P R O S P E C T U S

for the Investment Fund (hereinafter referred to as the “Fund”) under the Austrian Investment Fund Act 2011 (*Investmentfondsgesetz*, hereinafter “*InvFG*”)

Salus Alpha Directional Markets

of

Valartis Asset Management (Austria) Kapitalanlagegesellschaft m.b.H.
(hereinafter “VWG”)
Rathausstrasse 20, A-1010 Vienna

This prospectus was prepared in February 2014 in accordance with *InvFG* and pursuant to the approved Fund ruless.

It should be noted that the above Fund rules approved by the Financial Market Authority will go into effect on February 28, 2014.

Pursuant to § 18 *InvFG* in conjunction with § 10 of the Capital Market Act (*Kapitalmarktgesetz*, hereinafter *KMG*), publications as of October 01, 2007 are available in electronic form on the VWG website. The notice that future publications will only be available in electronic form on the VWG website appeared in the Official Gazette (*Amtsblatt*) of the Wiener Zeitung newspaper on September 28, 2007.

Investors must be provided with Key Investor Information Document free of charge in a timely manner prior to an offer to subscribe for units. Upon request, the currently valid prospectus and the Fund regulations will be provided free of charge, together with the Key Investor Information, at www.valartisfunds.at. This prospectus will be supplemented by the most recently published annual or semi-annual Fund report. The above-mentioned documents may be provided in either paper or electronic form. The documents can also be obtained from the custodian bank in German.

Note: The English translation of this prospectus serves as information only. In any case of differences in the English and German version the German version is valid.

DISCLAIMER for SALE of Non-U.S. Funds to U.S. Customers

Sales Restriction

The issued units of this Fund may only be publicly offered or sold in countries where such a public offer or sale is permitted. This therefore does not constitute an offer to acquire investment units unless VWG or a third party it has appointed has notified and obtained permission from the local supervisory authorities and unless such notification or permission exists.
The units have not and will not be registered under the United States Securities Act of 1933 as amended (hereinafter referred to as the “Act of 1933”) or under the securities legislation of any federal state or political subdivision of the United States of America or its territories, possessions, or other areas falling under its jurisdiction, including the Commonwealth of Puerto Rico (hereinafter referred to as the “United States”).
The units may not be publicly offered, sold, or otherwise transferred in the United States. The units are offered and sold by virtue of an exemption from the registration provisions of the Act of 1933, pursuant to Regulation S of this act. VWG and the Investment Fund have not been nor will be registered according to the United States Investment Company Act of 1940 as amended or other U.S. federal legislation. Accordingly, no units will be publicly offered or sold in the United States, either to or for the account of U.S. persons (as defined in the definitions for the purposes of U.S. federal legislation governing securities, merchandise, and taxes, including Regulation S of the United States Securities Act of 1933) (hereinafter jointly referred to as “U.S. persons”). Subsequent transfers of units within the United States or to U.S. persons are prohibited.
Neither the U.S. Securities and Exchange Commission (hereinafter referred to as the “SEC”) nor any other supervisory authority in the United States permitted the transfer of the units or denied any such application; furthermore, neither the SEC nor any other supervisory authority in the United States has rendered any decision concerning the accuracy and appropriateness of this prospectus or the benefits associated with the units. The United States Commodity Futures Trading Commission has neither examined nor approved this document or any other sales documentation for VWG or the Fund.
No one is authorized to submit declarations or assurances that are not provided in this prospectus or in the documents referred to in the prospectus. These documents are publicly available at the registered office of VWG.
This prospectus may not be put into circulation in the United States.
Investors who are to be regarded as “restricted persons” within the meaning of U.S. Regulation no. 2790 of the “National Association of Securities Dealers” (NASD 2790) must immediately notify VWG of their investments in the Fund.

SECTION I

INFORMATION ON THE MANAGEMENT COMPANY

1. Valartis Asset Management (Austria) Kapitalanlagegesellschaft m.b.H.

Valartis Asset Management (Australia) Kapitalanlagengesellschaft m.b.H. is a capital investment company within the meaning of the Federal Act on Investment Funds ("*InvFG*," short for *Investmentfondsgesetz* "Investment Funds Act"). VWG was established with articles of incorporation dated June 29, 1990 and registered on October 4, 1990 as a limited liability company in the companies register at the Commercial Court of Vienna, Section B, under number 96107i. The registered office of VWG is at Rathausstrasse 20, 1010 Vienna.

2. List of all funds managed by the company

This information can be found in the annex.

3. Details concerning where to obtain the Fund regulations as well as the reports specified according to *InvFG*

The information options mentioned in this prospectus, such as Key Investor Information Document, Fund rules, and annual and semiannual Fund reports may be obtained at Valartis Asset Management (Austria) Kapitalanlagegesellschaft m.b.H. upon request, this information will be provided to investors free of charge. In addition, these documents are also available at the custodian bank, Kathrein Privatbank Aktiengesellschaft.

4. Details concerning the management, composition of the Supervisory Board, and the share capital

Management
Gerald Diglas
Thorsten Schüttke

The Supervisory Board
Siegfried Menz (Chairman)
Markus Orsini-Rosenberg Philip LeibundGut
Patrick Brandl

Share Capital
EUR 2.5 mil.

5. The management company has delegated the following activities to third parties:

VWG hereby declares that it has delegated tasks to an associated company, i.e. an affiliated company within the meaning of § 2 no. 28 of the Austrian Banking Act (*Bankwesengesetz* – "*BWG*").

- Internal Audit
- Compliance
- IT Fund Accounting
- Accounting
- Human Resources
- Parts of the regulators reporting system
- IT Technical Support

SECTION II

Information on Salus Alpha Directional Markets

1. Name of the Fund

The Fund´s name is Salus Alpha Directional Markets and is a co-ownership fund according to § 2 para. 1 and 2 of *InvFG* 2011. The Fund complies with Directive 2009/65/EC.

2. Date the Fund was established and its duration if limited

Salus Alpha Directional Markets was launched on December 1, 2008 and established for an indefinite period of time.

3. Brief details concerning tax rules applicable for the fund if important for the unit holders and information regarding whether withholdings at source will be imposed on the unit holders' income and capital gains related to the Fund.

TAX TREATMENT for investors with unlimited tax liability in Austria

Notice:

The following tax comments reflect the currently known legal situation. No guarantee can be assumed that the tax assessment will not change due to legislation, case law or other legal acts of the fiscal administration. It may be advisable to employ a tax expert.

The annual Fund reports contain detailed information on the tax treatment of Fund distributions and -income equivalent distributions .

The following comments mainly refer to domestic custody.

Private Wealth

Full tax settlement (final taxation), no tax return obligations for the investor

The Austrian paying agent will withhold the withholding tax from a distribution (interim distribution) of Fund dividends to the unit holders at the legally prescribed amount for this sum provided these dividends come from capital gains liable for withholding tax and provided the recipient of the distributed dividends is subject to withholding tax. Under the same conditions, "disbursements" from income-retaining funds will be withheld as withholding tax in the amount of the income equivalent distribution included in the NAV (with the exception of fully income-retaining funds).
Private investors generally are not required to declare this income in their tax returns. With the withholding tax, all tax obligations of investors are settled. The deduction of the withholding tax achieves the full final taxation effects in terms of income tax.

E x e m p t from final taxation

Final taxation is excluded:

a) for debt securities in the Fund's assets that are exempted from KESt II capital gains, unless such a declaration has been opted for. Such income must be declared in a tax return;

b) for securities in the Fund's assets that have been withdrawn from Austria's sovereign right of taxation if claims for benefits under double taxation agreements have not been waived. This type of income must be declared on the income tax return in the column "Neben den angeführten Einkünften wurden Einkünfte bezogen, für die das Besteuerungsrecht aufgrund von Doppelbesteuerungsabkommen einem anderen Staat zusteht ("In addition to reported income, income was received that another state also has the right to tax based on double taxation agreements").

In this case, however, deducted withholding tax may be offset or reclaimed pursuant to § 240 of the Austrian Federal Fiscal Code.
The Fund's ordinary income (interest, dividends) is subject to the 25% withholding tax minus expenses. 20% of the Fund's extraordinary income (realized price gains of equities and equity derivatives) is also subject to 25% withholding tax.
For financial years of the Fund beginning after June 30, 2011, the tax assessment base for extraordinary income (equities, equity derivatives) will be increased from 20% to 30%.

For financial years beginning after December 31, 2011, the tax assessment base for extraordinary income (equities, equity derivatives) will be increased from 30% to 40%.

For financial years beginning after December 31, 2012, the tax assessment base for extraordinary income resulting from price gains on bonds and bond derivatives will be extended, and 50% of all realized extraordinary income will be subject to a 25% withholding tax.

For financial years beginning after December 31, 2013, 60% of all realized extraordinary income will be subject to a 25% withholding tax.

<u>Speculation period at the sale of Fund units</u>

For Fund units acquired before January 1, 2011, the one-year speculation period will remain applicable (§ 30 of the Austrian Income Tax Act – *Einkommensteuergesetz* – hereinafter "*EStG*"), in the version applicable prior to the Budget Accessory Act of 2011 (*Budgetbegleitgesetz*).

Fund units acquired on or after January 1, 2011, will be subject to tax on the realized appreciation when units are sold. If sold on or after April 1, 2012, the custodians will deduct the withholding tax (final taxation) at a rate of 25% on the difference between the fiscal book value and the sale proceeds of the Fund units. For purposes of the fiscal book value, taxed earnings will increase the acquisition costs of the unit certificate during the holding period, while dividend distributions or paid out capital gains taxes will reduce the acquisition costs. Any capital losses may be offset against positive income from capital assets (excluding interest income from credit institutions) as part of the assessment in the same calendar year.
For income subject to final taxation realized on or after April 1, 2012 (including income equivalent distribution), the custodian must immediately compensate for any losses in all of the taxpayer's securities accounts held by it. For the period from April 1, 2012 to December 31, 2012, the custodian will compensate for losses retrospectively by no later than April 30, 2013.

An extended speculation period will apply for units acquired on or after January 1, 2011 and sold prior to April 1, 2012 (i.e. the taxable income must be included in tax the assessment).

Business Assets

<u>Taxation and tax settlement of units held as part of the business assets of natural persons</u>

For natural persons deriving income from capital assets or a business enterprise (sole proprietors, co-entrepreneurs), the income tax on income liable for capital gains tax will be deemed to have been settled upon deduction of capital gains tax (KESt I and KESt II - withholding tax).
Dividend distributions (interim distributions) of capital gains from Austrian funds and distribution-equivalent capital gains from foreign subfunds are to be taxed with the applicable tax scale until April 1, 2012, after which the special tax rate of 25% will apply (for the tax assessment). For financial years beginning after December 31, 2012, dividend distributions and all distribution-equivalent ordinary and extraordinary income (price gains realized at the Fund level) will be taxable as part of business assets (insofar as they derive from taxable income). Price gains realized within the Fund may be retained tax-free for the last time for financial years beginning in calendar year 2012.
Price gains from the sale of Fund units that are sold prior to April 1, 2012 must be included in the scope of this tax assessment. All previously taxed earnings will be deducted from these capital gains. If Fund units held as a part of natural persons' business assets are sold after March 31, 2012, the special tax rate of 25% will apply (for the tax assessment).

<u>Taxation and deduction of schedule II capital gains tax on units held as part of the business assets of legal entities</u>

Dividend distributions and dividend-equivalent ordinary income (interest, dividends) are taxable
Dividend distributions of capital gains from Austrian funds and distribution-equivalent capital gains from foreign

subfunds will be subject to corporate income tax.

For financial years beginning after December 31, 2012, dividend distributions and distribution-equivalent ordinary and extraordinary income (price gains realized at the Fund level) will be taxable as part of business assets (insofar they derive from taxable income). Price gains realized within the Fund may be retained tax-free for the last time for financial years beginning in calendar year 2012.

Foreign dividends originating in EU countries (current exceptions (as of 7/6/2009): Bulgaria, Ireland, Cyprus, Norway, and certain comparable third countries are exempt from corporate income tax. All other foreign dividends are subject to corporate income tax.

Unless a declaration of exemption pursuant to § 94 no. 5 *EStG* exists, the paying agent must also withhold from any dividend distribution withholding tax for units held as business assets or will apply payments from retained funds as withholding tax. Capital gains tax that has been deducted and paid to the tax office may be offset against the assessed corporate income tax.

Corporate Bodies with income from capital assets

Insofar as corporate bodies (e.g. associations) derive income from capital assets, corporate income tax on capital gains subject to KESt II withholding tax will be regarded as settled by the tax deduction. Withholding tax on tax-free dividends is reimbursable.

Private foundations are generally liable for interim tax at a rate of 12.5% on capital gains subject to KESt II withholding tax II. Private foundations are generally liable for interim tax at a rate of 25% on capital gains subject to schedule II withholding tax for a tax assessment in 2011 or later. Withholding tax on tax-free dividends is reimbursable.

Foreign dividends originating in EU countries (current exceptions (as of 7/6/2009): Bulgaria, Ireland, Cyprus), Norway, and certain comparable third countries are exempt from corporate income tax. All other foreign dividends are subject to corporate income tax.

Fund units acquired on or after January 1, 2011, will be subject to tax on the realized appreciation when units are sold. They are taxable on the basis of the difference between the sale proceeds and the fiscal book value of the Fund shares. For purposes of the fiscal book value, taxed earnings will increase the acquisition costs of the unit certificate during the holding period, while dividend distributions or paid out capital gains taxes will reduce the acquisition costs.

4. Due date for the accounts and frequency of dividend distributions

The accounting year for the Fund is the period from December 01 until November 30 of the following calendar year. Dividend distribution or payment of withholding tax according to § 58 para. 2 *InvFG* in conjunction with Article 6 of the Fund rules will occur on or after March 15 of the following accounting year. Interim distributions are possible.

5. Names of the persons mandated with auditing the annual Reports pursuant to § 49 para. 5 *InvFG*

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Wagramer Strasse 19, A -1220 Vienna.

Additional information on natural persons mandated with auditing the annual reports can be found in each annual Fund report, which you can also access at www.valartisfunds.at.

6. Details of the types and main characteristics of the units, in particular

- **Nature of the Right (real, personal, or other) represented by the unit**
- **Original securities or certificates providing evidence of title, entry in a register or in an account**
- **Unit characteristics: registered or bearer securities, any denomination information;**
- **Description of the voting rights of the unit holders, if applicable**

- Each purchaser of a unit certificate acquires co-ownership of all Fund assets in the amount of the certified co-ownership units (right in rem).
- Co-ownership of the assets pertaining to the Fund is divided into equal units. The number of co-ownership units is unlimited.
- The co-ownership units are documented by units (certificates) with the character of securities representing units.
- The units are represented by global certificates (§ 24, Austrian Federal Law Gazette no. 424/1969, as amended).
- With the consent of its supervisory board, the Management Company may split the co-ownership units and also issue units to the unit holders or exchange the old units for new ones if it deems a division of the co-ownership units to be in the interest of the unit holders on account of the calculated NAV.
- The units are payable to bearer
- The units are not associated with any voting rights.

7. Conditions under which the dissolution of the Fund may be resolved and details of the dissolution, in particular in relation to the rights of the unit holders

➢ Termination of Management

The Management Company may terminate/end its management of the Fund in the following cases:

i) Subject to approval by the Austrian Financial Market Authority (“FMA”), publication, and a notice period of (at least) six months. This period may be reduced to (at least) 30 days if all investors have been demonstrably informed, whereby publication may be omitted in such cases. Unit holders may (subject to a price suspension) surrender their units against payment of the redemption price during the period indicated above.

ii) with immediate effect (date of publication) and subject to simultaneous notification of the FMA if the Fund assets fall below EUR 1,150,000.

Termination pursuant to ii) is not permitted during termination pursuant to i).

If the management ends due to termination, the custodian bank takes over the management on a provisional basis and must initiate the dissolution of the Fund within six months, if management of the fund is not transferred to another management company. Upon commencement of the settlement process, the unit holders will be entitled to have the Fund settled in an orderly manner (in place of being entitled to having it managed) and to receive the liquidation proceeds upon completion of this process (in place of being entitled to have the NAV be repaid at any time).

➢ Transfer of Management

Subject to approval by the FMA, publication and compliance with a notice period of (at least) 3 months, the Management Company may transfer the management of the Fund to another management company. This period may be reduced to (at least) 30 days if all unit holders have been notified, whereby publication may be omitted in such cases. During the period indicated, unit holders may surrender their units against payment of the redemption price.

➢ Merger of the Fund with another investment fund

Subject to compliance with certain preconditions and approval by the FMA, the Management Company may merge the Fund with one or more other investment funds, whereby publication in such cases (subject to a term of (at least) three months) and information concerning the details to the unit holders (subject to a term of (at least) 30 days) must be provided. During the period indicated, the unit holders may surrender their units against payment of the redemption price or, where appropriate, exchange them for units in another investment fund that with a similar investment policy.

In case of a Fund merger, the unit holders will be entitled to exchange their units at the exchange ratio and to receive payment of any applicable surplus settlement.

- Spin-off of Fund assets

Subject to approval by the FMA and publication, the Management Company may spin-off securities that are in the Fund and have become unforeseeably illiquid. Based on their units, unit holders will become co-owners of the spin-off fund, which will be settled by the custodian bank. After settlement, the proceeds will be paid to the unit holders .

- Other reasons for ending the Fund

The right of the Management Company to manage a fund will cease upon expiry of its investment business license or its authorization under Directive 2009/65/EC, or upon resolution of its dissolution or withdrawal of the authority to do so.

At the start of the liquidation, the right to proper processing takes precedence over the right of unit holders to management, and the right to payment of liquidation proceeds after completion of the settlement supersedes the right to redeem their NAV at any time.

8. Any applicable details concerning Stock Exchanges or Markets where the units are listed or traded

The custodian bank issues and redeems the units. An IPO on the Vienna Stock Exchange may be applied for.

9. Procedures and conditions of issue and/or sale of units

Issuance of units

Units will be issued at the times indicated in the Fund rules.

There is generally no restriction on the number of units issued or the corresponding unit certificates. The units may be acquired at the locations listed in the Annex.

The Management Company reserves the right to discontinue the issuance of units temporarily or outright.

Front load and Issue Price

In determining the issue price, a front load can be added to the value of a unit to cover the issue costs.

The front load is **up to 5.5%** of the NAV.

The issue price is the NAV plus a surcharge rounded up to the nearest cent.

This front load may reduce or even completely eliminate the performance if the investment period is short. For this reason, a longer investment period is recommended when acquiring investment certificates.

Settlement Date

The valid issue price for the settlement is the value calculated by the custodian bank for the next banking day plus the issue front load if the custodian bank receives the order before 3:30 p.m. CET. Orders received after this will be settled with a calculated value for the day after the next banking day. The value date for the purchase price is three bank business days after the purchase order is issued.

10. Procedures and conditions for repurchase or redemption of shares, and circumstances in which repurchase or redemption may be suspended

Redemption of units

Unit holders may request the redemption of their units at any time by placing a redemption order with the custodian bank.

The Management Company is obligated to redeem the units at the applicable redemption price for the Fund's account.

The units will be redeemed on the dates indicated in the Fund rules.

The valid redemption value for the settlement is the NAV calculated by the custodian bank for the next banking day if the order will be received not later than 3:30 p.m. CET. Orders received after this will be settled with a calculated value for the day after the next banking day. The value date for the purchase price is three bank business days after the redemption was given.

Payment of the redemption price and the calculation and publication of the redemption price may be temporarily suspended – subject to simultaneous notification of the FMA and the appropriate publication – and be made contingent upon the sale of Fund assets and receipt of the proceeds of the sale if this procedure appears necessary in case of exceptional circumstances, with due consideration of the unit holders' legitimate interests. The unit holders must also be notified of the resumption of the redemption of unit certificates.

Redemption fee and redemption price

When redeeming unit certificates, remuneration for the Management Company at the amount of up to 4.45% will be deducted from the redemption price over the entire period of the Fund.

Settlement date

The valid redemption price for the settlement is the NAV calculated by the custodian bank for the next banking day if the order will be received no later than 3:30 p.m. CET. Orders received after this will be settled with a calculated value for the day after the next banking day. The value date for crediting the purchase price is three bank business days after the redemption was given.

11. Calculating the sale or issue price and the payment or redemption price of the units, in particular:
- Method and frequency of calculation of these prices
- Details of costs associated with the sale, issue, redemption or payment of the units
- Details concerning type, location, and frequency of the disclosure of these prices

Calculation method

To calculate the price of the fund, the most recently published (= available) prices will be consulted. If the most recently published valuation price obviously fails to correspond to the actual values due to the political or economic situation, and not just in individual cases, then a price calculation may be omitted if the Fund has invested 5% or more of its assets in assets with no prices or no fair market prices are available.

Frequency of calculating prices

The issue price will be calculated each trading day.
The redemption price will be calculated each trading day.

Costs of subscription and redemption of units

The custodian bank will issue and redeem units or will acquire units at the locations indicated in the Annex without charging any additional costs, with the exception of calculation of the front load upon issuing of units.
Redeeming units no redemption fee will be charged.

Type, location, and frequency of publication of subscription- and redemption prices

The custodian bank will calculate the subscription- and redemption price each trading day and publish these prices on www.profitweb.at and www.valartisfunds.at websites.

12. Rules for asset valuation

The **value of an unit** is calculated by dividing the total value of the Fund, including income, by the number of units.
The **total value of the Fund** must be calculated on the basis of the current market prices of its securities, money market instruments, funds and rights issues, plus the value of its financial investments, cash holdings, balances, receivables and other rights less any liabilities.
The total value of the Fund is determined according to the following principles:
a) The value of assets listed or traded on a stock exchange or on another regulated market will generally be determined on the basis of the last available price.

b) If an asset is not listed or traded on a stock exchange or on another regulated market or if the price for an asset listed or traded on a stock exchange or on another regulated market does not appropriately reflect its actual market value, the prices from reliable data providers or, alternatively, market prices for similar securities or other recognized valuation methods will be used.

13. Description of rules for determining and applying income

Appropriation of income for dividend distribution units

Income earned during the accounting year (interest and dividends) may be distributed after costs have been covered at the discretion of the Managing Company. A distribution may be omitted upon taking the interests of the unit holders into due consideration. The distribution of income from the sale of Fund assets, including rights issues, is likewise at the discretion of the Management Company. Distributing Fund assets as well as interim dividend distributions are permitted.
The Fund assets may never fall beneath the minimum amount for termination as stipulated by law due to dividend distributions.

The amounts must be distributed to the holders of dividend distribution unit certificates after March 15 of the following accounting year; the rest will be carried forward to a new account.

In any case, the amount calculated pursuant to *InvFG* must be paid out as of March 15, and this amount is to be used, if applicable, to cover the obligatory withholding tax accrued on the distribution-equivalent income of the unit, unless, by providing corresponding proof from the custodian banks, the Management Company ensures that, at the time of payment, the units can only be held by unit holders who are either not subject to domestic income tax or corporate income tax or who fulfill the requirements for an exemption under § 94 of the Income Tax Act or for an exemption from withholding tax.

Appropriation of income for income-retaining unit certificates with withholding tax deduction

The income earned during the accounting year after costs have been covered will not be distributed. For income-retaining unit certificates, the amount calculated pursuant to *InvFG* must be paid out as of March 15, and this amount is to be used, if applicable, to cover the obligatory withholding tax accrued on the distribution-equivalent income of the unit certificate, unless, by providing corresponding proof from the custodian banks, the Management Company ensures that, at the time of payment, the unit certificates can only be held by unit holders who are either not subject to domestic income tax or corporate income tax or who fulfill the requirements for an exemption under § 94 of the Income Tax Act or for an exemption from capital gains tax.

Appropriation of income for income-retaining unit certificates without capital gains tax deduction (full accumulator, domestic and foreign tranche)

The income earned during the accounting year after costs have been covered will not be distributed. No payment is made pursuant to *InvFG*. The relevant date for omitting the withholding tax payment on the annual yield pursuant to *InvFG* is March 15 of each following accounting year.
By providing corresponding proof from the custodian banks, the Management Company ensures that, at the time of payment, the units can only be held by unit holders who are either not subject to domestic income tax or corporate income tax or who fulfill the requirements for an exemption under § 94 of the Income Tax Act or for an exemption from withholding tax.
If these requirements are not met at the time of payment, the amount calculated pursuant to *InvFG* will be paid with a credit note from the respective custodian bank.

14. Description of the fund's investment objectives, including its financial objectives (e.g. capital growth or income), investment policy (e.g. specialization on geographical regions or industrial sectors), any limitations regarding that investment policy and an indication of any techniques and instruments or allowances for loans that may be used in managing the fund

NOTICE:
The Fund seeks to achieve its investment objectives at all times. However, it is not possible to ensure that these objectives will actually be achieved.
It should be noted that the information below constitutes a brief description that cannot take the place of personal, expert investment advice.

Salus Alpha Directional Markets is a derivative Fund with an investment objective of achieving running capital appreciation and high running income, while taking into account the security of the capital and the liquidity of the

Fund assets.
Depending on the appraisal of the economic and capital market situation and the stock exchange prospects, it will also acquire and sell the assets permitted by the Investment Fund Act and the Fund regulations (securities, money market instruments, demand deposits, Fund units, and financial instruments) within the scope of its investment policies.

The selection of the assets of Salus Alpha Directional Markets is oriented towards the anticipated income (prognosis) and the quality of this prognosis. Assets that are low risk and have a good prognosis quality will be rated higher than assets that are high risk and have a poor prognosis quality (equally rated according to risk). With this strategy, the attempt is being made to utilize global market tendencies (interest, currencies, bonds, raw materials, and/or shares) to generate a profit. The investment strategy is not limited by geographical location or industrial sector.

Investment Fund units may be acquired up to at most 10% of the Fund assets of Salus Alpha Directional Markets.

For the Investment Fund, money market instruments up to 100% may be acquired in the course of its investment strategy.

Salus Alpha Directional Markets may invest considerable portions in demand deposits or notice deposits with a period of at most 12 months within the meaning of § 72 *InvFG* 2011.
For the Investment Fund, bank balances in the form of demand deposits or notice deposits with a period of at most 12 months may be held; they can play a considerable role.

Due to the composition of the portfolio, Salus Alpha Directional Markets may exhibit increased volatility, i.e. the unit values undergo great fluctuations up and down even within brief periods.

Salus Alpha Directional Markets may invest considerable portions in derivative instruments within the meaning of § 73 *InvFG* 2011.

Derivative instruments can be used not only for minimizing risk (hedging), but also for speculation. With respect to the total net value of the Fund assets, both derivatives that serve the purpose of hedging as well as those that do not serve the purpose of hedging may play a considerable role. This may lead to an at least temporary increase in the risk of loss with respect to the assets in the Fund. The use of derivatives not traded on the stock exchange (except for forward exchange transactions) is not permissible.

More details on the calculation of overall risk can be found in Section II, item 15 of this prospectus: Derivative Financial Instruments, Overall Risk.

15. Investment Policy Techniques and Instruments

The Fund will invest pursuant to the investment and issuer limits laid down in the *InvFG* in connection with the Fund rules and in accordance with the principle of diversification.

Securities

<u>Securities are</u>
a) shares and other securities equivalent to shares,
b) bonds and other forms of securitized debt,
c) all other marketable financial instruments (e.g. rights issues) that entail the right to acquire financial instruments within the meaning of *InvFG* by subscription or exchange, as stipulated by § 69 *InvFG*, but excluding the techniques and derivative financial instruments (derivatives) specified in § 73 *InvFG*.

Within the meaning of § 69 para. 2 *InvFG*, securities also include
1. units in closed funds in the form of an investment company or an investment fund,
2. units in closed contractual funds,
3. financial instruments in accordance with § 69 para 2 no. 3 *InvFG*.

The Management Company may acquire securities listed on an Austrian or foreign stock exchange specified in the

Annex to the Fund rules or traded on regulated markets specified in the Annex to the Fund rules that are recognized and open to the public and offer a duly functionality. In addition, recently issued securities may be acquired if their offering memorandums include the obligation to apply for admission to an official listing on a stock exchange or regulated market, provided that their admission is secured within one year of being issued.

Money Market Instruments
Money market instruments are instruments that are usually traded on the money market, are liquid, have a value that can be accurately determined at any time, and meet the requirements pursuant to § 70 *InvFG*.

Money market instruments may be acquired for the Fund, provided that
1. they are traded on one of the Austrian or foreign stock exchanges specified in the Annex to the Fund rules or traded on regulated markets specified in the Annex to the Fund rules that are recognized and open to the public and that function in an orderly fashion.

2. they are usually traded on the money market, are freely transferable, are liquid, and have a value that can be accurately determined at any time, and for which appropriate information is available, including information enabling an appropriate assessment of the associated credit risks, even if they are not traded on regulated markets, provided the issue or issuer of such instruments is itself already subject to deposit and investor protection, provided that they are

a) issued or guaranteed by a central, regional, or local authority or by the central bank of a Member State, the European Central Bank, the European Union, or the European Investment Bank, by a third country or, in the case of a federal state, by a member state of the federation, or by a public international body to which at least one Member State belongs or

b) issued by companies whose securities are traded on one of the regulated markets specified in the Annex to the Fund rules or

c) issued or guaranteed by an institution that, pursuant to criteria defined in Community law (= Union law), is subject to supervision, or issued or guaranteed by an institution subject to and complying with the supervisory provisions that are seen by the FMA as being at least as stringent as those laid down by Community law or

d) issued by other bodies belonging to a category approved by the FMA, provided that investments in these instruments are subject to investor protection equivalent to what is laid down in lit. a) to c) and provided that the issuers involved are a company whose capital and reserves amount to at least EUR 10 million and that prepares and publishes its annual accounts in accordance with the provisions of Directive 78/660/EEC or is a legal entity that, within a group of companies including one or more listed companies, is responsible for the financing of the group or is a legal entity with the responsibility of financing the securitization of liabilities through a line of credit granted by a bank in corporate, trust or contractual form; this line of credit must be guaranteed by a financial institution that itself meets the criteria listed in sec. 2 lit. c).

Unlisted Securities and Money Market Instruments
A maximum of 10% of the Fund assets may be invested in securities or money market instruments that are not officially admitted to trading on one of the stock exchanges specified in the Annex to the Fund rules or are not traded in one of the regulated markets specified in the Annex to the Fund rules or, in the case of new issuances of securities, are not admitted to trading within one year of issuance.

Units in Funds / Other Separate Assets / Undertakings for Collective Investment / Real Estate Funds

1. Units in investment funds (§ 77 *InvFG*)

1.1. Together with the funds pursuant to no. 1.2 below, units in investment funds (= investment funds and open-end investment companies) that comply with the provisions laid out in Directive 2009/65/EC (UCITS) may be acquired up to a total amount of 10% of the Fund assets where these funds themselves do not invest more than 10% of their assets in units of other investment funds.

1.2. Units in investment funds pursuant to § 71 in conjunction with § 77 no. 1 *InvFG* that do not fully meet the provisions of Directive 2009/65/EC (UCI) and whose sole purpose is

- to invest in securities and other liquid financial assets of capital obtained from the public for the collective account according to the principle of diversification of risk
- and whose units are, at the request of unit holders, redeemed or paid out directly or indirectly out of the assets of the Fund

may be acquired together with investment funds pursuant to sec. 1.1 above for up to 10% of the Fund's assets overall, provided that

a) these funds themselves do not invest more than 10% of their assets in units of other investment funds and

b) they are authorized under laws providing that they are subject to supervision that is regarded by the FMA as being equivalent to that laid down in Community law (= Union law), and a cooperation between the authorities is sufficiently ensured and

c) the level of unit holders protection is equivalent to that provided for unit holders in investment funds that meets the provisions of Directive 2009/65/EC (UCITS) and, in particular, the regulations for separate assets, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC and

d) the business activity is reported in semiannual and annual Reports that allow an opinion concerning the assets and liabilities, income and operations in respect of the reporting period.

The criteria stated in § 3 of the Austrian Information and Equivalency Determination Regulation (*Informationen- und Gleichwertigkeitsfestlegungsverordnung – "IG-FestV"*), as amended, must be consulted to assess the equivalency of the level of protection for unit holders within the meaning of lit. c).

1.3. Units in investment funds may also be acquired for the Fund that are managed directly or indirectly by the same Management Company or by any other company the Management Company is linked by common management or control, or by a substantial direct or indirect holding.

1.4. Units in any single investment fund may be purchased up to 10% of the Fund's assets.

Derivative Financial Instruments

<u>Listed and unlisted derivative financial instruments</u>
Derivative financial instruments (derivatives), including equivalent instruments settled in cash, that are traded on one of the regulated markets specified in the Annex to the Fund rules or derivative financial instruments that are not listed on a stock exchange or traded on a regulated market (OTC derivatives) may be acquired for the fund, provided that

1. the underlying instruments consist of instruments pursuant to § 67 para. 1 sec. 1 to 4 *InvFG* or of financial indices, interest rates, exchange rates, or currencies in which the Fund may invest in accordance with its investment objectives specified in its Fund rules
2. the counterparties to OTC derivative transactions are institutions subject to supervision in a category approved by the FMA by regulation and
3. the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated, or squared by an offsetting transaction at any time at their fair value at the initiative of the Management Company and
4. they do not result in the delivery or transfer of assets other than those specified in § 67 para. 1.
   This also includes instruments for transferring the credit risk for the above-mentioned assets.

The <u>default risk of a Fund dealing with OTC derivatives</u> may not exceed the following rates:

1. 10% of the Fund`s assets if the counterparty is a credit institution within the meaning of Directive 2002/12/EC or

2. otherwise 5% of the Fund`s assets.

A Fund's investments in index-based derivatives will not be taken into account with regard to the specific investment limits. If a derivative is embedded in a security or money market instrument, it must be taken into account with regard to complying with the aforementioned prescriptions.

Intended Purpose

Derivative financial instruments may be used both as part of an investment strategy of the Investment Fund as well as for hedging purposes.

Risk management

The Management Company must employ a risk-management process that enables the monitoring and measuring the risk associated with the respective positions and their contribution to the overall risk profile of the Fund`s assets at any time.

The overall risk is to be calculated according to the commitment approach or the value-at-risk approach.

The Management Company must specify, implement, and maintain appropriate and documented risk management principles. These risk management principles must include procedures necessary for assessing market, liquidity, and counterparty risks as well as other risks, including operational risks.

The Management Company may enter into transactions with derivatives for the Investment Fund for the purpose of hedging assets and as part of the investment strategy. This may lead to at least a temporary increase in the risk of loss with respect to the Fund assets. You can find a detailed description concerning the use of derivatives and potential risks under item "Risk Information."

The overall risk related to the derivatives may not exceed the total net value of the Fund assets. When calculating the risk, the market value of the underlying assets, the default risk, future market fluctuations, and the liquidation date of the positions are taken into consideration. An Investment Fund may invest in derivatives as part of its investment strategy within the specific investment limits of the Fund regulations and the Investment Fund Act valid for the underlying assets, provided that the overall risk of the underlying assets does not exceed these specific investment limits.

The default risk of an Investment Fund with OTC derivatives may not exceed the following rates:

a) 10% of the Fund assets if the counterparty is a credit institution within the meaning of Directive 2002/12/EC or

b) otherwise 5% of the Fund assets.

An Investment Fund's investments in index-based derivatives will not be taken into account with regard to the specific investment limits. If a derivative is embedded in a security or money market instrument, it must be taken into account with regard to compliance with the aforementioned prescriptions.

Overall risk

Value at Risk (VAR) Approach

The Management Company uses the value at risk (VAR) approach for calculating risk. Value at risk provides information on the maximum anticipated loss that a portfolio may suffer with a certain probability (confidence) during a certain period (holding time). The following parameters are factored in during the calculation:

1. Confidence interval of 99%
2. Holding time of 20 days
3. An effective historic period of observation of at least a year that is taken as a basis for calculating volatilities. In the event that the equal weighting is deviated from, the weighted average may not be less than a period of six months.
4. Data updates each quarter, or more frequently if the market prices undergo considerable changes
5. Calculations at least once a day

The VAR is calculated via historic simulation in the Management Company.
Risk-adequate stress tests are conducted along with the VAR calculations. Back testing provides information on the prognosis quality of the model.

The assignable risk amount for the market risk of the Investment Fund is calculated using the absolute risk value (absolute VAR) of the portfolio and is limited to 19.0% of the total net value of the Fund assets. The absolute VAR limit is set based on an evaluation of the overall investment process. See above for further details on the investment process.

Leverage:
Provided that the Fund regulations of this Investment Fund permit derivatives to be used for speculation purposes, the Management Company may increase the level of investment of this Investment Fund by using derivatives within the limits (leverage) permitted in *InvFG*. The anticipated leverage, calculated as the “sum of the nominal values,” can amount to eleven times the total net value of the Fund assets (anticipated value based on past experience). This value is mainly the result of using money market futures. Money market futures have a mild effect on the VAR value of the Fund.

Demand deposits or callable deposits
Bank balances in the form of demand deposits or callable deposits with a maximum duration of 12 months may be acquired under the following conditions:
1. Demand deposits or callable deposits with a maximum duration of 12 months may be invested not more than 20% of the Fund´s assets with one and the same credit institution, provided that the respective credit institution
- has its registered office in a Member State
- is located in a third country and is subject to supervisory regulations that the FMA considers to be equivalent to those laid down by Community law.
2. Regardless of any individual limits, a Fund may invest not more than 20% of its assets with the same credit institution in the form of a combination of securities, money market instruments issued by this credit institution and/or deposits with this credit institution and/or OTC derivatives acquired from this credit institution.
3. No minimum bank balance is required.

Borrowing
Temporary loans of up to 10% of the Fund´s assets are permitted.
This means that the level of risk to the Fund may increase to the same extent.

Repurchase Agreements
Not applicable.

Securities Lending
Not applicable.

16. Risk profile of the Fund

The assets invested in by the Management Company on behalf of the Fund include both income opportunities and risks. If the investor sells Fund units at a time when the prices of the assets have fallen compared to the date they were acquired, the investor will not recover the full amount of the original investment in the Fund. However, the investor's risk is limited to the amount invested, and thus there is no additional payment liability.

The Fund exhibits an increased volatility due to the Fund’s composition or the management techniques used, i.e. the unit values may undergo great fluctuations, both up and down, even within brief periods.

The list is not concluding and mentioned risks listed may affect the Fund in varying degrees.

Risk notice for investments in shares and securities equivalent to shares:

It should be noted that such investments are subject to increased reliability risk, liquidity risk, market risk, credit risk, and price change risk, among others.

The following risks are generally associated by investing in funds:

- **Market Risk**

The performance of securities depends in particular on the development of capital markets, which themselves are influenced by the general state of the global economy and the basic economic and political conditions in the respective countries.

- **Interest Rate Risk**

One particular form of market risk is interest rate risk. This refers to the possibility that the market interest rate, existing at the time a fixed income security or a money market instrument is issued, may change. Changes in market interest rates may result from changes in the economic situation and subsequent policy reactions by the respective central bank, among other things. If market interest rates rise, then the prices of fixed-income securities and money market instruments generally drop. If, however, the market interest level drops, then there will be an inverse price trend on fixed-income securities and money market instruments.
In both cases, the price trend results in a security return that is roughly equivalent to the market interest rate. However, the outcome of these price fluctuations is different depending on the term of the fixed-income security. Thus, fixed-income securities with shorter durations generally have lower interest rate risk than longer term securities. Fixed-income securities with shorter terms generally have lower returns as opposed to fixed-income securities with longer terms.

- **Credit Risk and Issuer Risk**

In addition to the general trends on capital markets, specific developments of the respective issuers will also affect the price of a security.
Even when securities are selected with the utmost care, it is not possible to exclude losses due to the financial collapse of issuers, for example.

- **Settlement Risk and Counterparty Risk (Default Risk of the Counterparty)**

The risk that a settlement in a transfer system is not executed as expected because the counterparty's payment or delivery is not as expected or not in a timely manner. <u>Settlement risk</u> is the risk of not receiving appropriate consideration in return for payment upon fulfillment of a transaction.

Particularly when acquiring non-listed financial products or their settlement through a transfer agent, there is a risk of a completed transaction not being settled as expected because counterparty does not pay or deliver as expected or in a timely manner, or of losses occurring due to errors in the operational activities in the course of executing a transaction.

- **Liquidity Risk**

Taking the opportunities and risks of investing in stocks and bonds into account, the Management Company acquires securities that are officially admitted on Austrian and foreign stock exchanges or are traded on organized markets that are recognized and open to the public and offer a duly functionality.
Nevertheless, individual securities can cause the problem that they cannot be sold at the right time during certain phases or in certain market segments. There is also the risk of securities traded in a rather narrow market segment being subject to considerable price volatility.
Moreover, newly issued securities are acquired whose terms of issuance include an obligation to apply for admission to an official listing on a stock exchange or organized market, provided their admission will be granted within one year post the initial issuance.
The Management Company may acquire securities that are traded on a stock exchange or organized market in the EEA or on one of the stock exchanges or organized markets specified in the Annex to the Fund rules.

- **Exchange Rate or Currency Risk**

Currency risk represents another form of market risk. Unless otherwise specified, the Fund's assets may be invested in currencies other than its base currency. The Fund receives income, repayments and proceeds from such investments in the currencies in which it invests. The value of these currencies may fall in relation to the Fund currency. Therefore a currency risk exists and affects the value of the units insofar as the Fund invests in currencies other than its base currency.

- **Custody Risk**

The custody of Fund's assets include an inherent risk of loss that may be caused by insolvency, breaches of the duty of care or abusive conduct of the custodian or sub-custodian. In particular, the use of a prime broker as a custodian cannot, under certain circumstances, guarantee the same degree of safety as a bank serving as the custodian.

- **Concentration Risk**

Additional risks may arise, if the investment shows a concentration in certain assets or markets.

- **Performance Risk**

The value of assets acquired for the Fund may not perform in line with expectations at the time they were acquired. Thus, a positive performance cannot be guaranteed, except in the case of a guarantee granted by a third party.

- **Information concerning the performance of possible guarantors**

The investment risk increases or decreases depending on the performance of possible guarantors.

- **Inflexibility Risk**

The risk of inflexibility can be caused by both the product itself as well as by switching restrictions into other investment funds.

- **Inflation Risk**

The return on an investment may be negatively affected by inflation. The invested money may, on the one hand, be subject to a loss of purchasing power due to the depreciation of the value of money; on the other hand, the inflation trend may have a direct (negative) effect on the performance of assets.

- **Capital Risk**

The risk concerning the Fund's capital may primarily be caused by the fact that the sell price of an instrument can be lower than the purchase price. This also includes the risk of consumption due to redemptions and excessive distributions of investment returns.

- **Risk of changes in other basic conditions, such as tax regulations**

The value of the Fund's assets may be negatively affected by uncertainties in countries where investments are made, such as international political developments, a change in government policy, taxation, restrictions on foreign investments, currency fluctuations, and other developments in terms of legislation and regulation. Moreover, the Fund's assets can be traded on stock exchanges that are not as strictly regulated as those in the U.S. or in EU countries.

- **Valuation Risk**

Price determination for certain securities and other financial instruments on capital markets may be restricted, hampering the Fund's valuation, particularly in times of liquidity shortages experienced by market participants due to financial crises and a general loss of confidence. The Fund's Management may be forced to sell securities at prices deviating from the actual valuation prices in order to maintain the Fund's overall liquidity particularly if clients simultaneously redeem higher volumes of units.

- **Country or Transfer Risk**

Country risk refers to a situation where a foreign debtor, despite being solvent, is unable to make payments in a timely manner or even at all due to the inability or lack of willingness of the debtor's country of residence. For example, payments the Fund is entitled to may not occur or being paid in a currency that is not any more longer convertible due to foreign exchange restrictions.

- **Risk of suspension of the redemption**

In principle, unitholders may require the redemption of their shares at any time. However, the Management Company may temporarily suspend the redemption of units in case of exceptional circumstances, in which case the unit price may be lower than prior to suspension of redemption.

- **Key Personnel Risk**

The success of very positive Fund investment results in a certain period reflects the aptitude of the persons responsible and thus the correct decisions have been felt by the Management. However, the personnel composition of the Fund Management may change. New decision-maker may be less successful in their activities.

- **Operational Risk**

The Fund has a risk of loss resulting from inadequate internal processes and human error or system failure in the Management Company or due to external events plus legal and documentation risks as well as risks resulting from the Fund's trading, settlement and valuation procedures.

- **Risks associated with investments in investment funds (sub funds)**

The risks of sub funds purchased for the Fund are closely related to the risks of assets contained in these sub funds or the investment strategies pursued by them.
Since the Fund managers of each individual sub fund acts independently, it is possible for several sub funds to pursue identical or opposing investment strategies. Through this existing risks can be accumulated and possible opportunities can be neutralized.

- **Risk with Derivative Instruments**

The Management Company may acquire derivative instruments as part of the proper portfolio management under certain conditions and restrictions, provided that such transactions are expressly provided in the Fund rules.

Derivative instruments may include risks such as following:

a) The limited rights acquired may expire or decrease in value.
b) The risk of loss may not be calculable and may also exceed any collateral.
c) Transactions in which the risks are excluded or intended to be limited cannot be possible at all or can only be possible at a market price resulting in a loss.
d) The risk of loss may increase if the obligation arising from such transactions or the resulting consideration is in foreign currency.

The following additional risks may occur in transactions with OTC derivatives:

a) Problems with the sale of financial instruments acquired on the OTC market to third parties, as there is no organized market available; squaring of commitments that have been entered into can be difficult or involve considerable costs (liquidity risk) due to the individual agreement.

b) The economic success of the OTC transaction may be jeopardized by the default of the counterparty (counterparty risk).

17. Details about the method, amount, and calculation of the remuneration payable by the Fund to the management company, the custodian bank, or third parties and the reimbursement of costs to the management company, the custodian bank, or any third party by the fund

17.1. Management Fees

The Management Company will receive annual remuneration for its management activities of up to 0.25% of the Fund´s assets, which is accrued daily and calculated based on month-end data, which are adjusted by virtue of the accrual of fees.

If the Management Company makes use of its right pursuant to § 28 *InvFG*, the Fund Assets will also be debited for the services of the external manager with annual remuneration amounting to 2.25% of the Fund assets. This remuneration will be accrued daily and calculated based on the month-end values, which are adjusted by virtue of the accrual of fees.

Performance Fee
No performance fee applies.

17.2. Other Costs 1

In addition to the remuneration the Management Company is entitled to, the following expenses will be charged:

Transaction costs

This means the costs incurred in conjunction with the acquisition and sale of assets on behalf of the fund, unless they have already been taken into consideration as part of the transaction cost billing with regard to the price. (That currently refers to explicit costs.)

Settling of transactions: the Management Company points out that it can settle transactions for the Fund through a closely associated company, i.e. an affiliated company within the meaning of § 2 sec. 28 *BWG*.

Expenses for auditing (auditing of annual reports) and tax advice

The amount of the auditor’s remuneration will depend both on the Fund’s volume and on its investment principles. Expenses for tax advice include determining the tax data per unit for unit holders who do not have unlimited tax liability in Austria (and will be charged where applicable).

Publication costs

These costs include the costs incurred in conjunction with the preparation and publication of information required by law for unit holders in Austria and abroad. Moreover, all costs assessed by the supervisory authorities, costs resulting from the fulfillment of legal distribution requirements in any distribution countries, and costs by the Fund's tax representative abroad may be charged the Fund according to the legal admissibility. The costs for creating and using a permanent data storage medium (except for legally prohibited cases) are included.

Costs for the custodian bank

The custodian bank will charge the Fund its usual custody fees, coupon collection costs, including, where applicable, its usual charges for safekeeping of foreign securities abroad (securities custody fees).
The custodian bank will receive a monthly payment (custodian bank fee) for keeping the Fund accounts, for its daily valuation of the Fund, and for publishing the price.

Liquidation Fee

In case of the liquidation of the Investment Fund, the custodian bank will receive compensation of **0.5%** of the Fund´s assets; however, no less than EUR 1,850.

Costs associated with the services of external consultancy firms or investment advisers

External Fund Management:

Salus Alpha Capital GmbH, Wegacker 42, 9493 Mauren, Liechtenstein. No additional costs are incurred in this case; the fee for external management is already included in the management fee (see item 17.1 of this prospectus).

External consultancy firms or investment advisers:
Does not apply

The above positions are listed in the current annual Fund report under “Fund result,” sub item, “Expenses.”

Benefits:

VWG points out that, as a result of its management of the Fund, it will only collect (other monetary) benefits (e.g. for broker research, financial analyses, market and price information systems) if they are used in the interests of the unit holders.
VWG may grant reimbursements (by way of commission) from the collected management fee. Granting such reimbursements will not lead to any additional costs for the Fund.
Reimbursements granted by third parties (by way of commission) will be passed on to the Fund after reasonable expense allowances have been deducted and will be stated in the annual Fund report.

18. Details concerning external consultancy firms or investment advisers if their services are rendered under contract and their remuneration is taken from the Fund´s assets:

VWG utilizes the services of the following external consultancy firms or investment advisers:

External Fund Management:

Salus Alpha Capital GmbH, Wegacker 42, 9493 Mauren, Liechtenstein. No additional costs are incurred in this case; the fee for external management is already included in the management fee (see item 17.1 of this prospectus).

External consultancy firms or investment advisers:
Does not apply

19. Details concerning measures implemented for paying unit holders, repurchasing or redeeming units, and distributing information about the Fund

The issuing and redeeming of units and the execution of payments to unit holders has been delegated to the custodian bank. In this regard, for unit certificates represented in global certificates, dividend distributions or payments will be credited by the respective credit institution administering the unit holders securities account, which has either a direct or indirect custodian relationship with the custodian bank.
This also applies to units possibly sold abroad.
The Management Company will provide the prospectus, the Fund rules, the key investor information document, the annual and semiannual Fund reports free of charge, which, like the subscription and redemption prices, can be accessed from the website: www.valartisfunds.at (German documents). These documents are also available from the Management Company, the custodian bank, and the sales offices listed in the Annex.

20. Further Investment Information

§ 132 para. 4 *InvFG* 2011

Implementation Policy (Best Execution Policy) of Valartis Asset Management (Austria) Kapitalanlagegesellschaft m.b.H. – Brief Description of the Principles for Best Execution of Trading Decisions (§ 132 in conjunction with § 32 *InvFG* 2011)

The EU "Markets in Financial Instruments Directive" ("MiFID") is considered the heart of the Financial Services Action Plan (FSAP) of the European Commission. The MiFID establishes uniform rules for securities services within the European Economic Area (EEA). Its objective is a level playing field for investment services companies, investment firms and stock exchanges.
In addition to the extended requirements for business organization, the MiFID regulates the rules of good conduct and requirements for market transparency. This includes the most favorable execution (best execution) of orders for the client and trading transparency.

These two key points of the Directive are ensured by Valartis Asset Management (Austria) Kapitalanlagegesellschaft m.b.H. Valartis Asset Management (Austria) Kapitalanlagegesellschaft m.b.H. is bound to the best execution policy of the Valartis Group.

Several factors are used in selecting counterparties for securities transactions, derivative transactions, and liquidity management. The decision regarding the counterparties is being felt in consultation and common agreement with representatives from the Group (Valartis Bank AG and Valartis Bank (Austria) AG).

The following criteria serve as basis for the decision:
Strategic characteristics: existing contracts such as the Global Custodian Agreement, simplification of transactions (payment/delivery, STP), size and transaction-related concentration of counterparties.

Risk assessment: counterparty CDS spreads; counterparties will be changed if the counterparty CDS spreads are too high.

Conditions: checking on a "single trade basis" has been abandoned and is avoided, since, in addition to the conditions, it is primarily the quality of service and speed in execution and settlement of a trade that plays a significant role ("soft facts") .
The underlying conditions of transactions are being compared. Provided the conditions don't deviate significantly from market experience values(average values), risk assessment and strategic characteristics are being weighted more heavily.

The designated broker must select the place of execution in such a way that the total price calculated for Valartis Asset Management (Austria) Kapitalanlagegesellschaft m.b.H. is minimized for purchases and maximized for sales, taking into account the direct and indirect costs of execution, particularly those of third-party charges, fees, and commissions. In addition, the selection decision is made according to the following criteria, whereby the individual criteria are weighted by taking the characteristics of the client, the order, and the financial instruments concerned into account:

1. Speed

2. Probability of execution
3. Probability of transaction
4. Scope of order
5. Type of order
6. Other aspects

If the Fund management is delegated to a third party, the contractual agreements provide, that the third party is obliged to ensure the best execution of orders.

The management will review the selection of counterparties on an annual or incident related and will make necessary changes.

20.1. Past Fund’s performance (Where Applicable)

For current values, please refer to the “Key Investor Information Document.”

20.2. Profile of the typical investor for whom the Fund is designed

For current values, please refer to the “Key Investor Information Document.”

21. Economic Information: costs or fees except for those mentioned under 9 and 17, broken own according to those that are payable by the unit holder and those payable by the Fund

The custody fees for the units will be determined based on the agreement between the unit holder and the custodian.

Costs may be incurred upon redeeming unit certificates if they are returned to third parties.

No further costs will be incurred other than those listed in items 9 and 17.

SECTION III

INFORMATION ABOUT THE CUSTODIAN BANK

1. Company name, legal form; registered office and head office location if different from the registered office

The custodian bank is Kathrein Privatbank Aktiengesellschaft
Wipplingerstrasse 25
1010 Vienna

2. Main Activities and Tasks of the Custodian Bank

Pursuant to the approval GZ 25 6869/0004-INV/2013 by the FMA, the custodian bank has assumed the function of custodian bank for the Fund. Appointing or changing the custodian bank requires the approval of the FMA. This approval may only be granted if it can be assumed that the credit institution will guarantee the fulfillment of the tasks of a custodian bank. The appointment or change of the custodian bank must be published; such publication must point out the approval notice.
The custodian bank is a credit institution under Austrian law. Its principle areas of business are clearing, deposits, loans, and securities transactions.

Pursuant to *InvFG*, the custodian bank is responsible for the safekeeping of the Fund assets and administering the Fund's accounts and securities accounts. In particular, it must ensure with transactions relating to the Fund assets that it is immediately remitted the consideration and that the Fund's income will be used pursuant to the provisions of this federal act and the Fund regulations.

Furthermore, the following tasks will be assumed by the custodian bank (list if applicable):

- Valuation and pricing (including tax returns)
- Monitoring compliance with legal regulations
- Profit distribution as resolved by the Management Company
- Issuing and redeeming units
- Contract settlements (including the sending of certificates)

Out of the accounts that it holds for the Fund, the custodian bank must pay the Management Company any remuneration to which it is entitled under the Fund rules and reimburse any expenses associated with the Fund's management. The custodian bank is entitled to deduct any remuneration from the Fund to which it is entitled for its safekeeping of the Fund's securities and for keeping the accounts. Concerning these activities, the custodian bank may only act on the basis of instructions given by the Management Company.

Valartis Asset Management (Austria)
Kapitalanlagegesellschaft m.b.H.

Managing Director Managing Director

SECTION IV

ANNEX

List of All Company-Managed Funds

1. Valartis Vorsorge
2. Valartis Dollar Bond Fund
3. Valartis Euro Bond Fund
4. Valartis Russian & CIS Fixed Income Fund
5. Perpetuum Fund
6. Global Return Fund
7. Trend Concept
8. Wealth Generation Fund
9. Valartis Income EURO
10. Valartis Balanced EURO
11. Zelos 1 Value
12. Zelos 2
13. Dea Dia Spezialfonds
14. European High Yield Bond Fund
15. Global Emerging Markets Bond Fund
16. Global Emerging Markets Equity Fund
17. Kathrein SF27
18. Kathrein SF40
19. Kathrein SF59
20. Dr. Peterreins Total Return I
21. Dr. Peterreins Total Return II
22. Dr. Peterreins Global Strategy Fund
23. Low-Correlation World Fund
24. Salus Alpha Directional Markets

Shareholders

Valartis Bank (Austria) AG, Vienna
Valartis Group AG, Switzerland

Sales Offices

Valartis Bank (Austria) AG
Rathausstrasse 20
A-1010 Vienna

Fund Rules according to *InvFG* 2011

The Fund rules for the Investment Funds **Salus Alpha Directional Markets**, a co-ownership fund according to the **Austrian Investment Fund Act 2011 (*Investmentfondsgesetz 2011 – "InvFG"*), as amended**, have been approved by the Austrian Financial Market Authority ("FMA").

The Investment Fund is an Untertaking for Collective Investment in Transferable Securities (UCTIS) and is managed by Valartis Asset Management (Austria) Kapitalanlagegesellschaft m.b.H. (hereinafter referred to as the "Management Company"), with its registered office in Vienna.

Article 1 Co-Ownership Shares

The co-ownership units are embodied by units (certificates) and are considered as securities issued to bearers.

The units are represented in global certificates. Accordingly, physical securities certificates may not be issued.

Article 2 Custodian Bank (Depositary)

The custodian bank (depositary) appointed for the Investment Fund is Kathrein Privatbank Aktiengesellschaft, Vienna.

Paying agents for units are the custodian bank (depositary) and other paying agents as specified in the prospectus.

Article 3 Investment Instruments and Principles

As stipulated by the Investment Fund Act, the following assets may be selected for the Investment Fund:

Salus Alpha Directional Markets invests up to 100% of the Fund assets in shares and share-equivalent securities and up to 100% of the Fund assets in bonds and other securitized debt in the form of individual securities acquired directly and thus not via investment funds.
Issuers are not subject to any geographical limitations with respect to their registered office, any sectorial limitations with respect to their business purpose, nor any size limitations with respect to their market capitalization.

Derivative instruments can be used not only for minimizing risk (hedging), but also for speculation. In doing so, derivatives traded on a stock exchange may be acquired on financial indices, interest rates, exchange rates, and/or currencies. With respect to the total net value of the assets in the Fund, both derivatives that serve the purpose of hedging as well as those that do not serve the purpose of hedging may play a considerable role.

Only such derivatives may be used for underlying assets that entail financial indices, interest rates, exchange rates, or currencies.

The Investment Fund is actively managed. Cash reserves and money market investments may be used as defensive instruments.

The following investment instruments will be acquired for the Fund assets while observing the above-described investment emphases.

Securities

Securities (including securities with embedded derivative instruments) may be acquired **up to 100%** of the Fund assets.

Money market instruments

Money market instruments may be acquired **up to 100%** of the Fund assets.

Securities and money market instruments

Securities or money market instruments issued or guaranteed by **the Republic of Austria or its states: Burgenland, Carinthia (Kärnten), Lower Austria (Niederösterreich), Upper Austria (Oberösterreich), Salzburg, Styria (Steiermark), Tyrol (Tirol), Vorarlberg, and Vienna, the Federal Republic of Germany or its states: Baden-Württemberg, Bavaria (Bayern), Berlin, Brandenburg, Bremen, Hamburg, Hesse (Hessen), Mecklenburg-Vorpommern, Lower Saxony (Niedersachsen), North Rhine-Westphalia (Nordrhein-Westfalen), Rhineland-Palatinate (Rheinland-Pfalz), Saarland, Saxony (Sachsen), Saxony-Anhalt (Sachsen-Anhalt), Schleswig-Holstein, and Thuringia, Australia, Mexico, Belgium, New Zealand, Chile, the Netherlands, Denmark, Norway, Estonia, Poland, Finland, Portugal, France, Sweden, Greece, Switzerland, Ireland, the Slovakian Republic, Iceland, Slovenia, Israel, Spain, Italy, the Czech Republic, Japan, Turkey, Canada, Hungary, Korea, the United Kingdom, Luxemburg, the United States, Russia, Brazil, Indonesia, China, South Africa, and India** may be purchased **at more than 35%** of the Fund assets, provided that the Fund assets are invested in at least six different issues, whereby an investment in one and the same issue may not exceed **30%** of the Fund assets.

The acquisition of not fully paid securities or money market instruments and issue rights for such instruments or other not fully paid financial instruments is permissible **up to 10%** of the Fund´s assets.

Securities and money market instruments may be acquired if they meet the criteria of listing or trading on a regulated market or a stock exchange according to *InvFG*.

Securities and money market instruments that do not meet the criteria outlined in the paragraph above may be acquired **up to 10%** of the Fund´s assets.

Units in investment funds

Units of investment funds (UCITS, UCI) may be acquired **up to 10%** of the Fund´s assets **individually** and **up to 10%** of the Fund assets **total**, provided they (UCITS or UCI) do not themselves invest more than 10% of the Fund´s assets in units of other investment funds in each case.

Derivative instruments

Derivative instruments may be used as part of the investment strategy **up to 100%** of the Fund assets and for hedging.

Risk measurement method(s) for the Investment Fund:

The Investment Fund uses the following risk measurement method:

Value at Risk (VAR)
The VAR is calculated pursuant to the 4th chapter of the 4th Austrian Derivatives Risk Calculation and Reporting Ordinance (*Derivate-Risikoberechnungs- und Meldeverordnung*), as amended.

Absolute VAR
The assignable risk amount for the overall risk, calculated as a value at risk of investments made in the Fund, is limited to 19.0% of the net asset value of the Fund assets (absolute VAR).

Demand deposits or callable deposits

Demand deposits or callable deposits with a maturity of max. 12 months may be held for **up to 100%** of the Fund´s assets.

No minimum bank balance is required.

Short-Term Loans

The Management Company may take out short-term loans on behalf of the Investment Fund **up to 10%** of the Fund´s assets.

Repurchase agreements

Not applicable.

Securities lending

Not applicable.

Please see the prospectus for further details concerning Article 3.

Article 4 Methods for Issue and Redemption

The unit value is calculated in **EUR**. The value of units will be calculated on each trading day.

Issuance and front load

The issue price is the unit value plus a surcharge per unit of **up to 5.5%** to cover the Managing Company's issuing costs, rounded up to the next cent.

The issuance of units is generally not restricted. However, the Management Company reserves the right to discontinue the issuance of units temporarily or completely.

Redemptions and redemption fee

The redemption price is the unit value rounded down to the nearest cent.

Remuneration for the Asset Management Company of up to 4.45% is deducted from the redemption price when unit certificates are redeemed.

At the request of a unit holder, the units of the Investment Fund must be paid out at the applicable redemption price by returning the units.

Article 5 Accounting Year

The Investment Fund's accounting year is the period from December 01 until November 30 of the following calendar year.

Article 6 Unit Classes and Use of Income

For the Investment Fund, dividend paying units and/or income-retaining units may be issued with withholding tax deduction and/or income-retaining unit certificates without withholding tax deduction.

Appropriation of Income for Dividend Paying Units

Income earned during the accounting year (interest and dividends) may be distributed after costs at the discretion of the Management Company. A distribution may be omitted upon taking the interests of the unitholders into due consideration. The distribution of revenues from the sale of Fund assets, including issue rights, is likewise at the discretion of the Management Company. Distributing Fund assets as well as interim dividend distributions are

permitted.
The Fund assets may never fall beneath the minimum amount for termination as stipulated by law due to dividend distributions.

The amounts must be distributed to the unit holders of dividend paying units as of January 15 of the following accounting year; the remainder will be carried forward to a new account.

In any case, the amount calculated according to *InvFG* must be paid out as of January 15, and this amount is to be used, if applicable, to cover the obligatory withholding tax accrued on the distribution-equivalent income of the units.

Appropriation of Income for Income-Retaining Units with Withholding Tax Deduction

The income earned during the accounting year after costs have been covered will not be distributed. For income-retaining units, the amount calculated according to the *InvFG* must be paid out as of January 15, and this amount is to be used, if applicable, to cover the obligatory withholding tax accrued on the distribution-equivalent income of the units.

Appropriation of Income for Income-Retaining Units without Withholding Tax Deduction

The income earned during the accounting year after costs have been covered will not be distributed. No payment is made according to the *InvFG*. The relevant date for omitting the withholding tax payment on the annual yield according to the *InvFG* is January 15 of each following accounting year.

By providing corresponding proof from the custodian banks, the Management Company ensures that, at the time of payment, the units can only be held by unit holders who are either not subject to domestic income tax or corporate income tax or who fulfill the requirements for an exemption according to § 94 of the Income Tax Act or for exemption from capital gains tax.

If these requirements are not met at the time of payment, the amount calculated according to the *InvFG* will be paid with a credit voucher from their respective custodian bank.

Article 7 Management Fee, Reimbursement of Expenses, Liquidation Fee

The Management Company will receive annual remuneration for its management activities of up to **2.5%** of the Fund assets, and this compensation will be calculated pro rata based on month-end data.

The Management Company is entitled to reimbursement of all expenses incurred by managing the Fund.

For liquidating the Investment Fund, the custodian bank will receive compensation of **0.5%** of the Fund assets; however, not less than EUR 1,850.00.

Please refer to the prospectus for further details and explanations concerning this Investment Fund.

Annex

List of Stock Exchanges with Official Trading and of Organized Markets

1. Stock Exchanges with Official Trading and Organized Markets in the Member States of the EEA

In accordance with Article 16 of the Directive 93/22/EEC (Investment Services Directive – “ISD”), each Member State is required to maintain an updated list of its licensed markets. This information must be communicated to the other Member States and the Commission.

Pursuant to this provision, the Commission is required to publish annually a list of the regulated markets of which it has been notified.

As a result of lower entry barriers and specialization in trading segments, the list of “regulated markets” is subject to greater changes. Consequently, in addition to the annual publication of a list in the Official Journal of the European Communities, the Commission will provide an updated version on its official Internet site.

1.1. The current list of regulated markets is available at:

http://mifiddatabase.esma.europa.eu/Index.aspx7sectionlinks_id=23&lanauaae=0&paaeName=REGULATED_MARKETS_Display&subsection_id=0[1]

1.2. The following stock exchanges are to be included in the list of *Regulated Markets*:

1.2.1.	Luxembourg	Euro MTF Luxembourg

1.3. Pursuant to § 67 para. 2 no. 2 *InvFG*, *Recognized Markets* in the EU:

1.3.1.	Great Britain	London Stock Exchange Alternative Investment Market (AIM)

2. Stock Exchanges in European States that Are Not Member States of the EEA

2.1.	Bosnia Herzegovina:	Sarajevo, Banja Luka
2.2.	Croatia:	Zagreb Stock Exchange
2.3.	Montenegro:	Podgorica
2.4.	Russia:	Moscow (RTS Stock Exchange); Moscow Interbank Currency Exchange (MICEX)
2.5.	Switzerland:	SWX Swiss-Exchange
2.6.	Serbia:	Belgrade
2.7.	Turkey	Istanbul (affects only the "National Market" stock exchange)

3. Stock Exchanges in Non-European States

3.1.	Australia:	Sydney, Hobart, Melbourne, Perth
3.2.	Argentina	Buenos Aires
3.3.	Brazil:	Rio de Janeiro, Sao Paulo
3.4.	Chile:	Santiago
3.5.	China:	Shanghai Stock Exchange, Shenzhen Stock Exchange
3.6.	Hong Kong:	Zagreb Stock Exchange
3.7.	India:	Mumbai
3.8.	Indonesia:	Jakarta
3.9.	Israel:	Tel Aviv
3.10.	Japan:	Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima
3.11.	Canada:	Toronto, Vancouver, Montreal

[1] Click on “View all” to open the list. The link may be changed by the FMA or the ESMA.
[Once you get to the FMA website, you will see the following list:
http://www.fma.gv.at/de/unternehmen/boerse-wertpapierhandel/boerse.html - Scroll down - Link “List of regulated markets (MiFID Database; ESMA)” – “View all”]

3.12	Colombia:	Bolsa de Valores de Colombia
3.13.	Korea:	Korea Exchange (Seoul, Busan)
3.14.	Malaysia:	Kuala Lumpur, Bursa Malaysia Berhad
3.15.	Mexico:	Mexico City
3.16.	New Zealand:	Wellington, Christchurch/Invercargill, Auckland
3.17	Peru	Bolsa de Valores de Lima
3.18.	Philippines:	Manila
3.19.	Singapore	Singapore Stock Exchange
3.20.	South Africa:	Johannesburg
3.21.	Taiwan:	Taipei
3.22.	Thailand:	Bangkok
3.23.	USA:	New York, American Stock Exchange (AMEX), New York Stock Exchange (NYSE), Los Angeles/Pacific Stock Exchange, San Francisco/Pacific Stock Exchange, Philadelphia, Chicago, Boston, Cincinnati
3.24.	Venezuela:	Caracas
3.25.	United Arab Emirates:	Abu Dhabi Securities Exchange (ADX)

4. Organized Markets in States that Are Not Member States of the European Community

4.1.	Japan:	Over the Counter Market
4.2.	Canada:	Over the Counter Market
4.3.	Korea:	Over the Counter Market
4.4.	Switzerland:	SWX-Swiss Exchange, BX Berne eXchange; Over the Counter Market of the members of the International Capital Market Association (ICMA), Zurich
4.5.	USA:	Over the Counter Market in the NASDAQ System, Over the Counter Market (markets organized by NASD such as Over the Counter Equity Market, Municipal Bond Market, Government Securities Market, Corporate Bonds and Public Direct Participation Programs) Over the Counter Market for Agency Mortgage-Backed Securities

5. Stock Exchanges with Future and Options Markets

5.1.	Argentina	Bolsa de Comercio de Buenos Aires
5.2.	Australia:	Australian Options Market, Australian Securities Exchange (ASX)
5.3.	Brazil:	Bolsa Brasiliera de Futuros, Bolsa de Mercadorias & Futuros, Rio de Janeiro Stock Exchange, Sao Paulo Stock Exchange
5.4.	Hong Kong:	Hong Kong Futures Exchange Ltd.
5.5.	Japan:	Osaka Securities Exchange, Tokyo International Financial Futures Exchange, Tokyo Stock Exchange
5.6.	Canada:	Montreal Exchange, Toronto Futures Exchange
5.7.	Korea:	Korea Exchange (KRX)
5.8.	Mexico:	Mercado Mexicano de Derivados
5.9.	New Zealand:	New Zealand Futures & Options Exchange
5.10.	Philippines:	Manila International Futures Exchange
5.11.	Singapore:	The Singapore Exchange Limited (SGX)
5.12.	Slovakia:	RM-System Slovakia
5.13.	South Africa:	Johannesburg Stock Exchange (JSE), South African Futures Exchange (SAFEX)
5.14.	Switzerland:	EUREX
5.15.	Turkey:	TurkDEX

5.16. USA: American Stock Exchange, Chicago Board Options Exchange, Chicago, Board of Trade, Chicago Mercantile Exchange, Comex, FINEX, Mid America Commodity Exchange, ICE Future US Inc. New York, Pacific Stock Exchange, Philadelphia Stock Exchange, New York Stock Exchange, Boston Options Exchange (BOX)

ANNEX B

Additional Information for Resident Investors Subject to Tax in the Federal Republic of Germany

The German Federal Financial Supervisory Agency has been notified of the sale of Capital Investment Fund units in the Federal Republic of Germany pursuant to § 310 of the German Capital Investment Law Code.

Paying and Information Agent in Germany

CACEIS Bank Deutschland GmbH
Lilienthalallee 34 – 36
D-80939 Munich

functions as the paying and information agent within the meaning of the provisions of the German Capital Investment Law Code.

Units are issued and redeemed in the Federal Republic of Germany via the aforementioned paying and information agent, where units in Salus Alpha Directional Markets can be subscribed and redeemed in the Federal Republic of Germany. Issue and redemption prices can be viewed at the information agent free of charge.

Redemption payments, any distributions, and other payments to the unitholders are also made via this paying and information agent in the Federal Republic of Germany. They can also be made in cash in euros upon the unitholders' request.
Unitholders can obtain the Current Prospectus, Simplified Prospectus, General and Special Fund Regulations, Annual and Semiannual Fund Reports, as well as Issue and Redemption Prices free of charge at the paying and information agent in the Federal Republic of Germany. The agreement with Kathrein Privatbank Aktiengesellschaft as the custodian bank can also be viewed at this agent.

Publications

Issue and redemption prices are published on the Internet at www.profitweb.at as well as at www.valartisfunds.at.
Any notifications for the unitholders in the Federal Republic of Germany are published in the electronic German Federal Gazette.

Tax Representation in Germany within the Meaning of § 5 *InvStG* (German Investment Tax Act)

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft
Mergenthalerallee 3-5
D-65728 Eschborn

The tax-related handling of Fund income (for non-resident taxpayers) depends on the respective national tax legislation. We recommend consulting with a tax expert.