

**Client information within the framework of new statutory provisions**

New statutory provisions for asset management companies are set to come into force on 1 November 2007 in the Principality of Liechtenstein within the context of the implementation of the EU Markets in Financial Instruments Directive (in short: MiFID). These provisions oblige all such companies to provide their clients with detailed information about offered services and products. The AIF Alternativ Invest Finance AG (AIF AG) already provided you with extensive information within the framework of the conclusion of the contract. We now take the opportunity to comply with the further statutory regulations as follows:

**1. Information about financial instruments**

In accordance with Art. 16 of the Liechtenstein Asset Management Act [Vermögensverwaltungsgesetz ("VVG")] in conjunction with the Directive concerning Client Information of the Bank Ordinance [Bankenverordnung] (Appendix 7.3), clients and potential clients must be provided with a reasonable level of information pertaining to financial instruments. This information must contain an adequately detailed general **description of the nature and the risks of the financial instruments**, thus enabling the client to take his investment decisions on an adequately informed basis.

You will be able to find all of this information in the enclosed brochure published by the Liechtenstein Bankers Association on "Risks in Securities Trading", which contains all necessary information about financial instruments. If we have not yet provided you with a copy of this brochure, it is enclosed with this letter.

## 2. Client communication

You can contact AIF Alternativ Invest Finance AG, Giessenstrasse 2, Postfach 9, 9491 Ruggell (AIF) under the following

Telephone number: 00423 375 0333

Fax number: 00423 375 0334

e-mail address: [info@aif.li](mailto:info@aif.li)

Insofar as client communication is not regulated in the asset management mandate, you may communicate with us at any time in German or English, and will always receive the corresponding documents of the AIF in the German language.

In your capacity as a client, AIF will as a rule communicate with you by letter, and if necessary by fax as well. If you contact AIF using electronic means of communication, e.g. e-mail, then AIF shall reserve the right to contact you by the same means. However, we wish to draw your attention to the fact that the use of e-mails entails certain risks with respect to confidentiality.

## 3. Financial Market Authority

AIF is subject to the supervision of the Liechtenstein Financial Market Authority FMA, Heiligkreuz 8, PO Box 684, LI-9490 Vaduz ([www.fma-li.li](http://www.fma-li.li)).

## 4. Client classification

We wish to inform you that we have classified you as a non-professional client, because this means you enjoy the highest level of protection. You may apply to be reclassified to a lower level of protection, insofar as certain criteria are fulfilled. Upon request, we shall be pleased to explain the relevant conditions.

## 5. Client reporting

It is essentially the case that AIF will provide a schedule of the asset management services on a six-monthly basis. This period may be reduced to three months, should you wish. If this is the case, we kindly ask you to notify us in writing.

If a credit-financed financial portfolio has been approved between AIF and the client, then the company will report on a monthly basis.

Insofar as the client wishes to be given a settlement for each individual security, then AIF shall reserve the right to extend the reporting duty to an annual interval.

## **6. Measures to protect the entrusted client assets**

AIF merely renders asset management services. It does not itself hold any of the financial instruments of the client for safekeeping.

## **7. Dealing with potential conflicts of interest**

We have enclosed a copy of Information on Dealing with Potential Conflicts of Interest with this document. For more detailed policies on dealing with conflicts of interest, see our homepage under [www.aif.li](http://www.aif.li).

## **8. Benchmarking**

To portray the financial portfolio administration in a transparent manner, we use a so-called benchmark as a valuation method. The benchmark differs in terms of the respective client portfolios, and is defined in accordance with the investment goal and investment strategy.

In the case of individually-compiled custody accounts and special client wishes, the benchmark will in each case either be individually agreed with the client, or the use of a benchmark will be waived.

## **9. Investment goals**

AIF will reach an agreement with you on the investment goals, the risk level which must be taken into account by the asset manager, and any possible special restrictions pertaining to this discretion, insofar as this has not already been done.

## **10. Valuation of financial instruments**

AIF will use the following valuation criteria to value the financial instruments held in the client portfolio:

- Investment funds will always be valued in accordance with the unit prices published by the respective investment fund company.
- The value of listed securities will be determined in accordance with the respective end-of-trading prices of the most liquid market for these securities.
- If no stockmarket price is provided for the financial instrument, then [...] - Vermögensverwaltungs-Gesellschaft shall determine the market value using general valuation principles.
- The valuations of the financial instruments in the client portfolio will be performed at the latest with respect to the agreed reporting deadlines.

## **11. Execution of orders**

As a rule, the custodian bank will be responsible for the execution of orders. The custodian bank will report its order execution principles to its clients. Insofar as AIF presents its clients with a choice of custodian banks, or places orders with securities traders or brokers directly, then it shall inform its clients about the criteria which determined its choice in a so-called execution policy.

The company may possibly pool client orders, before forwarding these for execution in the form of a collective order. If this collective order is executed at different prices, then the company shall arrange the allocation to the individual client custody accounts on the basis of average figures. This will minimise – but will not eliminate – the chance of a client being disadvantaged.

## **12. Costs**

The costs are set out in the asset management mandate, and can be studied there.

It is possible that further costs and taxes may be imposed upon the client arising out of the asset management in conjunction with the financial instruments and securities services which have been procured on his behalf. These will not necessarily be covered by the overall fee, and will then be invoiced to the client.

Payment will be performed by means of a debit from the asset management account of the investor using the direct debit procedure. This means the client will be able to raise an objection.

### **13. Information for existing clients**

As an existing client, you will have received a great deal of information from us in the past which may in part be duplicated by the present document. Insofar as this is made necessary by the new statutory provisions, whether with respect to the details for the client profile or in terms of the asset management agreement, we shall contact you within the next few weeks. In other respects, you may rest assured that the information with which you have been provided in the present document complies with the new statutory provisions.

