTZWILLER TWO (USD).

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

- c) The fund management company may pay reimbursements from the distribution component to the following institutional investors who, from the commercial perspective, hold the fund units for third parties:
- life insurance companies
 - pension funds and other retirement provision institutions
 - investment foundations
 - Swiss fund management companies
 - foreign fund management companies and providers
 - investment companies
- d) The fund management company may also pay trailer fees from the distribution component to the following distributors and sales partners:
- authorized distributors
 - fund management companies, banks, securities dealers, Swiss Post and insurance companies
 - distributors who place fund units exclusively with institutional investors with professional treasury facilities
 - asset managers
- e) Fee splitting agreements and non-pecuniary benefits ("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 in Schweizerisches Handelsamtsblatt and 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. The fund has not been authorized for sale outside Switzerland.

According to US law units of GUTZWILLER TWO may not be offered, sold nor delivered inside of the United States of America. Investors who are citizens or are otherwise subject to income tax in the United States of America should consult with their tax advisors prior to investment in units of the fund, as such investment may result in adverse US tax consequences for such investors.

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:

Name of subfund ¹	investment currency	currency of reference	accounting currency
GUTZWILLER TWO (USD)	USD	USD	USD
GUTZWILLER TWO (CHF)	USD	CHF	CHF
GUTZWILLER TWO (EUR)	USD	EUR	EUR

2. The fund management company is Gutzwiller Fonds Management AG, Basel.

3. The custodian bank 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 shall be governed by the present fund contract and the applicable provisions of the legislation on collective investment schemes.

§ 3 *The fund management company*

1. The fund management company manages the subfunds at its own discretion and in its own name, but for the account of the investors. It decides in particular on the issue of units, the investments and their valuation. It calculates the net asset value 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.

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

¹ The expression of the subfund’s name put in parentheses (USD resp. CHF resp. EUR) refers to the currency of reference of the respective subfund. The currency of reference serves to calculate the performance and for accounting purpose and does not necessarily need to be similar to the investment currency. Investment currency of all subfunds is the USD. Currency of reference and for accounting purpose is the USD for GUTZWILLER TWO (USD), the CHF for GUTZWILLER TWO (CHF) and the EUR for GUTZWILLER TWO (EUR).

well as monitoring and controlling in respect of the tasks. The fund management company shall be liable for the actions of its agents as if they were its own actions.

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

3. The custodian bank may delegate the safekeeping of the fund's assets to third-party custodians and collective securities depositaries in Switzerland or abroad. It is liable for applying due diligence when choosing and instructing the third parties, as well as for monitoring the constant compliance with the selection criteria. The prospectus shall contain information on the risks involved.

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

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

6. The custodian bank shall not, however, be responsible for the safekeeping of the assets of target funds, as far as it has not been mandated so.

§ 5 *The investor*

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

2. The investor's claim is restricted to the assets and income of the respective sub-fund in which he participates. No subfund will answer for liabilities of an other subfund.

3. The 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 at any time request that the fund management company supply them with the necessary information regarding the basis on which the net asset value per unit is calculated. If investors express an interest in more detailed information on specific business transactions effected by the fund management company, such as the exercising of membership and creditors' rights, they must be given such information by the fund management company at any time. The investors may request at the courts of the registered office of the fund management company that the auditors or another expert investigate the matter which requires clarification and furnish the investors with a report.

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 conjunction with the custodian bank must make an enforced redemption of the units of an investor at the current redemption price if:

- a) this is necessary to safeguard the reputation of the financial market, specifically to combat money laundering;
- b) the investor no longer meets the statutory or contractual requirements for participation in this 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 subfunds GUTZWILLER TWO (USD), GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR) are not divided into unit classes.

5. As a rule, units shall not take the form of actual certificates but shall exist purely as book entries. Investors may request delivery of a bearer unit certificate at their own expense. The current costs are stated in the prospectus and simplified prospectus. They are not, however, entitled to demand that frac-

tions of units be issued in the form of certificates. If unit certificates were issued, they must be returned with the redemption request at latest.

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 an other 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. Investment policy for the subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR)

The fund management company shall, after deduction of the liquid assets, fully invest the subfunds' assets in parts of the subfund GUTZWILLER TWO (USD) and hedge the formers against the USD. For hedging, forward currency transactions and swaps are used. Profits and losses of hedges will be counted for the corresponding subfund only.

4. The risks inherent in the above-mentioned target funds (sub-para. 2 (a)) are not comparable with those of traditional securities funds. Therefore, GUTZWILLER TWO and its subfunds belong to the category "Other funds with alternative investments".

5. The fund management company seeks to reduce the level of risk in the GUTZWILLER TWO 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.

6. The relevant risks, the investment objective and the investment policy of GUTZWILLER TWO 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 for the efficient management of the assets of the subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR). 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.

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

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

2. To hedge the currency of the subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR) against USD, the fund management company will use forward currency transactions and swaps.

To hedge against currency risks of the subfund GUTZWILLER TWO (USD), the fund management company may also sell call options and futures on currencies and use forward currency transactions and swaps.

Based on its envisaged use of derivatives, the subfunds GUTZWILLER TWO (USD), GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR) qualify as «simple investment funds». 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.

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

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. Underlyings or investments may be used to cover several exposure-reducing derivative positions at the same time if they are subject to a market risk, credit risk or currency risk and are based on the same underlyings.

d) An exposure-reducing derivative can be weighted by the delta in the calculation of the corresponding underlyings.

6. In the case of exposure-increasing derivatives, the underlying equivalents must at all times be covered by near-money assets. In the case of futures, forwards and swaps, the underlying equivalent is determined by taking the product of the number of contracts and the contract value. In the case of options, it is determined by taking the product of the number of contracts, the contract value and the delta (provided

one has been calculated). Near-money assets can be used to cover several exposure-increasing derivative positions at the same time, provided these are subject to a market risk or credit risk and are based on the same underlyings.

7. The fund management company may use both standardized and non-standardized derivatives. It can conclude transactions in derivative financial instruments on an exchange or another regulated market open to the public or in OTC (over-the-counter) trading.
8. a) The fund management company may conclude OTC transactions only with regulated financial intermediaries specialized in such types of transactions that ensure proper execution of the contract. If the counterparty is not the custodian bank, the former or the guarantor must meet the minimum credit rating requirements laid down in collective investment schemes legislation under Art. 33 CISO-FINMA.
b) It must be possible to reliably and verifiably value an OTC derivative on a daily basis and to sell, liquidate or close out the derivative at market value at any time.
c) If no market price is available for an OTC-traded derivative, it must be possible to determine the price at any time using appropriate valuation models that are recognized in practice, based on the market value of the underlyings. Moreover, before the conclusion of such transactions, specific offers must be obtained from at least two potential counterparties and the most favorable offer be accepted, under due consideration of the price, credit rating, risk distribution and the range of services offered by the counterparties. The conclusion of the transaction and pricing shall be clearly documented.
9. In principle, the currency of the contract must be the same as the currency of the underlying securities to be hedged. Transactions by way of a third currency (cross-hedges) are authorized exceptionally in the form of futures or forward currency transactions, if the same purpose is served as in a direct hedge and provided that overall no additional costs are incurred compared with a direct hedge. Hedging transactions against another currency than the currency of account of the respective subfunds are permissible provided that a currency allocation in line with the investment objective can be attained.
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.

§ 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.

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.
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 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. For investments listed or traded on a regulated public market and for closed-end target funds, the market value corresponds to the listed price. If current market prices are not available, the fund management company shall estimate the market value based on what could reasonably be expected from a sale at the time of the appraisal (fair value). In this case, the fund Management Company shall apply adequate and accepted evaluation models and methods to calculate the market price.
3. For open-end funds, the market value corresponds to the net asset value communicated on evaluation day to the fund management company and as confirmed by the custodian bank. If, exceptionally, no value is available for an open-end fund, the fund management company shall estimate the market value based on what could reasonably be expected from a sale at the time of the appraisal (fair value).
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 per subfund unit shall be determined by deducting the total liabilities of the subfund from the market value of its investments and dividing the result by the number of subfund units issued. The net asset value per subfund unit shall be rounded up or down to the nearest 0.10 of the accounting units.

§ 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.

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

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

7. No subunits shall 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. The custodian bank shall charge investors the normal bank charges and fees for the delivery of unit certificates. The current costs are stated in the prospectus.
5. 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 shall charge the subfund GUTZWILLER TWO (USD) an annual commission not exceeding 1.5% p.a. of the fund's net asset value, and the subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR) an annual commission not exceeding 0.06% p.a. (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.

It shall also disclose if it makes reimbursements to investors and/or remuneration to distributors.

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 GUTZWILLER TWO (USD) an annual commission not exceeding 0.20% of the fund's net asset value, and the subfunds GUTZWILLER TWO (CHF) and GUTZWILLER TWO (EUR) an annual commission not exceeding 0.01% p.a. (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:

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

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 which incur on behalf of the subfund GUTZWILLER TWO (USD) only will be offset directly against the stated acquisition or saleable value of the respective investments (target funds).

5. The costs of hedging currency risks are at the expense of the respective subfund.

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)
 - GUTZWILLER TWO (CHF): Swiss Francs (CHF)
 - GUTZWILLER TWO (EUR): Euros (EUR)
2. The financial year shall run from January 1 to December 31.
3. The fund management company shall publish 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 shall publish 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 shall provide 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 auditors shall each year examine whether the fund management company and the custodian bank have acted in compliance with the provisions of the fund contract, the CISA and the code of conduct of the Swiss Funds Association SFA. The annual report shall contain a short report by the auditors on the published annual financial statements.

VII. Appropriation of net income

§ 22

1. The net income of the subfunds will be added to the subfunds' assets for reinvestment (accumulation of earnings), 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 media of publication of the umbrella fund and the subfunds respectively are deemed to be the print media or electronic media specified in the prospectus. Notification of any change in a medium of publication shall be published in the media of publication.
2. The following information shall in particular be published in the media of publication: summaries of material amendments to the fund contract, indicating the offices from which the amended wording may be obtained free of charge, any change of fund management company and/or custodian bank, the creation, dissolution or merger of unit classes, as well as the liquidation of sub funds. Amendments that are re-

quired 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 shall 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, risk diversification, as well as the risks associated with the investment
 - the appropriation of net income and capital gains
 - the type, amount and calculation of all fees, the issue and redemption commission together with the incidental costs for the purchase and sale of the investments (brokerage fees, charges, duties) that may be charged to the 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;
- 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 competent statutory auditors pursuant to the CISA.

5. The fund management company must publish a notice of the proposed changes to the fund contract pursuant to § 23 prov. 2 and the proposed merger and its timing together with the merger schedule at least two months before the planned date of merger in the media of publication of the funds and the subfunds

respectively in question. In this notice, the fund management company must inform the investors that they may lodge objections against the proposed changes to the fund contract with the supervisory authority within 30 days from the final publication or request redemption of their units.

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

7. The fund management company shall inform the supervisory authority of the conclusion of the merger and shall publish notification of the completion of the merger, the confirmation from the auditors regarding the proper execution of the merger and the exchange ratio without delay in the media of publication of the funds 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 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 changes are made to the present fund contract, or if a change of the fund management company or of the custodian bank is planned, the investors may lodge objections with the supervisory authority within 30 days after the last corresponding publication. In the event of a change to the fund contract the investors can also demand the redemption of their units in cash subject to the contractual period of notice. Exceptions in this regard are cases pursuant to § 23 prov. 2 that have been exempted from the duty to publish with the approval of the supervisory authority.

XI. Applicable law and place of jurisdiction

§ 27

1. The umbrella fund and its subfunds are subject to **Swiss law**, in particular the Swiss Federal Act on Collective Investment Schemes of 23 June 2006 (CISA), the Ordinance on Collective Investment Schemes of 22 November 2006 (CISCO) and the Ordinance of the Swiss Federal Banking Commission on Collective Investment Schemes of 21 December 2006 (CISCO-FINMA).

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

2. The German version is binding for the interpretation of the present fund contract.
3. The present fund contract shall take effect on July 21, 2008.
4. The present fund contract replace the fund regulations dated September 29, 2005.

Basel, July 11, 2008 (date of approval of the fund contract by SFBC, now FINMA, as supervisory authority)

The fund management company: Gutzwiller Fonds Management AG

The custodian bank: E. Gutzwiller & Cie, Banquiers

Part III Glossary

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.

CISCO

Ordinance on Collective Investment Schemes of 22 November 2006.

CISCO-SFBC

Ordinance of the Swiss Federal Banking Commission on Collective Investment Schemes of 21 December 2006.

Closed-ended funds

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

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.

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); 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.

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.

Investment currency

The currency in which most investments are made.

Investment fund

Cf. Collective investment scheme

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-valuated 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.

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.

SFA

SFA Swiss Funds 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.

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.

If the subscriber is an entity that invests on behalf of others, the subscriber represents and certifies that it is aware of the requirements of the USA PATRIOT Act of 2001, and rules and regulations promulgated thereunder and in other applicable anti-money laundering measures in any jurisdiction (collectively, the “AML Rules”), and that it has adopted anti-money laundering policies and procedures in place reasonably designed to verify the identity of its beneficial owners or underlying investors, as the case may be, and their respective sources of funds. Such policies and procedures are properly enforced and are consistent with such AML rules. The subscriber represents and certifies that to the best of its knowledge, the beneficial owners or investors, as the case may be, are not individuals, entities, or countries that may subject the fund or any of its affiliates to criminal or civil violations of any AML rules. The subscriber agrees to promptly notify the custodian bank or the fund management company if the foregoing representation and certification becomes inaccurate.

Information for your bank

Please contact: E. Gutzwiller & Cie, Banquiers,
Kaufhausgasse 7, CH-4051 Basel, Switzerland
Phone +41-61-205.21.00
Fax +41-61-205.21.01

Settlement procedure

Delivery SIS against payment: SIS (SegaIntersettle AG), Account no. CH 104106
or

transfer corresponding amount

- in USD to: UBS AG, P.O. Box 120300, US-Stamford/CT, 06912-0300
SWIFT:UBSWUS33
Account:E. Gutzwiller & Cie, Banquiers
Account n°:101-WA-354066-000
For further credit:.....GUTZWILLER TWO (USD) (ISIN CH0013139156)
- in EUR to: Deutsche bank AG, Postfach 2631, D-60549 Frankfurt a/Main
SWIFT:DEUTDEFF
BLZ 50070010
Account:E. Gutzwiller & Cie, Banquiers
Account n°:942/1728
For further credit:.....GUTZWILLER TWO (EUR) (ISIN CH0021818353)
- in CHF to: Swiss Interbank Clearing
Account:E. Gutzwiller & Cie, Banquiers
Account n°:87753
For further credit:.....GUTZWILLER TWO (CHF) (ISIN CH0021818379)