



Upravljanje z investicijskimi skladi, d.o.o., Koper

PROSPECTUS
of the mutual fund
Lillywhite 7 Rock,
Multi-Asset Global Flexible Fund
INCLUDING RULES OF MANAGEMENT

The Securities Market Agency has approved the publishing of the prospectus including rules of management on 22.5.2019.

The date of entry into force of the last amended rules of management of the mutual fund Lillywhite 7 Rock, Multi-Asset Global Flexible Fund: 28.6.2019.

The mutual fund Lillywhite 7 Rock, Multi-Asset Global Flexible Fund is in line with the Directive 2009/65/EC of the European Parliament and the European Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities.

ACCESS TO THE AUDITED ANNUAL AND SEMI-ANNUAL REPORTS OF THE FUND

The latest published, audited annual and semi-annual reports of the mutual fund Lillywhite 7 Rock, Multi-Asset Global Flexible Fund (hereinafter: the Fund) are available to the investors free of charge at all subscription points of PRIMORSKI SKLADI, Upravljanje z investicijskimi skladi, d.o.o., Koper (hereinafter: the Management Company). The investor may also request a printed copy of the Key Investor Information document (KIID), the Prospectus including rules of management, and audited annual and semi-annual reports of the Fund, free of charge.

MANNER OF DELIVERING THE PROSPECTUS INCLUDING RULES OF MANAGEMENT, KIID AND AUDITED ANNUAL AND SEMI-ANNUAL REPORTS OF THE FUND

The Prospectus, the KIID and audited annual and semi-annual reports of the Fund are provided to investors in a printed form, as well as on a durable medium which is not a printed copy, to an e-mail address of an individual investor or through the website of the Management Company if the following conditions are met:

- the investor can choose between information on paper or on another durable medium or via the website;
- the investor has to be notified via e-mail about the address of the website and part of the website where they can access the data;
- the investor must specifically consent to that form of providing data; and
- manner of providing information on a durable medium which is not a printed copy is appropriate according to the circumstances in which the business is performed between the Management Company and the investor.

All documents about the Fund are publicly available on the Management Company's website at www.primorski-skladi.si.

Investors may obtain additional information about the management and investment coupons of the Fund at the telephone number +386 (5) 66 33 150.

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BASIC INFORMATION ABOUT THE FUND

The Fund is structured in accordance with the laws of the Republic of Slovenia which regulate the management of investment funds.

The Securities Market Agency (hereinafter: the Agency) has issued a license for the management of the Fund on 14.6.2017.

The Fund is not a separate legal entity but constitutes the pool of assets managed by the Management Company in accordance with the principles of diversification, in the sole interest of the Fund's investment coupon holders. The Fund is defined by a specific investment objective and policy.

The assets and liabilities of the Fund are separated from the assets and liabilities of the Management Company and the custodian of the Fund.

FUND MANAGER

The Fund is managed by PRIMORSKI SKLADI, Upravljanje z investicijskimi skladi, d.o.o., Koper, Pristaniška ulica 12, 6000 Koper, the Republic of Slovenia (www.primorski-skladi.si).

CUSTODIAN OF THE FUND

The custodian bank of the Fund is Banka Intesa Sanpaolo, d.d., Pristaniška ulica 14, 6000 Koper, the Republic of Slovenia.

EXTERNAL AUDITOR OF THE FUND

The last external audit of the business of the Fund was carried out by RE-MEMBER revizija, d.o.o., Frankopanska ulica 21, 1290 Grosuplje, the Republic of Slovenia.

SUPERVISOR OF THE MANAGEMENT COMPANY

Supervision of the operations of the Management Company is carried out by Agencija za trg vrednostnih papirjev (the Securities Market Agency), Poljanski nasip 6, Ljubljana, the Republic of Slovenia (www.a-tvp.si).

THE FUND'S RULES OF MANAGEMENT

An integral part of this Prospectus lays out the Fund's rules of management.

The Fund's rules of management govern the content of the legal relations between the Management Company that manages the Fund and holders of the Fund's investment coupons, and cover the following areas:

- the investment objectives and policies of the Fund, including restrictions on investments and borrowing of the Fund (Chapter 1);
- method of administration (retention or distribution) of net profit/income of the Fund (Chapter 5);
- types of costs directly and indirectly borne by the holders of the Fund's investment coupons (Chapter 6);
- the Fund's currency and the calculation period of the total net asset value and the net asset value of the Fund's unit (Chapter 4);
- method of informing investors about the financial and legal status of the Fund, its operations, and legal and business events associated with the Fund and/or the Management Company (Chapter 9);
- the rights of the holders of the Fund's investment coupons, features of potential classes of investment coupons, investment coupons pay in and the pay-out processes and the method of calculation of their purchase and redemption values, including the conditions and limitations relating to the purchases and redemptions of securities and details on the manner and process of such purchases and redemptions, the conditions and circumstances under which the Management Company may impose a temporary suspension of payments and/or redemptions of investment coupons or introduce a temporary partial redemptions of the Fund's investment coupons, and the process of implementation of these measures and information on the possibility of trading with investment coupons on a regulated market (Chapter 10);
- the duration of the Fund, the process of transferring the management of the Fund to another management company, the replacement of the custodian of the Fund, mergers of investment funds, the reasons for liquidation pursuant to the decision of the Management Company and the process of liquidation of the Fund (Chapter 11).

AMENDMENTS OF THE RULES OF MANAGEMENT

The Management Company may amend the rules of management of the Fund only with the prior consent of the Agency. If the Management Company wishes to fundamentally amend the investment policy of the Fund it must obtain an approval from the Agency for such amendments. It is considered that the Agency has issued an approval for a fundamental change in the investment policy by issuing consent for the change in the Fund's rules of management.

The Management Company will publish a notice of amendment to the rules of management of the Fund on its website www.primorski-skladi.si within 8 days of receiving the Agency's consent to change the rules of management of the Fund. In the event of the amendments related to the investment rules or direct or indirect costs connected with the investment into the Fund, the Management Company will inform each holder of the Fund's investment coupons with a written notice of the change in those rules within 15 days of receipt of the Agency's consent.

In both public notice and written notice to the holders of the Fund's investment coupons the following content will be provided: the date of obtaining the consent of the Agency, the date of enforcement of the new rules of management and the date from which the text of changes and the consolidated text of the amended rules of management will be available to the investors on the Management Company's website (www.primorski-skladi.si). The texts will be published on a public website no later than on the date on which the holders of investment coupons will be informed directly of the change in the Fund's rules of management.

In the written notice to holders of the Fund's investment coupons, the Management Company will describe the key amendments to the rules of management, explain the reasons for amendments, define their consequences, particularly in terms of changes in estimates of costs and risks for investors, explain the effects of potential changes to the investment policy for the holders of investment coupons, inform holders that the previous rules of management are valid until the date of enforcement of the new rules of management, and inform the investors that the text of the amended management rules and consolidated text of the amended management rules are available on the Management Company's website (www.primorski-skladi.si). The Management Company is obliged to send to the holders of the Fund's units upon their request a consolidated text of revised rules of management and draw attention to the changes in the text in printed form and/or on another durable medium, if this is the normal manner of exchanging information between the Management Company and the holder of the Fund's investment coupons.

The normal manner of exchanging information shall be sending notifications directly by post to the address indicated by the holder in the subscription form or by e-mail if the holder has provided an email address to the Management Company for the purpose of mutual business and the coupon holder has agreed on receiving the information in this manner.

Amendments of the managements rules go into force:

- with the expiry of one month from publication, if they refer to at least one of the following changes of the rules of management:
 - the investment rules of the Fund;
 - the amount of subscription or redemption charges which are to be paid to the Management Company, and the manner in which they are calculated;
 - the amount of management fee which is to be paid to a Management Company, and how it is calculated;
 - other costs incurred from operations of the Fund;
 - the costs for the provision of custody services which are to be paid to the custodian, and how they are calculated;
 - other costs borne by the assets of the Fund and paid to the custodian;
 - any additional costs borne by the Fund's assets;
 - indication of where the investor can obtain available information on all costs of the Fund;
- with the expiry of 8 working days from the publication, if the changes do not relate to any of the changes in rules of management mentioned in the previous indent of this paragraph.

DEFINITIONS OF BASIC TERMS AND ABBREVIATIONS

The Agency (the Securities Market Agency, SMA) – A supervisory institution established under the law that governs the financial instruments market and supervises the participants on this market, and performs other tasks as specified by regulations. The Agency shall exercise the tasks in order to ensure the conditions for the efficient functioning of the financial instruments market and investors' confidence in it.

Alternative investment fund – Any investment fund which is not a UCIT fund, regardless whether the assets are publicly collected or not.

The Banking Act (ZBan-2) – The law that governs the credit institutions incorporated in the Republic of Slovenia and the conditions, under which the persons located outside the Republic of Slovenia, provide services in the Republic of Slovenia (Official Gazette of RS, no. 25/15, as amended).

The Companies Act (ZGD-1) – The act which governs the operation of companies (Official Gazette of RS, no. 42/06, as amended).

The Corporate Income Tax Act (ZDDPO-2) – The act which governs the system and introduces the obligation to pay tax on the corporate income (Official Gazette of RS, no. 117/06, as amended).

Credit rating – Rating in the form of alphanumeric codes assigned to debt instruments (bonds, money market instruments) by globally recognized rating agencies Standard & Poor's (S & P), Fitch and Moody's. The rating identifies the issuer's ability to meet the obligations incurred by the debtor from the issued instrument, i.e. to repay the principal and pay interest. The ratings are divided into two major groups. The first one includes instruments of quality issuers that fall within the investment grade ("investment grade"), and the other outside the investment grade ("non-investment grade"). There is a third group of instruments that do not have a credit rating, and are generally deemed as the most risky. The investment grade includes bonds (long-term debt) with a rating of at least BBB- (and to the highest AAA) at agencies S&P and Fitch, and rating of at least Baa3 (and all the way to AAA) at Moody's. Short-term debt in investment grade the money market instruments include the ratings (bottom-up) from A-3 to A-1 at S & P, from F3 to F1 at Fitch, and from P-3 to P-1 at Moody's. To the first class short-term debt instruments are classified those which have one of the two highest ratings. The same applies to the short-term deposits with banks.

Custodian – Custodian of an investment fund is custodian bank based in the Republic of Slovenia or branch of a bank of a Member State or third country, established in the Republic of Slovenia in accordance with the law regulating the field of banking (ZBan-2), and has obtained authorization by the Bank of Slovenia for the provision of custodial service.

Durable medium – A medium that allows the holder of the investment coupon to save personally addressed information in a manner that allows them access to that information, and their reproduction in the same condition as received within the specified time period, depending on the purpose of such information.

Equity securities – Shares, securities equivalent to shares representing the share in the capital or members' rights of legal entities (the underlying security), and other securities that give to the holder a unilaterally defined entitlement, on the basis of the execution of which the holder is entitled to the underlying security, and issued by the issuer of the underlying security or a person who belongs to the same group as the issuer of the underlying security.

The Income Tax Act (ZDoh-2) – The act which governs the system and introduces the obligation to pay income tax (Official Gazette of RS, no. 117/06, as amended).

Investment coupon – Registered security issued by the Management Company, which is registered as a unit, a number of units or a part of the unit of the Fund. The value of an investment coupon is equal to the number of units of the Fund, to which it reads, multiplied by the value of the Fund's unit.

Investment fund – Collective investment undertaking which sole purpose is to publicly collect assets of investors, which, in accordance with a predetermined investment policy, is invested in different types of investments according to the principles of risk spreading, to the exclusive benefit of the holders of units of the Fund. In accordance with the legislation an investment fund in the Republic of Slovenia can be established as a UCITS fund or a non-UCITS fund in the following forms: mutual fund, umbrella fund, alternative fund and investment company with variable capital.

The Law on the Financial Instruments Market (ZTFI-1) – The act which governs operation of the capital market in the Republic of Slovenia (Official Gazette of RS, no. No. 77/18 as amended).

The Law on Investment Funds and Management Companies (ZISDU-3) – The law which lays down the conditions for the establishment of investment funds and management companies, conditions and methods of management of investment funds, transfer of investment fund management services to other persons, the conditions for marketing of units of investment funds in the Republic of Slovenia and the conditions for marketing of units of investment funds established in the Republic of Slovenia in the Member State or third country, types of investment funds, the conditions for their formation and the manner of their operations, the supervision of performance of the investment fund management services and supervision of the operations of investment funds and cooperation between supervisory authorities (Official Gazette of RS, no. 31/15 as amended).

The Law on Prevention of Money Laundering and Terrorist Financing (ZPPDFT-1) – The law which sets out measures to the competent authorities and procedures for detecting and preventing money laundering and terrorist financing and regulates the inspection of the implementation of its provisions (Official Gazette of RS, no. 68/16 as amended).

Management company – The company based in the Republic of Slovenia which performs management services for investment funds on the basis of authorization from the Agency. The Management Company of a Member State or third country is a legal person established in another Member State or third country, providing management services to investment funds on the basis of the authorization of the competent supervisory authority of the Member State or third country.

Member state – A country which is a member state of the European Union or a state signatory to the Agreement on the foundation of the European Economic Area (OJ no. 1 dated 3. 1. 1994, p.3).

Mutual fund – Open-ended (UCITS) investment fund formed as separate assets and divided into units which value is at the request of the holder of the investment coupon payable from these assets. Mutual fund is managed by the Management Company on the principle of risk spreading, in the sole interest of holders of the investment fund coupons.

Net asset value (NAV) – The value of the total assets of the Fund, less the value of all liabilities of the Fund.

Non-UCITS fund – Open-ended investment fund, which does not comply with the Directive on investment funds (UCITS), or closed investment fund. In the Republic of Slovenia the form of a non-UCITS fund is an alternative fund and investment company.

Purchase price of the investment coupon – The value of an investment coupon increased by the entry charges.

Redemption request – Written request of the investor, given on a special form in which the investor requests the payment of the redemption value of their investment coupon.

Redemption value of the investment coupon – The value of an investment coupon, less redemption charges.

Subscription form – A written statement by the investor specified on a special form by which the investor agrees to the rules of management of the Fund which gives them the right but not the obligation to invest cash in the Fund.

Target fund – UCITS fund or any other open-ended collective investment undertaking which sole purpose is to publicly collect assets and invest them in transferable securities and/or other liquid financial investments according to the principles of risk spreading, regardless of whether it is designed in a Member State or in a third country.

UCITS fund – Open-ended investment fund compliant with the Directive on investment funds (UCITS). As a general rule, it shall be subject to stricter investment rules and the rules of diversification. In Slovenia the UCITS fund can be formed as a mutual fund or as an umbrella fund.

Unit of the Fund – Proportional (equivalent) part of a net asset value (assets) of the Fund (NAV). Multiplication of the total number of units and a unit value (NAV) of the Fund represents the net asset value of the Fund.

The unit value (NAV) – Value which indicates how much the individual unit of the Fund is worth. The value of the Fund's unit is equal to the net asset value divided by the number of units of the Fund outstanding.

CHAPTER 1: INVESTMENT RULES

The Fund offers investors the opportunity to invest in a selection of securities and other liquid financial investments according to the principles of risk spreading, in order to increase the value of paid assets and maintain high liquidity of their investment.

The Fund is, in line with the definition of types and kinds of investment funds laid down by the Agency in the decision which determines the crucial element of the investment fund and types and kinds of investment funds, and take into consideration the complexity and characteristics of investments in which it invests its assets, a **basic investment fund** with the following characteristics:

- based on the types of investments in which the assets are invested, and according to the investment strategy, it falls into the category of **Multi-Asset Global Flexible funds**.

The fund defined as a Multi-Asset Flexible fund, may have at any time up to 100 percent of its assets in equity securities, debt securities, money market instruments and units of target funds which are invested in the aforesaid financial instruments and in cash and cash equivalents.

1.1. INVESTMENT OBJECTIVE

The fundamental investment objective of the management of the Fund is to achieve a value return on the assets of the investors primarily from capital gains, dividends and interest at a moderate risk and appropriate investment diversification.

The investment objective will be achieved by active management of the Fund's portfolio.

1.2. INVESTMENT POLICY

When managing the investments, the Management Company will monitor the structure of the Fund and its compliance with the investment policy and regulatory limitations.

Depending on the conditions in the securities market, the Management Company might, taking into consideration the investments and risks, change the composition of investments by activities and countries to ensure diversification of the investments of the Fund. The Fund expects a moderate turnover rate of its investments.

The Fund's assets will be invested in financial instruments listed below, subject to limitations specified in this section.

The investment objective will be achieved through active asset management of the mutual fund.

1.2.1. Permissible investments

The Fund's assets will be invested in financial instruments listed below only in the context of its investment objectives and policy, subject to the restrictions on investments in individual types of financial instruments, whereby the Management Company in setting these limitations takes into account the decision of the Agency which determines the crucial elements of the investment fund and types and kinds of investment funds.

In addition, the Fund will also have assets in the form of receivables arising from its normal business operations, whereby the Management Company will ensure that these claims are recovered within normal time limits applicable to simultaneous - immediate fulfilment of obligations.

Types of financial instruments in which assets of the Fund will be invested:

A. Transferable securities or money market instruments which are listed or traded on a regulated market in a Member State or a third country

The Fund's assets will be invested in:

- equity securities (shares), government and corporate bonds and other debt securities, irrespective of their credit rating and maturity prevailing, and in units of the target funds that invest in such equities or bonds and whose investment policies comply with the investment restrictions of the Fund, and money market instruments admitted to trading or traded on stock exchanges and other organized markets defined in Annex VII to this Prospectus;
- transferable securities which will be acquired by the Management Company on behalf of the Fund in the process of their first sale, provided that the issuer of the securities within one year of the issue requests their admission to an official stock exchange listing or trading on to another regulated market countries listed in Annex VII of this Prospectus, but only up to 10 percent of the Fund's assets.

In determining the circumstances that define the domicile of the issuer, the Fund in particular takes into account the criteria of the country where the majority of the business of the issuer is run, and to a lesser extent, the criteria of the country in which it mainly runs its business.

B. Money market instruments that are not traded on a regulated market

The Fund's assets will be invested in money market instruments that are not traded on a regulated market, under the condition that the instruments are liquid, that their value can be accurately determined at any time, and that they fulfil other conditions set in the ZISDU-3 as well as general acts issued on its basis.

C. Other transferable securities and money market instruments

A maximum of 10 percent of the Fund's assets will be invested in other transferable securities and money market instruments that do not meet the conditions set out in Sections A and B. However these investments will not deviate from the investment objectives and policy of the Fund and will not have a significant impact on its risk.

Not more than 5 percent of the Fund's assets will be invested in transferable securities not admitted on the organized markets.

D. Monetary deposits

The Fund will invest its assets in deposits with banks headquartered in the Republic of Slovenia, authorized by the Bank of Slovenia for the provision of banking services, and with credit institutions established in a Member State or with credit institutions established in a third country if they meet at least equally strict rules on risk management, security and diligent business and on protecting the investor's interests and other criteria as determined by the Agency. The Fund will invest in deposits on demand or in term deposits, where the contract of deposit of funds gives the right to recall or

withdraw deposits before maturity, and their maturity does not exceed 12 months, and that in respect of other rights and obligations meet the terms set by the Agency.

E. Units of other investment funds (target funds)

The Management Company will, when assessed that it will be able to achieve a lower risk (due to greater investment diversification) or increased profitability (due to lower transaction costs) of the Fund, invest in units or shares of other investment funds (target funds), which comply with the following conditions:

- the Management Company of the target fund or self-managed target fund have been approved by the competent authority for the management of the fund;
- management and operation of the target fund are subject to supervision that is considered by the competent supervisory institutions for qualitative and substantive equivalent to that defined by the ZISDU-3 and ZTFI-1, and ensuring appropriate cooperation between supervisory authorities, i.e. the Agency and the authorities which control the operations of the target fund;
- level of investor protection of the target fund must be the same as level of protection for holders of the Fund's investment coupons, which is determined by the ZISDU-3 and ZTFI-1, in particular with regards to the separation of assets, the Fund's borrowing, lending and uncovered sales of transferable securities and money market instruments and disposals of assets of the Fund;
- operations of the target fund must be subject to regular reporting of annual and semi-annual reports, which reflect its assets, liabilities, revenues and operating activities of the Fund during the reporting period;
- according the rules of management of the target fund, no more than 10 percent of its assets is invested in third party funds;
- target fund and its units must also meet other criteria set by the Agency.

The largest volume of management fees of target funds, acceptable for the investment of the Fund's assets in the target fund's units, is 5 percent of the average annual net asset value of the target fund, without taking into the performance fee.

F. Derivatives

The Fund's assets will not be invested in derivatives for the trading purposes.

G. Structured financial instruments with embedded derivatives

For the purposes of achieving the investment objectives the assets of the Fund will be invested also in the following structured financial instruments with embedded derivative:

- structured financial instruments, the performance of which is related to the performance of a basket of (actively and passively managed) shares;
- structured financial instruments with the fixed principle amount, the performance of which is related to the performance of a basket of (actively and passively managed) shares;
- structured financial instruments, the performance of which is related to the performance of a bond index.

The Management Company will invest the assets of the Fund only in the structured financial instruments with the embedded derivative that are traded on the markets determined in clauses 1-3 of the paragraph 1 of Article 237 of ZISDU-3.

1.3. EXPOSURE OF THE FUND

In this section are listed the exposure limits of the Fund to an individual issuer and certain issuers of financial instruments and other restrictions of investments of the Fund provided by the ZISDU-3 and regulations issued on its basis which are not already listed in Section 1.2.

1.3.1. The maximum permissible exposure to a single subject

a) The Fund will have a maximum of 10 percent of funds invested in transferable securities or money market instruments that are issued by a single issuer.

b) If the Fund invests more than 5 per cent of its assets in transferable securities or money market instruments issued by a single issuer, the total value of these investments may not exceed 40 percent of the total assets of the Fund. This restriction does not apply to monetary deposits made in the market of institutional investors, where the counterparties are financial institutions that are subject to supervision.

c) The Fund will have a maximum of 20 percent of its assets invested in monetary deposits at an individual credit institution.

d) Notwithstanding the restrictions referred to in paragraph a) and c) of this section, the Fund should not be exposed to a single person more than 20 percent of its assets in the following scenario:

- investments in transferable securities or money market instruments issued by a single subject, and
- deposits with this particular subject.

e) The Fund will have a maximum of 20 percent of its assets in the units of each target fund.

f) The Fund will have a maximum of 30 percent of its assets in units of target funds which are not compliant with the ZISDU-3 Act and Directive 2009/65/EC.

g) The Fund may have assets invested in units of target funds managed directly by the same Management Company or by delegation of another company, or in units of target funds managed by a third company, which the Management Company has close links with, provided that the Management Company or the third company, which the Management Company has close links with, will not charge subscription or redemption fees.

h) In accordance with Article 162 of the ZISDU-3 Act, the Fund's assets may be invested in cash deposits and money market instruments issued by the custodian and in the process of their first sale if:

- the custodian does not have a qualifying holding in the Management Company,
- the custodian and the Management Company have in their internal acts, adopted for the purposes of restriction of conflicts of interests, determined potential types of conflicts of interests with respect to such investments and methods for restriction of such conflicts of interests;

- investments in cash deposits and money market instruments are executed under general market conditions or under conditions that are more favourable to the Fund, taking into account costs and fees related along with other investment opportunities.

i) The Fund may invest a maximum of 35 percent of its assets into transferable securities and money market instruments issued by or guaranteed by the Republic of Slovenia, its local or regional community, the Member State, its local or regional community, third country from the Agency's list or an international organization of which at least one Member State is a member.

1.3.2. Exposure with respect to the structured financial instruments with embedded derivative

For the purposes of measurement of exposure of the Fund due to the usage of structured financial instruments with embedded derivative a binding exposure method shall be used. Total exposure of the Fund shall not exceed the total net asset value of the Fund.

1.3.3. Prohibition of significant impact on the management of the issuer

The Management Company shall not, on behalf of the Fund, acquire cumulatively a proportion of voting rights shares, the exercise of which could have a significant impact on the management and administration of the issuer.

Notwithstanding the limits set out in the preceding paragraph, the Management Company may on behalf of the Fund acquire:

- up to 10 per cent of all nonvoting shares of a single issuer
- up to 10 percent of the total nominal value of issued outstanding debt securities or money market instruments of a single issuer;
- up to 10 percent of the money market instruments of a single issuer the nominal value of which does not exceed 10 percent of the total nominal value of all issued outstanding money market instruments of an issuer;
- up to 25 percent of units of a target Fund.

The restrictions referred to in the last three indents of the preceding paragraph may be exceeded only during the acquisition of the instruments which are in the process of first sale and if it is not yet possible to establish their precise value.

The restrictions referred to in the preceding paragraphs shall not apply to transferable securities and money market instruments issued by or guaranteed by the Republic of Slovenia, its local or regional community, the Member State, its local or regional community, third country from the Agency's list or an international organization of which at least one Member State is a member.

The restrictions referred to in the preceding paragraphs shall not apply to shares that represent the investment of the Fund in the capital of a company established in a third country which invests particularly in the financial instruments of issuers domiciled in that country, if under the legislation of that country such capital contribution represents the only way through which the Fund may invest in financial instruments of issuers in this country. Deviation from the restrictions set forth in the preceding paragraphs shall be permissible only when the assets of a company established in a third country comply with the restrictions of Articles 238, 239 and 242 of ZISDU-3 and first, second and third paragraph of Article 184 of the ZISDU-3. If the assets of a company established in a third country are not aligned with the limits of Articles 238, 239 and 242 of ZISDU-3, the provisions of Article 185 of the ZISDU-3 shall be applied mutatis mutandis.

1.4. ADDITIONAL LIQUID ASSETS

Additional liquid assets are not intended to achieve investment objectives but to cover the running and extraordinary payments of the Fund and can also be set up in the time required to reinvest and where due to the extremely adverse market conditions, the Management Company temporarily suspends investments of the Fund's assets.

The volume of additional liquid assets of the Fund will not exceed 20 percent of the total assets of the Fund.

1.5. BORROWING TRANSACTIONS

The Fund may, for the purpose of proper liquidity management, borrow from banks in the Republic of Slovenia which are authorized by the Bank of Slovenia for the provision of banking services, and from credit institutions in Member States authorized to provide banking services.

The total volume of borrowing at any time should not exceed 10 percent of the value of the Fund's assets, and the maturity of individual borrowing should not exceed 6 months (temporary or short-term borrowing).

Notwithstanding the provisions of the preceding paragraphs of this subsection, it is not permitted to issue guarantees or other means to guarantee third parties or give loans on behalf of the Fund.

The Management Company may, on behalf of the Fund, pledge its assets as a collateral for the obligation to repay short-term loans, whereby the value of the collateral at any time may not exceed 10 percent of the total assets of the Fund.

Respective borrowing terms must be in accordance with normal market conditions.

1.6. ASSET MANAGEMENT TECHNIQUES

The Management Company will not use any special asset management techniques.

CHAPTER 2: ASSET VALUATION RULES

2.1. GENERAL VALUATION RULES

The Management Company values the assets of the Fund in accordance with the Slovenian Accounting Standards SAS 2016 (Official Gazette of RS, no. 95/2015 as amended) and the relevant international accounting standards (hereinafter: IAS).

Financial instruments, cash and near cash instruments denominated in foreign currencies are converted into the reference currency of the Fund using the exchange rate of the European Central Bank or some other specified contractual rate. The same valuation method shall be taken into account while calculating the cost of acquisition or disposal of a financial instrument including interest.

2.2. VALUATION OF THE INDIVIDUAL CLASSES OF FINANCIAL ASSETS AND FINANCIAL INSTRUMENTS

a) CASH

Comprise holdings in a cash account of the Fund in domestic and foreign currencies, which are presented in nominal values, as well as additional liquid assets which bear interest in accordance with the contract.

b) DEPOSITS AND LOANS

Daily interest accrual in accordance with the contractual terms.

c) EQUITIES

Shares traded on a regulated market are valued at the last known closing day (close price) on the exchange where they were obtained. Preferred shares listed on the exchange with fixed dividends are valued in the same way.

Shares not traded on a regulated market are valued at purchase value, which may also include the cost of their acquisition.

Preferred shares with fixed dividends which are not traded on a regulated market are valued the same way as bonds not traded on a regulated market.

d) UNITS OF TARGET (OPEN END) FUNDS

Units of target funds which are traded on a regulated market are valued in the same way as shares which are traded on a regulated market, as defined in the previous section.

Units of target funds which are not traded on a regulated market are valued at the last known net asset value or the book value of the shares.

e) BONDS

Bonds that are traded on a regulated market are valued at the outstanding nominal value multiplied by the last closing price in the market where they were acquired, plus accrued interest, in accordance with the conditions set by the issuer at their date of issue, or in accordance with the conditions set by the market organizer.

Bonds that are not traded on a regulated market are valued at cost plus accrued interest calculated in accordance with the conditions set by the issuer of the bond issue.

Zero coupon bonds shall be treated the same as interest-bearing bonds. They are carried at the discounted nominal value and bear interest daily in accordance with the conditions set by the issuer at the time of issue.

f) MONEY MARKET INSTRUMENTS

Money market instruments that are traded on a regulated market are valued in the same way as shares, as defined in the previous sections.

Interest-bearing financial assets are valued together with interest, in accordance with the conditions set at the time of issue, by the issuer.

Discounted short-term securities are valued at discounted nominal value together with interest specified by the issuer, at the time of issue.

Treasury bills are valued at amortized cost.

g) CLAIMS AND DEFERRED ITEMS

They are valued in nominal terms and not offset by any liabilities of the Fund to the Debtors.

h) STRUCTURED FINANCIAL INSTRUMENTS WITH EMBEDDED DERIVATIVE

Structured financial instruments with embedded derivative shall be valued at the last known close price of the market on which they are acquired.

CHAPTER 3: RISKS

Investors are exposed to risks that are largely dependent on the Fund's investment goals and policy and linked with the general economic environment and global conditions. The value of the Fund's investments may be exposed to fluctuations, which in turn means that there is a likelihood that the investor may not get back the full amount paid the Fund.

The Fund is exposed to a number of risk factors and in particular the following forms of risk:

Market Risk is the most important risk segment and comprises risk of negative equity price changes, interest rate risk, currency risk and credit-rating risk.

Risk of negative equity price changes is the risk that includes the possibility of a prolonged general market downturn as a consequence of either general economic or geopolitical conditions (systematic risk) or as a consequence of issuer specific business conditions (non-systematic risk). Such an event would inevitably negatively impact the equity part of the fund's assets.

Interest rate risk is the risk that the yield of debt instruments or deposits falls under the expected yield as a consequence of change in general interest rate variables. That is why in a rising interest rate environment, for example, interest sensitive instruments generally come under pricing pressure as investors are adapting to the higher general interest rate.

Currency risk is the risk when part of instruments composing a fund portfolio are denominated in a currency different from fund own currency. A change of currency rate may have an adverse effect on the net asset value of the fund.

Credit-rating risk is the risk arising from a potential credit-rating downgrade of a particular issuer that has a consequence either a drop of such financial instrument valuation in the fund's portfolio or even an obligation to sell this instrument at a penalising price if the downgraded credit-rating falls below the fund's accepted risk profile.

Counterparty risk is the risk that the counterpart of a transaction doesn't fulfill it's obligation to the fund in full or in time.

Liquidity risk is the risk when due to the low market liquidity of part or whole of the fund's assets, the fund is unable to timely liquidate those assets or must liquidate them at penalising price conditions to meet redemption requests.

Custodian, settlement or brokerage risk means risk associated with the activities of the fund's custodian bank and chosen trading execution broker. Primarily this encompasses potential settlement delays or mismatch, errors, and/or impossibility of specific trade order execution, which would increase the fund's liquidity risk.

Operational risk is the risk of a generally negative consequences to the fund's yield arising from inadequate internal processes, compliance or errors of the fund management company and its employees or due to unpredictable external factors such as natural disasters.

Asset concentration risk is the risk when a large part of the fund's assets are concentrated within a particular issuer, economic sector, country, currency or market segments where negative conditions could have a potentially disproportionately large impact to the fund's net asset value.

Other risk potentially impacting the fund's net asset value are:

Third party guarantees risk is the risk arising from instruments that carry a specific third party guarantee when such a guarantee could not be fulfilled in full or in time if due. Such an event would negatively impact the valuation of that particular instrument and possibly other instruments with similar guarantee conditions. Guaranty issuer default would potentially also negatively impact the fund's liquidity situation.

Regulatory risk is the risk that the regulatory environments in countries where the fund's assets are domiciled change in such a way that would negatively impact the fund's net asset value. Examples of this type of changes are tax changes, capital or currency controls, capital or liquidity ratios requirements, anti-money-laundering regulation, class-action-lawsuits, general listing requirements, marketing and distribution laws and requirements, payment restrictions, politically imposed sanctions and other. Regulatory risks could either directly negatively impact the fund's net asset value or indirectly force the fund to completely or partially withdraw the assets or the business from a particular jurisdiction.

Inflation risk is strongly correlated with the previously described interest rate risk and manifests itself usually when inflation expectations are rising and pushing the general interest rate environment higher, which has a potentially negative impact on the fund's interest sensitive part of the assets.

Risk of massive redemption requests arises when a relatively large percentage of fund's assets need to be quickly liquidated at penalising market conditions due to a surge of redemption requests by fund's investors. In severe cases this could potentially also lead to a temporary redemption block by the fund management company.

No consideration of sustainability adverse impacts:

The Management Company does not consider adverse impacts of investment decisions on sustainability factors and does not consider sustainability risk as part of the investment decision process for this fund due to lack of publicly available, standardised data to properly assess this impacts in accordance with the EU criteria for environmentally sustainable economic activities.

The Management Company may in the future consider sustainability risk and the adverse impact of investment decisions on sustainability factors.

Statement in accordance Regulation (EU) 2020/852 of the European Parliament and of the council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088:

»The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.«

Investor`s profile

The Fund is suitable for investors, which are prepared to accept high risk and do not intend to redeem their investment within the period which is shorter than 3 years.

Note: *Due to the composition of the investments, value of the Fund may in the future vary greatly, so there is a likelihood that the investor may not get back the full amount that was paid in the Fund!*

CHAPTER 4: REFERENCE CURRENCY AND THE SETTLEMENT PERIOD

Reference currency in which the value of the Fund unit is calculated is the Great British Pound (GBP).

Net asset value (NAV) and unit value of the Fund are accounted daily, for each valuation day in the Republic of Slovenia, taking into account the regulations adopted on the basis of the ZISDU-3, as on the valuation day on the next working day after the accrual day. Valuation day is each working day. Saturdays, Sundays and public holidays, which are in accordance with the regulations defined as non-working days, are not valuation days.

CHAPTER 5: USE OF NET PROFITS OR REVENUE

The Fund will retain or reinvest all revenue or net profits and will not pay them out for the period of ownership of investment coupons, but only upon payment of the redemption value of the investment coupons of the Fund.

CHAPTER 6: COSTS

6.1. DIRECT COSTS OF INVESTMENT COUPON HOLDERS

Direct costs of holders of the Fund's investment coupons are the costs paid by the holders of investment coupons for their paying and/or redemption, namely:

- **subscription charge** - charge to which the Management Company is entitled at the time of the purchase of investment coupons of the Fund by the investor and expressed as a percentage of the value of an investment coupon. It shall be paid in cash upon payment of units.

The maximum subscription charge to which the Management Company is entitled amounts up to 5.00 percent of the value of the investment coupon.

Investors can choose between single payments in the Fund or payments under the savings plan. If investor undertakes to pay into the Fund over a longer time period (savings plan), subscription charge, depending on the savings plan is as follows:

- at the time of first payment, an amount not exceeding 30 percent of the payments made in the first year of paying into the Fund. Balance payments made until the expiry of the period of saving, are subject to relatively lower subscription charge.

In those cases, the subscription charges on payments throughout the period of saving will not exceed the amount of one-off subscription fees charged.

- **redemption charge** – costs to which the Management Company is entitled at redemption of investment coupons of the Fund, expressed as a percentage of the value of the investment coupon.

Redemption charge to which the Management Company is entitled shall be 0 percent of the value of the investment coupon.

Investor may also obtain the information pertaining to actual subscription and redemption charges from the persons responsible for the marketing of the Fund's units, and on the website of the Management Company (www.primorski-skladi.si).

6.1.1. Other administrative costs to which the Management Company is entitled and which are charged to each holder of investment coupons

The Management Company is entitled to debit the account of each holder of the Fund's investment coupons for the reimbursement of administrative costs incurred to the Management Company in relation:

- with the transfer of the Fund's investment coupons on the basis of the court decision or other decision or act of a state authority and on the basis of legal transactions concluded in the form of a notarial defined by the Agency by a general act;
- by entry or deletion of the rights of third parties on the Fund's investment coupons or claims from the Fund investment coupons, or
- with the provision of an account balance statement upon investor's request.

6.2. COSTS OF MANAGEMENT AND OPERATIONS

The costs of management and operations of the Fund are all costs incurred in relation to the provision of the services of managing the Fund and custodial services, and which payment the Management Company is entitled to execute from the Fund's assets.

A. Management fee

For the management of the Fund the Management Company is entitled to an annual management fee equal to 1.50 percent of the average annual net asset value of the Fund.

The management fee is calculated daily and paid to the Management Company out of the assets of the Fund on a monthly basis, by 15th of the current month for the previous month. The management fee is calculated only for the working days of the calendar year.

The Management Company calculates the management fee for each valuation date of the calendar year based on the net asset value of the Fund on the valuation day, in a proportion equal to the proportional share of the annual management fee.

B. Other costs that may be charged to the assets of the Fund for providing management services to the Fund

The Management Company shall, in addition to the payment of management fee, be entitled to the reimbursement of the following costs incurred on the operation of the Fund, from the assets of the Fund:

- costs associated with the acquisition and disposal of the Fund's assets such as fees and expenses of brokers, operators of regulated markets and multilateral trading systems, settlement systems managers and clearing corporations;
- the cost of entry into regulated markets and a proportional part of the costs of commissions and other costs of consultancy firms linked to the joint onset of the Management Company with other vendors, in the sale of the Fund's assets in order to achieve the transaction on behalf of the Fund in a more favourable manner than it would have been possible without joint participation;
- costs of payment transactions, unless the custodian is entitled to their reimbursement;
- the cost of auditing the annual report of the Fund and the costs of external experts associated with the preparation and audit of the annual report;
- the cost of informing the holders of the Fund's investment coupons in accordance with the ZISDU-3 and other regulations that require notification to the holders of investment coupons;
- the cost of the exercise of rights arising from financial instruments, which are owned by the Fund, for the account of the Fund;
- expenses in connection with any claims and objections on behalf of or in the name of the Fund account holders in all judicial proceedings and proceedings before state authorities, relating to the rights, obligations and assets of the Fund, including proceedings against the custodian of assets for compensation, in the event its conduct causes damage to the assets of the Fund;
- taxes and other statutory duties in relation to the assets of the Fund or the turnover of these assets;
- the cost of interest and other borrowing costs on loans that are in accordance with the ZISDU-3, taken by the Management Company on behalf of the Fund;
- costs associated with the distribution of the net profit or income of the Fund.

The Management Company shall, for the purposes payment of the above costs, send the order for payment out of the assets of the Fund, to the custodian which executes the order.

C. The fee for the provision of custodial services

The Management Company shall pay the custodian the fee from the assets of the Fund the following fees.

The maximum amount of the custodial fee, excluding the fee for the provision of safekeeping services, is 0.09 percent of the average annual net asset value of the Fund. The aforementioned maximum amount may be decreased due to the increase of the net asset value of the investment funds that are managed by the Management Company. The maximum amount of the custodial fee

for the provision of safekeeping services is 0.10 percent of the average annual net asset value of the Fund.

The maximum amount of the custodial fee for preparing and executing of payment transactions is 0.10 percent of the average annual net asset value of the Fund.

The Management Company pays the provision and the costs within the deadlines in accordance with the invoice received by the custodian. The Custodian issues a monthly statement of fees and other charges.

D. Other costs which may be charged to the assets of the Fund in relation to the rendering of custody services

In addition to the custodial fees, determined in point C, the custodian may reimburse itself from the Fund's assets also its costs, related to the procedures in connection with the liability for damages of the Management Company and procedures the object of which are the rights, liabilities and property of the Fund.

6.3. TOTAL COSTS OF THE OPERATIONS OF THE FUND

Latest available information on the total costs of the Fund is shown in Annex V (total costs of the operations) of this Prospectus.

The Management Company shall keep an archive of data on all previously calculated and published total operating costs, which is always available to the interested public and investors at all subscription sites. A chronological overview of all previously calculated total costs of operations is also available on the Management Company's website (www.primorski-skladi.si).

CHAPTER 7: TAXATION

Note: *This text does not describe all individual cases of actual tax payments. All investors are cautioned that the actual amount of tax, resulting from the ownership of the investment coupons, payment of the redemption value of the investment coupon or other facts related to the ownership of the investment coupons, depends on the tax status of each holder. In the event of uncertainty regarding the taxation of investments in the Fund's investment coupon, the investor is advised to seek help from experts!*

7.1. TAXATION OF THE FUND

The Fund is not liable to payment of income tax as it is not a legal entity.

7.2. TAXATION OF INVESTORS WHICH ARE LEGAL ENTITIES - RESIDENTS

Corporate income is taxed in accordance with the Law on Corporate Income Tax (ZDDPO-2). The tax rate on taxable profit generated is 19 percent.

All investors, legal entities - residents are required to determine the taxable profit on the basis of revenue and expenditure determined in accordance with the laws and accounting standards, being

obliged to take into account the specificities as defined by the ZDDPO-2. Special rules relate primarily to changes in accounting policies and corrections of errors and revaluation.

7.3. TAXATION OF INVESTORS, WHO ARE NATURAL PERSONS - RESIDENTS

7.3.1. Taxation in the event of liquidation or sale of an investment coupon or liquidation of the Fund

Investment coupon of the Fund is, in accordance with Article 93 of the Income Tax Act (ZDoh-2), considered to be the capital, so in the event of disposal (liquidation sales) of investment coupon or liquidation of the Fund the investor is taxed under the rules on the capital gains according to ZDoh-2.

For taxation purposes, capital disposal, in accordance with Article 94 of Zdoh-2, is considered the liquidation or sale of the investment units of Fund and the payment of a proportionate part of the liquidated assets in the event of liquidation of the Fund.

In order to be considered as non-taxable, capital disposal in accordance with Article 95 of ZDoh-2 should comply with the following:

- the transfer of capital of descendent to the heir, legatee or person who replaced them according to the rules of succession, or any other person who exercises any right of the estate, due to the death of a natural person;
- the transfer of capital in procedures related to the forced collection of compulsory levies in accordance with the laws.

The tax base for determining the amount of tax to be levied is determined as the difference between the value of the investment coupon on disposal of an investment and the value of the coupon at the time of acquisition.

The value of an investment coupon at acquisition is determined as the amount invested in the Fund, less the amount of subscription costs (i.e. the product of the number of units and the value of one unit less subscription charge). In the case of inheritance, the cost of the investment coupon also increases by the amount of any tax on inheritance and gifts.

The value of an investment coupon on disposal is determined by multiplying the number of units and the value of one unit upon payment of the Fund.

When the difference between the value of an investment coupon on disposal and the value of an investment coupon at acquisition is positive, taxable base is the difference less the normalized expenses associated with the acquisition and disposal of the investment coupon. The normalized expenses associated with the acquisition and disposal of an investment coupon are recognized at most which may not exceed lower than:

- the sum of 1percent of the value of an investment coupon at the time of acquisition and 1percent of the value of the investment coupon at the time of disposal, or
- positive differences between the value of the investment coupon at the time of disposal and the value of an investment coupon at acquisition.

When the difference between the value of the investment coupon on disposal and the value of an investment coupon at acquisition is negative or equal to zero, the normalized expenses from the previous paragraph are ignored.

From such for disposals from 1 January 2020 established taxable base, income tax at the rate of 27,5 percent shall be paid. The income tax rate decreases with every 5 years of ownership of investment coupon and shall be as follows:

- 5 years of holding the investment coupon: 20 percent,
- 10 years of holding the investment coupon: 15 percent,
- 15 years of holding the investment coupon: 10 percent.

After 20 years of ownership of the investment coupon, the investor shall be exempt from tax on capital gains.

Investment coupons of the Fund are managed using the First In First Out (FIFO) method, according to which the value of the investment coupon at acquisition is considered to be the value of the investment coupon which was first obtained.

Income tax from capital gains is determined by the tax authority on the basis of an assessment made by the taxpayer, which has to be submitted by 28 February for the previous year, and in which the taxpayer forecasts all disposals of capital in one year (excluding real estate). In the forecasted income, the profits from capital or realized losses from capital disposal in the tax year are included, whereby the loss on disposal of capital is not attributed to the taxpayer, if they acquire substantively the same substitute capital within 30 days before or after the disposal. The loss is also not recognized if such disposed capital was acquired by a person related to the taxpayer.

The tax authority shall issue a decision on the assessment of capital gains tax by 30 April of the current year for the previous year. Thus, capital gains tax assessment is final.

7.3.2. Taxation in the event of a merger of mutual funds and the creation of umbrella funds from existing mutual funds

In the event of exchange of the Fund's investment coupons for the investment coupons of other mutual funds, and the creation of umbrella funds from existing mutual funds, the taxpayer may claim the postponement of determining tax liabilities if the Management Company has information about the time of acquisition and the cost of investment coupons.

In the event of the enforcement of suspension of determining tax liability, the latter shall be determined only at the next taxable disposal of investment coupons, whereby:

- the time of acquisition of the investment coupon is the date when the replaced investment coupons were first acquired, determined in accordance with the rules of ZDoh-2;
- as the purchase cost shall be deemed the cost of the first exchanged investment coupons determined in accordance with the rules of ZDoh-2.

Taxpayers for which the exclusion of the tax payment obligation in the event of redemption in accordance with Article 96 of ZDoh-2 is applicable, shall also be excluded from the tax payment obligation with respect to their exchanged investment coupons if the Management Company has adequate information about the exchange.

If the Management Company does not have any information from the third paragraph of this sub-item, it is at the time of exchange of such investment coupons obliged to require proof of actual time of acquisition and the cost and the means of obtaining an investment coupon from the holder.

The postponement of determining tax liabilities to the Financial Administration of the Republic of Slovenia shall be notified by the Management Company that manages the acquiring (parent) mutual fund which shall, within 15 days, notify taxpayers in writing and also provide them with all the information to identify their tax obligations.

7.4. TAXATION OF INVESTORS WHO ARE LEGAL OR NATURAL PERSONS – NON-RESIDENTS

Natural person - non-resident is not obliged to pay income tax on capital gains arising from the disposal of investment coupon.

Investors who are natural persons - non-residents must in relation to the taxation of investments in the Fund's investment coupon, in addition to specific provisions (for residents and non-residents) of ZDoh-2, also take into account the tax rules that apply in other countries where they are taxable (rules in the country of residence).

Investors who are legal entities - non-residents must abide by tax rules that apply in the countries in which they are taxable. For investors who are legal entities - non-residents and have an investment in the Fund's investment coupons through a business unit in the Republic of Slovenia, apply the same rules as those applicable to legal entities - residents (7.2) in relation to that business.

In accordance with Article 255b of the Tax Procedure Act, the Management Company is obliged to carry out due diligence procedures for identifying non-resident accounts, to collect information about these accounts and to report them annually to the competent authority. Non-resident investors are required by the Management Company to disclose information that enables them to determine where the investor is resident for tax purposes. The information about the investor and the account shall be provided annually to the Financial Administration of the Republic of Slovenia and exchanged with the competent authority of the country in which the investor is resident for tax purposes, in accordance with the Standard for the automatic exchange of information on financial accounts for taxation purposes.

CHAPTER 8: BUSINESS YEAR

Business year of the Fund equals to the calendar year.

CHAPTER 9: INFORMING THE PUBLIC AND HOLDERS OF INVESTMENT COUPONS

9.1. PUBLISHING VALUE OF UNIT OF THE FUND

The Management Company reports the unit value (NAV) on the Company's website (www.primorski-skladi.si) no later than the next working day after the valuation date, and in in some larger circulation newspapers no later than the working day after its publication in electronic media.

9.2. PUBLISHING MONTHLY REPORTS ON OPERATIONS OF THE FUND

The Management Company publishes, on a monthly basis, no later than on the 15th of the month on the Management Company's website (www.primorski-skladi.si), the report on operations of the Fund for the previous month.

9.3. PUBLISHING INFORMATION ON LEGAL AND BUSINESS EVENTS

Information on important legal and business events associated with the Fund or with the Management Company, which could have a significant impact on the value of units and on the operations of the Fund, will be published on the Management Company's website (www.primorski-skladi.si) under the header "public announcement", within the statutorily stipulated period which in relation to a particular event is provided by the law governing the management of investment funds, and the regulations issued pursuant thereto, but immediately after the occurrence of a significant legal or business event if the deadline is not specified.

Notification on important legal and business events associated with the Fund or with the Management Company, which could have a significant impact on the value of units will be published also in the daily newspaper Primorske novice or in other daily newspaper which is published in the entire territory of the Republic of Slovenia.

Other notices to be published by the Management Company on the basis of the ZISDU-3 Act, will be published on the Management Company's website (www.primorski-skladi.si).

If the holders of investment coupons are informed directly of legal and business events associated with the Fund or with the Management Company, the publication in a newspaper is not obligatory unless the decision on the publication and direct notification of unit holders so stipulates.

9.4. DIRECT INFORMING OF HOLDERS OF INVESTMENT COUPONS

If the Management Company has to address a particular notice directly to the holders of investment coupons of the Fund, they shall be informed by the Management Company in such manner that it sends notifications in printed form to the address which has been communicated to the Management Company, by post, but on another durable medium other than printed only if this is a normal way of exchanging information between the Management Company and the holder of investment coupons, and if the latter agrees that they wish to receive notice in this manner. The Management Company may send a notice to the holder of investment coupons to the e-mail address as well, if the holder of investment coupons has provided their e-mail address to the Management Company for the purpose of mutual business.

Where annexes are attached to the notice, or where the holder of investment coupons requires additional documentation and information from the Management Company, they shall be sent to the holder of investment coupons in the manner as specified in this section.

CHAPTER 10: INVESTMENT COUPONS, SUBSCRIPTIONS AND REDEMPTIONS

10.1. INVESTMENT COUPONS

The Management Company issues investment coupons which are denominated to one or more, or parts of units of the Fund.

Initial value of the Fund unit is 100.00 Great British Pounds (GBP).

Rights granted by the ownership of investment coupons:

- right to request redemption of the investment coupon of the Fund from the Management Company;
- right to receive a pro rata share of the liquidation proceeds in the event of liquidation of the Fund.

Investment coupon of the Fund has the following essential components entered in the register of holders of investment coupons, which is maintained by the Management Company:

- indication that it is an investment coupon of the Fund;
- ISIN code: SI0031401696;
- investment coupon mark: NUMLI;
- name of the Fund;
- company name, registered office and registration number of the Management Company as the issuer of the investment coupon;
- company name and registered office or name and surname of the person to whom the investment coupon is assigned, and the clause on non-transferability;
- number of units of the Fund to which the investment coupon is denominated;
- the obligations of the Management Company or the rights of the holder of the investment coupon;
- serial number;
- place and date of issue, and
- signature or facsimile signature of members of the Management Board of the Management Company.

Investment coupon of the Fund is a registered security issued as a written document which is not transferable to another person, except in the case of a court decision. The Management Company shall keep a register of holders of investment coupons of the Fund in electronic form at the Management Company's registered office, in which the information is stored on all subscriptions and redemptions of units of assets of investment coupons holders, information required for identification of the holder, and other information. An extract from the register of holders of investment coupons with all the essential elements of the investment coupon is considered to be an investment coupon and is issued to a holder at his request free of charge.

10.2. SUBSCRIPTIONS AND REDEMPTIONS

10.2.1. Subscriptions

Investment coupons of the Fund can only be bought in money, in Great British Pounds (GBP), and may be issued only by the Management Company.

The minimum first subscription in the Fund is 100.00 Great British Pounds (GBP).

The purchase value of investment coupon equals the product of number of units and the unit value (NAV) of the Fund, increased by the entry fees charged by the Management Company to which it is entitled.

The investor may become a holder of an investment coupon of the Fund by accessing the rules of management of the Fund at the Management Company's subscription sites and at the Management Company's registered office every working day between 8 am and 3 pm, or through other persons, who have been authorised by the Management Company to accept the subscription forms and/or redemption requests, during their office hours, with a duly completed and signed subscription form and transfer the purchase value of the investment coupon to the cash account of the Fund.

The investor is obliged to complete the subscription form only prior to the first payment into the Fund. For all subsequent payments, a completed payment order to the Fund transaction account, opened with the custodian of the Fund, shall suffice. In the payment order, the investor shall indicate the reference number, which is written on the subscription form or on any other document. On the basis of the money paid, the Management Company shall issue to the investor an investment coupon which is noted in the Management Company's records and is provided free of charge to the holder of the investment coupon upon their request. Incorrectly performed payments cannot be considered by the Management Company.

Before accession to the rules of management the investor receives a free copy of the Key Investor Information Document, and upon request the Fund's Prospectus including the rules of management and audited annual or semi-annual report of the Fund (in physical or electronic form).

Investor's payments (purchase value of investment coupon) which are received in the bank account of the Fund until cut-off time 0:01 am on each valuation (working) day (T) shall be converted into the number of units at unit value (NAV), as on the valuation day (NAV_T). NAV_T shall be published no later than the next working day after the valuation day (T+1) on the Management Company's website (www.primorski-skladi.si), and in the daily newspaper Delo or in other daily newspaper which is published in the entire territory of the Republic of Slovenia on the next working day, following its publication in electronic media. All payments received in the bank account of the Fund after the cut-off time 0:01 am within the valuation day, shall be considered as payments on the next valuation day (T+1) and are converted according to the NAV on the following valuation day (NAV_{T+1}). NAV_{T+1} shall be published on the next working day after the valuation day (T+2) on the Management Company's website (www.primorski-skladi.si), and in the daily newspaper Delo or in other daily newspaper which is published in the entire territory of the Republic of Slovenia on the next working day, after its publication in electronic media.

The Management Company shall send to the holder of investment coupon, no later than the next working day after the calculation of the payment into the Fund, the notification of calculation of the payment and the number of units in their account which is maintained in the records of holders of investment coupons, to the address indicated in the subscription form, or to the e-mail address, if the holder has provided it to the Management Company for the purpose of mutual cooperation and if he agreed that he wishes to receive information in this manner. In calculation of the payment sent to the investor by the Management Company the following information must be indicated:

- company name and registered office of the Management Company;
- name and address or company name and registered office of the holder of investment coupon;
- type of transaction (payment);
- name of the Fund of which the units are the subject of transaction;
- date and time of receipt of payment and type of payment (cash);
- date of execution and calculation of the payment;
- number of units which are the subject of the transaction;
- NAV at which the payment of units has been calculated;
- NAV date on which the payment of units has been calculated;
- purchase value of investment coupon;
- total subscription fees charged.

The holder of investment coupon may, on the basis of a written agreement with the Management Company, also personally receive a calculation of the payment, at the Management Company's

registered office. The Management Company maintains record of the receipt of calculation together with the holder's subscription form.

The exact time of inflow of investor's funds to the bank account of the Fund shall be established on the basis of the statement of payments submitted by the custodian of assets, with whom the account has been opened.

If the holder of the investment coupon, when accessing to the rules of management of the Fund, has undertaken to pay into the Fund for a longer period of time, the Management Company may send notification of the statement of payments to the holder at least once every six months.

The investors may obtain investment coupons also on the basis of the subscription order, which includes at least the following data:

- name of the investor;
- number of the subscription form;
- date;
- clear statement that this is a subscription order;
- name of the mutual fund;
- the amount of investment, including any potential entry fees or number of the Fund's units;

The subscription order shall be sent to the Management Company via electronic mail to e-mail address info@primorski-skladi.si, via telefax to the number +386 (5) 66 33 131 or via regular mail to the Management Company address: Pristaniška ulica 12, 6000 Koper, Slovenia, or through other relevant electronic applications/means for the transfer of data regarding the order to purchase investment units of the mutual fund.

Investment coupons issued on the basis of the subscription order shall be denominated in the number of units, converted at the unit value (NAV), applicable on the last day of the valuation period in which the Management Company received the respective subscription order.

Subscription orders, which are received by the Management Company until the cut-off time 00:01 of each valuation (working) day (T), shall be converted into the units at NAV on such valuation day.

The Management Company shall send to the holder of investment coupon, no later than the next working day after the calculation of the subscription order, the notification of calculation of the subscription order and the number of units in their account which is maintained in the records of holders of investment coupons, to the address indicated in the subscription form, or to the e-mail address, if the holder has provided it to the Management Company for the purpose of mutual cooperation and if he agreed that he wishes to receive information in this manner. In calculation of the subscription order sent to the investor by the Management Company the following information must be indicated:

- company name and registered office of the Management Company;
- name and address or company name and registered office of the holder of investment coupon;
- type of transaction (payment);
- name of the Fund of which the units are the subject of transaction;
- date and time of receipt of the subscription order and type of payment (cash);
- date of calculation of the subscription order;
- number of units which are the subject of the transaction;
- NAV at which the calculation of the subscription order has been calculated;

- NAV date on which the subscription order has been calculated;
- purchase value of investment coupon;
- total subscription fees charged.

The holder of investment coupon may, on the basis of a written agreement with the Management Company, also personally receive a calculation of the payment, at the Management Company's registered office. The Management Company maintains record of the receipt of calculation together with the holder's subscription form.

The payment of the investment coupon arising from the subscription order shall be executed no later than on the 3rd day after the end of the valuation period, in which the Management Company received the respective subscription order.

The Management Company shall, upon the investor's accession to the rules of management to the Fund and his payments of investment coupons, implement procedures set out in the regulations on the prevention of money laundering and terrorist financing, as well as in tax and other applicable regulations.

By accessing to the rules of management the investor allows that their personal data and other information may be processed and used for purposes related to the ownership of investment coupons. The investor is obliged to notify the Management Company of any changes of the data.

The Management Company may terminate the business relationship with the investor, if required so by applicable regulations or in the event that a person who has acceded to the rules of management of the Fund does not become or cease to be a holder of units of the Fund assets within a period of 10 years from signing the subscription form or from the final payment, or upon a written request of the investor who is no longer a holder of investment coupons.

A more detailed description of the procedures and the conditions of accession to the rules of management of the Fund, changes in personal information in the register of holders of investment coupons, procedures and ways of paying and detailed description of other details in relation with the issuance and retention of investment coupons of the Fund are available at all subscription sites and on the website of the Management Company.

10.2.2. Suspension of payments

The Management Company or the custodian may, in exceptional cases and where special circumstances require so, temporarily suspend payments of investment coupons of the Fund, i.e. in case of the possibility of speculative payments in a particular period and in similar situations where it is required to protect the interest of the holders of the investment coupons.

The Management Company may do so especially in the event of:

- outstandingly high volatility of capital markets (large and rapid drops or increases in rates of individual or several financial instruments), when it is not possible to provide reliable and credible valuation of financial instruments in the portfolio of the Fund;
- deadlock in transferability, liquidity and realization of the financial instruments or other issues within individual equity markets in which the Fund' assets are or should be invested in accordance with the investment policy;
- occurrence of any of the reasons for the liquidation of the Fund;
- the planned transfer, merger or other transformation of the Fund;

- insurmountable technical problems with the Management Company or the custodian of assets of the Fund.

The custodian of the Fund can do so especially:

- in the event of a compulsory transfer of management which is done if the Agency, with its final decision, withdraws the Management Company's authorization for the management of investment funds, or only for certain types of investment funds that are managed by the Management Company;
- at the initiation of bankruptcy proceedings or compulsory liquidation proceedings of the Management Company;
- at receipt of a decision by the Agency temporarily prohibiting the provision of investment fund management services by the Management Company;
- in the case of unforeseen delays in paper and cash settlement of financial instruments in markets of retention of financial instruments;
- in the case of unforeseen financial problems in the Republic of Slovenia.

The content of the decision on suspension of payments or redemption of investment coupons shall be promptly published on the Management Company's website (www.primorski-skladi.si). The Management Company shall, on the day of publication, send a copy of the notification to the Agency and to the supervisory authorities of all Member States and foreign countries in which it markets the units of the Fund.

10.2.3. Redemption of investment coupons

The holder of the Fund investment coupon may at any time, from the Management Company, request in writing (full or partial) redemption of the value of investment coupon.

The redemption value of investment coupon is equal to the product of number of units of assets held by the investor and the Fund unit value (NAV per unit), minus the redemption fees to which the Management Company is entitled.

The holder may request full or partial redemption of investment coupons of the Fund only in writing on the prescribed redemption form. The sample of redemption request is available at the Management Company's website (www.primorski-skladi.si), at its registered office and subscription sites which are listed on its website. The request form should be signed, correctly and completely filled by the holder of the investment coupon and shall be submitted by him personally at any of the subscription sites. It can also be sent by post to the address of the Management Company, by fax to +386 (5) 66 33 131 or by email (scanned form) to e-mail address info@primorski-skladi.si. Request for redemption of investment coupon redemption value may also be submitted to any person who has been authorized by the Management Company for marketing or receipt of subscription forms according to the rules of management of the Fund. Subscription sites that have access to the system for direct entry of redemption requests are specifically indicated on the website of the Management Company. Subscription sites which do not have such access shall convey investor's redemption request to the Management Company by fax, e-mail or by post.

Submission of the request for redemption of investment coupons of the Fund is considered complete at the time and date when the request with all required attachments arrives at the Management Company headquarters, either directly from the investor or from the subscription site.

The Management Company shall, when calculating the redemption value of the investment coupon for redemption requests of investment coupon that is received until 0:01 am cut-off time on the valuation day T, take into account the asset unit value (NAV) as on the valuation date T (NAV_T), which will be published no later than the next working day following the valuation day (T+1) on the Management Company's website (www.primorski-skladi.si), and in the daily newspaper Delo or in other daily newspaper which is published in the entire territory of the Republic of Slovenia on the next working day following the publication in electronic media. If the request for redemption of investment coupon is received after the cut-off time of 0:01 am on the valuation day T, the asset unit value (NAV) as on the valuation date T+1 (NAV_{T+1}), which will be published no later than the next working day following the valuation day (T+2) on the Management Company's website (www.primorski-skladi.si), and in the daily newspaper Delo or in other daily newspaper which is published in the entire territory of the Republic of Slovenia, on the next working day following its publication in electronic media, will be taken into account when calculating the redemption value of investment coupon. The cut-off time for redemptions of investment coupons is 00:01 hour of each valuation (working) day.

The Management Company performs redemption of investment coupons in chronological order of the receipt of fully completed requests for redemption of investment coupons of the Fund. The Management Company shall pay the redemption value of the required number of units, or the required amount of money to the account of the holder, which is indicated on the subscription form, at the latest within 7 working days after the end of the valuation day on which the redemption value of investment coupons is calculated.

No later than the next working day after the calculation of the redemption value, the Management Company shall send to the holder the notification of calculation of the redemption value and of the balance of the units in the investment account of the holder of investment coupon. The notice shall include:

- company name and registered office of the Management Company;
- name, surname and address or company name and registered office of the holder of investment coupon;
- type of transaction (redemption);
- the name of the Fund, the units of which are the subject of the transaction;
- date and time of receipt of the redemption request and type of payment (cash);
- date of execution of redemption calculation;
- number of units which are the subject of the transaction;
- NAV at which redemption of units was calculated;
- date of NAV at which redemption of units was calculated;
- redemption value of the investment coupon;
- an indication that the Management Company does not charge redemption fees.

As on the date of redemption, the rights of the investment coupon holder shall cease, and thereby also terminate the right to own the proportionate share of the Fund.

Up to 31st January of the current calendar year, the holder who has redeemed investment coupons in the previous year, shall receive a list of all redemptions of investment coupons, either partial or complete.

Prior to the payment of the redemption value of investment coupons of the Fund to the investors, the Management Company shall perform the procedures specified by the regulations relating to the

prevention of money laundering and terrorist financing, as well as tax and other applicable regulations.

10.2.4. Suspension of redemption of the Fund's investment coupons

The Management Company may, in exceptional cases and where special circumstances require so in order to protect the interests of the holders of investment coupons, suspend redemption of investment coupons of the Fund. Suspension of the redemption is possible only in circumstances and under the conditions laid down in the decision of the Agency, which provide for the temporary suspension of redemption of the Fund's investment coupons.

The Agency may also request a temporary suspension of redemption of investment coupons of the Fund, if it considers that such an act is in the interest of holders of the Fund's investment coupons or in the public interest.

Suspension of redemption of investment coupons may, in the cases provided by the ZISDU-3, also be initiated by a custodian of the Fund.

10.2.5. The introduction of a partial redemption of investment coupons

The Management Company shall in no event introduce a temporary, partial redemption of the Fund's investment coupons.

10.2.6. Simultaneous subscriptions and redemptions

If the holder of the Fund's investment coupon requests redemption of the value of investment coupon from the Management Company, which is at the same time followed by subscription of investment coupon in another Fund, the redemption and subscription shall be treated simultaneously.

10.2.7. Error in the calculation of the Net Asset Value

An error in the calculation of the net asset value (NAV) of the Fund's unit is considered to have occurred when the difference between the correct NAV and incorrect NAV of the Fund amounts to more than 0.5 percent of the correct NAV.

In the event of an overvaluation of the Fund's NAV, due to an error in the calculation of the NAV, the Management Company is obliged to:

- calculate additional units of assets for the holders of units who have paid for investment coupons at an over-calculated NAV, and send them a new notice of calculation of payments, and
- pay the difference in cash to the account of the Fund and recover from the holder of the investment coupon the difference between the over-paid redemption value of the investment coupon and the amount calculated as per the actual NAV, if the holders of units have been erroneously paid a higher redemption value of investment coupons at the time of withdrawal from the Fund.

In the case of an undervaluation of the Fund's NAV, due to an error in the calculation of the NAV, the Management Company is obliged to:

- pay the difference in cash to the unit holders whose redemption value of the investment coupon was accounted at an under-calculated NAV, in accordance with correctly calculated NAV, and send them a new notice of calculation of payments, and
- send a new notice of calculation of payments to holders of units who paid investment coupons at a too low calculated NAV.

The Management Company shall do the same in the event the NAV has been incorrectly calculated as a result of an incorrect number of units of the Fund in circulation or a calculation error.

Remittances required for the purpose of the elimination of errors, shall be carried out by the Management Company within 5 working days from the date of calculation of the correct NAV.

Despite the provisions of the preceding paragraphs of this section, the Management Company neither carries out money transfers in the Fund or to a unit holder, nor sends a new notice of calculation of payments to a unit holder, if the required amount does not exceed 2.00 euros (EUR).

Costs incurred in connection with the elimination of errors in the calculation of the NAV shall not be chargeable to assets of the Fund.

To correct the error in the calculation of the net asset value (NAV), the Management Company follows the decision of the Agency, which defines the procedure in the event of an error in the calculation of the net asset value of the Fund's unit.

In the event when deviation was found in calculation of NAV, whereby the difference between the correct NAV and incorrect NAV of the Fund amounts to less than 0.5 percent of the correct NAV, the management company shall draw a report, which contains information on date of the occurrence and finding of the deviation and information on the correct and incorrect NAV, and which has to be confirmed by the custodian of the Fund's assets.

CHAPTER 11: THE FUND'S OPERATIONS

11.1. DURATION OF THE FUND

The Fund is established for an indefinite time period.

11.2. TRANSFER OF MANAGEMENT

The Management Company that manages the Fund (the transferring company) may transfer its management to another management company (the acquiring company) if the acquiring management company meets the conditions for management. Prior to transfer, the acquiring company shall obtain a permit from the Agency for the taking over of management.

In the event that the Agency, with a final decision, withdraws the authorization of the Management Company to perform services of managing investment funds, or if a bankruptcy proceeding or a compulsory liquidation has been initiated against the Management Company, the compulsory transfer of management of the Fund to another management company shall be carried out. The process of transfer or compulsory transfer of the Fund's management to another management company is defined by the relevant provisions of the ZISDU-3.

At the time of transfer of management the payments and redemptions of investment fund coupons are stopped.

In case of the transfer of management of the Fund, the Management Company will publish a public notice within the legal deadlines on the company's website (www.primorski-skladi.si).

11.3. REPLACEMENT OF THE CUSTODIAN OF ASSETS

The Management Company may replace the custodian of the Fund upon cancellation of the contract for the provision of custodial services with the current custodian and by executing a contract for those services with a new one.

The Management Company may replace the custodian of the Fund if:

- the custodian is temporarily or permanently no longer able to perform any of the custodial services due to the technical reasons or because of the loss of license permitting him to provide custodial services or due to the initiation of bankruptcy proceeding or compulsory liquidation, or any other insurmountable obstacles in their operations;
- the custodian provides custody services under non-competitive conditions;
- the Management Company considers that the replacement of the custodian of the Fund is in the interest of investors and terminates the contract for the provision of custodial services unilaterally;
- the custodian performs transactions prohibited by Article 171 of the ZISDU-3;
- in the process of supervision of the custodian, it is found that the custodian does not perform custodial services in accordance with the rules of profession (professional care), or in accordance with the contract for the provision of custodial services;
- the custodian misuses inside information;
- the custodian and the Management Company mutually terminate the agreement for the provision of custodial services;
- the custodian terminates the contract.

Prior to executing a contract with the new custodian, the Management Company must obtain prior approval from the Agency.

After obtaining the necessary approval from the Agency, the Management Company enters into a contract with the new custodian and terminates the contract with the previous custodian. The former custodian is obliged to perform custodial services for further 30 days, counting from the date of confirmation of the new custodial contract for the Fund by the Agency. At the expiry of the notice period, the former custodian is obliged to deliver the cash assets in the account, securities and documents of the Fund to the new custodian. The contract with the new custodian shall come into effect upon the termination of the contract with the previous one.

11.4. MERGER OF MUTUAL FUNDS

11.4.1. Terms of mergers of mutual funds and consequences for holders of investment coupons

The Management Company or more management companies may carry out the merger of two or more mutual funds managed or operated by those management companies through an acquisition or merger.

Acquisition is carried out by the transfer of the entire assets of one or more mutual funds (transmitting fund) to another existing mutual fund (acquiring fund). Merger is executed by setting up a new mutual fund (the acquiring fund) to which all the assets of two or more merging mutual funds are transferred (transmitting fund).

After the completion of the merger, the transmitting fund is terminated without liquidation proceedings and all its assets, rights and obligations are transferred to the acquiring fund. The holders of investment coupons of the transmitting fund or transmitting funds receive investment coupons of the acquiring fund after the completion of the merger, as per the conversion rate determined by the Management Company or the management companies in accordance with the ZISDU-3. If at the time of conversion, the holder of investment fund coupons of the transmitting fund is not entitled to an integer of transferable investment coupons of the acquiring fund, the Management Company of the acquiring fund may pay the holder in cash the value of the units that compose the partial right.

The merger of mutual funds is permissible only if the financial situation of holders of investment coupons of mutual funds involved in the merger does not deteriorate after the completion of the merger. The net asset value of the acquiring fund should, at the completion of the merger and after taking into account the cash payment to the holders of investment coupons, be at least equal to the sum of the net asset value of the transmitting and the acquiring fund before the procedure, while the total value of all investment coupons of the acquiring fund, must be at least equal to the total value of all investment coupons of the transmitting fund which were held by the same person before the procedure.

Implementation of the merger of mutual funds is subject to prior review by the custodian and the audit company and the permission for merger shall be granted by the Agency. Costs incurred as a result of the merger are borne by the management companies that manage mutual funds involved in the merger.

11.4.2. Rights of the holder of investment coupons

The holder of an investment coupon of the Fund has in the event that the Fund is involved in a merger the right to request from the Management Company:

- a copy of the auditor's report on the merger, which has to be provided by the Management Company free of charge, not later than the next working day after receipt of a written request, whereby it can also be sent in electronic form, and
- redemption of their investment coupons without any redemption fees charged by the Management Company, or
- replacement of existing investment coupons with investment coupons of another mutual fund with a similar investment policy, which is managed by the Management Company or a Management Company closely linked or in relation with companies associated with the collective leadership of the Management Company that manages the Fund.

The holders of investment coupons shall have the right to demand payment of the investment coupon under the terms of this section during the period of receipt of the notification of the merger until the commencement of the period when payments stop and disbursements in the transmitting funds and acquiring fund are subject to a halt.

11.5. LIQUIDATION

Liquidation of the Fund shall be carried out:

- if the net asset value of the Fund, within a period of 4 months from the date on which the Management Company had received the decision of the Agency authorising the management of the Fund, does not reach 100,000.00 euros (EUR);
- if the net asset value of the Fund falls below 100.000,00 euros (EUR), and in further 30 days does not manage to reach 100,000.00 euros (EUR);
- based on the resolution of the Management Company to initiate liquidation proceeding of the Fund, if the reason specified in the rules of management is cited as a reason for the commencement of the liquidation of the Fund occurs, i.e.:
 - when the Company considers that liquidation would be in the best interest of investors in the Fund, especially when the costs of operations become disproportionately high in comparison with its revenues, resulting in investors not being able to achieve an adequate return on investment in the investment coupons of the Fund;
 - on an assessment that the risk of the Fund has increased so much that it can significantly undermine the value of its assets and thereby the value of the investment coupons of holders;
 - when, according to its assessment, the investors upon the realization of the right to payment of a proportionate part of liquidation mass would achieve a higher return than with the continuation of the operation of the Fund;
- when, in the event of a compulsory transfer of the Fund, the custodian of the assets fails to perform procedures related to the conclusion of a contract on transfer of management of the Fund to a new (acquiring) management company.

The process of liquidation of the Fund and its legal consequences are defined in the relevant provisions of the ZISDU-3.

The Management Company shall inform the Agency, on the next working day, the reason for liquidation of the Fund.

The Management Company or the liquidator shall the next working day upon the occurrence of the reason for initiation of the liquidation of the fund publish the information on the liquidation of the Fund on the company's website (www.primorski-skladi.si) and within 3 working days upon the occurrence of the reason for liquidation of the Fund inform each holder of investment coupons of the initiation of liquidation of the Fund.

If the Management Company does not fulfil its obligations regarding the public announcements and information to the holders of investment coupons of the Fund, then the public announcements and direct informing of the holders will be carried out by the custodian of the Fund, namely in within the same timelines as are applicable to the Management Company, whereby such timelines commence when the custodian of the Fund finds out or would have to find out that the Management Company did not fulfil its obligations.

11.6. PAST PERFORMANCE

The information on past performance of investments in investment coupons of the Fund are given in Annex IV to this Prospectus.

CHAPTER 12: THE MANAGEMENT COMPANY

12.1. GENERAL INFORMATION

12.1.1. Company name, registered office and unique identification number of the Management Company

Company name: PRIMORSKI SKLADI, Upravljanje z investicijskimi skladi, d.o.o., Koper

Short company name: PRIMORSKI SKLADI, d.o.o., Koper

Registered office: Pristaniška ulica 12, Koper, the Republic of Slovenia

Registration number: 5822629000

Tax number: SI 53819357

Web: www.primorski-skladi.si

E-mail: info@primorski-skladi.si; primorski-skladi@primorski-skladi.si

Telephone number: +386 (5) 66 33 150

Fax number: +386 (5) 66 33 131

12.1.2. Date of incorporation of the Management Company

The Management company was established on 10.11.1993 and entered into the Companies Register on 30.12.1993 at the Registrar's Court in Koper, Srg. no. 1659/93, under entry no. 1/04619/00. The company was established for an indefinite period of time.

12.1.3. Place and time of the possible access to general acts of the Management Company and the latest available audited annual report

General acts of the Management Company (articles of association) and the latest available audited annual report are available for viewing at the registered office of the Management Company every working day from 1 pm to 3 pm. The Management Company also publishes its audited annual report along with the auditor's opinion also at the Management Company's website (www.primorski-skladi.si) no later than 5 months after the end of the calendar year. The Management Company also submits the annual report together with the auditor's report to the Agency of the Republic of Slovenia for Public Legal Records and Related Services for the purpose of publication.

12.1.4. Number and date of the decision on issuing a license to perform services of management of basic investment funds

The Slovenian Securities Market Agency issued the Decision on Issuing an Authorization for the provision of services of management Investment Funds and Special Authorization for the provision of services of an Authorized Investment Company, No. 24 / AG-94, dated May 26, 1994.

12.1.5. Information on the capital of the Management Company

Amount of the subscribed and paid-up share capital of the Management Company entered in the Court/Business Register is 661,045.74 euros (EUR).

12.1.6. List of investment funds managed by the Management Company

List of all investment funds managed by the Management Company, is given in Appendix II to this Prospectus.

12.2. MANAGEMENT AND SUPERVISORY BODIES

Clarification of the management system of the Management Company, its management and supervisory bodies and their members is indicated in Annex I to this Prospectus.

12.3. REMUNERATION POLICY

Clarification on the remuneration policy is indicated in Annex VIII of this Prospectus.

CHAPTER 13: INFORMATION ON OTHER PERSONS

13.1. CUSTODIAN OF ASSETS

The custodian of assets of the Fund is Banka Intesa Sanpaolo, d.d., Pristaniška ulica 14, 6000 Koper, the Republic of Slovenia.

The Bank of Slovenia has issued to Banka Intesa Sanpaolo, d.d., a license to provide custodial services for investment funds on 3 September 2003.

The Agency has issued a permit for the conclusion of the Agreement of provision of custodial services for the Fund on 22 May 2019.

In accordance with the contract on the provision of custodian services, the main duties of the custodian of assets are:

- safekeeping of the assets of the Fund in accordance with the ZISDU-3 Act;
- monitoring of the Fund's cash flows;
- monitoring the operations of the mutual fund.

The custodian for the mutual fund implements activities that can cause conflicts of interest between the mutual fund, investors in mutual funds, the management company and the trustee himself. Therefore the custodian is obliged to functionally and hierarchically separate the provision of custodial services from other possible conflicting tasks and have appropriate procedures for identification, control, monitoring and disclosure of conflicts of interest.

The custodian is also obliged to establish appropriate procedures for the identification, control, monitoring and disclosure of conflicts of interest that might arise during the provision of custodial services for the mutual fund, in relation to other services and activities and the custodian's assets, as well as in relation to the capital relationship of the trustee with other entities and the custodian's ownership structure

For the purpose of custody and storage of financial instruments and for the purpose of settlement of transactions with securities, the custodian bank has entered into contracts with the following global and local custodians and subcustodians:

- Komercialna banka AD Skopje (Macedonia);

- Raiffeisen banka a.d. (Serbia);
- Raiffeisen BANK dd. Bosna i Hercegovina (Bosnia and Herzegovina);
- State Street Bank Luxembourg S.C.A. (as global custodian).

The global sub-custodian transfers the safekeeping services on local markets to third parties that fulfill the conditions of Regulation 2016/438/EU.

In the management of the mutual fund management services, the management company does not perceive the possibility of the occurrence of conflicts of interest arising from the operations to whom the custodian has transferred custody tasks to, nor from third parties to whom these tasks have been further delegated.

The investors will be, upon their request, provided with the latest information on to the delegation of the safekeeping services to the third persons.

13.2. OTHER PROVIDERS OF MANAGEMENT SERVICES FOR THE FUND

Information on persons to whom the Management Company has delegated specific services for management of the Fund is indicated in Annex III of this Prospectus.

13.3. INVESTORS' COMPLAINTS AND EXTRAJUDICIAL RESOLUTION OF DISPUTES

Investor may appeal or send a complaint related to their investment or intended investment in the investment coupons of the Fund, to the address of the Management Company PRIMORSKI SKLADI, d.o.o., Koper, Pristaniška 12, 6000 Koper, or to the email address info@primorski-skladi.si.

All information on the policy of conduct of the Management Company with regard to complaints from investors is available at the registered office of the Management Company and at subscription points.

Any dispute between the investor in the Fund and the Management Company and other providers of services of management of the Fund, with which the Management Company has entered into an agreement for providing individual services of management to the Fund, will be settled through The Arbitration of the Slovenian Investment Fund Association, Čufarjeva 5, 1000 Ljubljana, telephone number + 386 (1) 430 49 18, e-mail arbitraza@zdu-giz.si.

Investors can obtain documentation of the circumstances in which there may be an out of court resolution of disputes and get acquainted with all the elements of the extrajudicial resolution of disputes on the website of the Slovenian Investment Fund Association-GIZ (www.zdu-giz.si/arbitraza/), on the website of the Management Company (www.primorski-skladi.si), at the registered office of the Management Company and at subscription points.

CHAPTER 14:
PERSONS RESPONSIBLE FOR THE ISSUE OF THE FUND PROSPECTUS

We declare that the Prospectus of the Fund, including rules of its management, contains accurate information and does not omit any information which should be indicated by the Management Company as the issuer of the Prospectus, or of which it is aware, and its suppressing could damage the interest of the holders of investment coupons of the Fund or potential investors. The Prospectus of the Fund, including the rules of management, also does not contain any misleading information or information that could be interpreted in different ways.


Koper, 17.2.2021

PRIMORSKI SKLADI, d.o.o., Koper

Lučo Benčič
President of the Management Board



Mitja Madon
Member of the Management Board



ANNEXES TO THE PROSPECTUS

ANNEX I – MANAGEMENT AND SUPERVISORY BODIES OF THE MANAGEMENT COMPANY

The Management Company has been formed as a limited liability company and has established a two-tier management system with the Management Board and Supervisory Board in accordance with the ZISDU-3 Act.

Management Board is the governing body of the Management Company and has, in line with the act of incorporation, two members. It consists of:

- President of the Management Board: Lučo BENČIĆ, BA in Economics
- Member of the Management Board: Mitja MADON, BA in Economics

Supervisory Board is the supervisory body of the company and has, in accordance with the articles of association, three members. It consists of:

- Klemše LEON, Chairman of the Supervisory Board,
- Žarko ŽDRALIČ, Member of the Supervisory Board,
- Marinela JANKOVIČ, Member of the Supervisory Board.

ANNEX II – INVESTMENT FUNDS CURRENTLY UNDER MANAGEMENT OF THE MANAGEMENT COMPANY

Investment funds managed by the Management Company are:

The mutual fund:

- LILLYWHITE 7 ROCK, mešani fleksibilni globalni sklad (mešani fleksibilni globalni sklad);

Umbrella fund PSP:

- PSP PIKA – mešani defenzivni sklad - Evropa (mešani defenzivni sklad - Evropa),
- PSP ŽIVA – delniški sklad (delniški globalni sklad),
- PSP MODRA LINIJA – delniški sklad razvitih trgov (delniški globalni sklad razvitih trgov),
- PSP OPTIMA – mešani sklad, sklad skladov (mešani dinamični globalni sklad),
- FT QUANT, mešani fleksibilni globalni sklad (mešani fleksibilni globalni sklad).

ANNEX III – LIST OF OTHER SERVICE PROVIDERS OF MANAGEMENT OF FUND

ASSET MANAGEMENT

The Management Company manages the assets of the Fund itself and has not authorized any other person for the provision of management services for all or part of assets of the Fund.

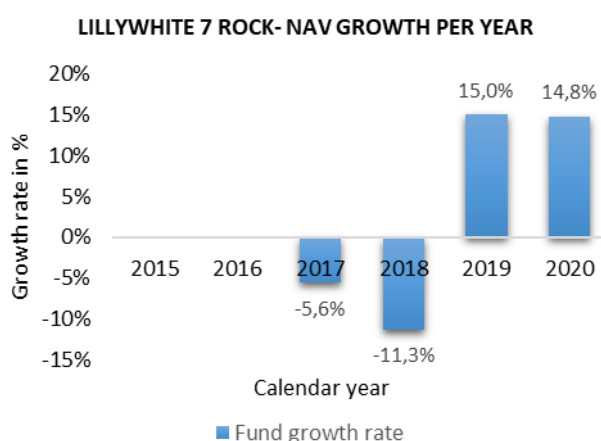
ADMINISTRATIVE SERVICES

On May 30, 2019 The Management Company transferred internal auditing tasks to ALTA konto, računovodstvo in notranja revizija, d.o.o., Železna cesta 18, 1000 Ljubljana.

SERVICES OF MARKETING OF INVESTMENT COUPONS – SUBSCRIPTION POINTS

Information on the legal and natural persons (name and registered office of the legal person or name and surname of a natural person), performing the marketing and sale of the units of the Fund (subscription site) and where it is possible to accept the rules of management of the Fund, is available on the website of the Management Company at www.primorski-skladi.si.

ANNEX IV – PAST PERFORMANCE



Past performance of the Fund is calculated in Great British Pounds (GBP).

Past performance (effectiveness) of the Fund represents the total annual return on investment in the Fund's investment coupons.

Performance of the investment in the Fund's investment coupons achieved in the past is not an indication of the future performance.

The calculation excludes direct costs of holders of investment coupons of the Fund (entry fees) and the possible impact of tax liabilities which could be charged to the holder upon redemption of an investment coupon.

The Fund was established in 2017 and is consistent with the UCITS Directive.

ANNEX V – TOTAL EXPENSE RATIO

The total expense ratio in last 12 months, i.e. between 1 January 2020 and 31 December 2020, amounts to 3,18 %.

The calculation of the total expense ratio is based on the actual charged expenses in the last calendar year, ended on 31 December 2020.

Total operating costs include management and custodial fees and other expenses of the Fund which are calculated from the average annual net asset value of the Fund and are not directly paid by the investor. Depending on the operations of the Fund, the value of total operating costs varies.

ANNEX VI – SOFT COMMISSIONS, FEE SHARING AGREEMENTS AND CONFLICTS OF INTEREST

Soft Commissions

The Management Company in connection with the performance of transactions in financial instruments on behalf of the Fund (services of settlement and transactions executions) does not receive any economic benefits from brokerage firms or banks in the form of Soft Commissions.

Fee Sharing Agreements

The Management Company has not entered into any agreements with brokerage firms, relating to the allocation of transaction costs paid out of the assets of the Fund (Fee Sharing Agreements). Also, in the case that the Fund invests a significant portion of the assets in units of target funds, the Management Company has not executed any agreements on the subject of sharing commissions (direct and/or indirect) with management companies of target funds.

Conflicts of Interest

The Management Company, the Management Company shareholders, Fund Distributors and any of their associated companies, employees and agents ("Interested Parties") are involved or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the Fund. These activities may include managing or advising other funds, research services, banking and investment management services and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the Fund may invest. Interested Parties may be involved in providing similar services to other investment funds that may have similar or overlapping investment objectives to or with the Fund. Each of the Interested Parties will use its reasonable endeavours to ensure that the performance of their respective duties will not be impaired by any such involvement they may have and that any conflicts which may arise will be resolved fairly.

ANNEX VII – LIST OF REGULATED MARKETS

The Fund's assets will be invested only in transferable securities, money market instruments and structured financial instruments with embedded derivative:

1. listed or traded on a regulated market of a Member State. The list of the regulated markets of Member States is published on the website of ESMA, in section Rules, Databases & Library, subsection Registers and Data.
2. traded on a multilateral trading facility of a Member State. List of multilateral trading facilities (MTFs) is published on the website of ESMA, in section Rules, Databases & Library, subsection Registers and Data.
3. traded on the following stock exchanges of European countries which are not members of the European Union:
 - Banjalučka berza hartija od vrijednosti a.d. (Banja Luka Stock Exchange; BLSE), Bosnia and Herzegovina,

- Beogradska berza a.d. (Belgrade Stock Exchange; BELEX), Serbia,
- Makedonska berza a.d. (Macedonian Stock Exchange), Macedonia,
- Sarajevska berza a.d. (Sarajevo Stock Exchange; SASE), Bosnia and Herzegovina,

4. traded on the following stock exchanges of non-European countries:

- members of the World Federation of Exchanges (WFE or FIBV).

The list of members of the World Federation of Exchanges is available on the website <http://www.world-exchanges.org/>.

5. traded on the following recognized, regulated and to the general public accessible markets of European countries which are not members of the European Union:

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6. traded on the following recognized, regulated and to the general public accessible markets of non-European countries:

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ANNEX VIII – REMUNERATION POLICY

The management company has adopted and implemented a remuneration policy which is consistent with sound and efficient risk management. The remuneration policy, for members of the Management Board and Supervisory Board, and other employees with a special nature of work, sets out rules that do not encourage the acceptance of risks that are incompatible with the risk level of the mutual fund and management rules and are in line with the business strategy, goals, values and interests and the interests of investors in the mutual fund. The management company has introduced a remuneration policy in such a way that it is in proportion with the size of the management company, its internal organization and the complexity of the activities it carries out.

Information on the details of the remuneration policy and the persons responsible for rewarding is available to investors on the management company's web page (www.primorski-skladi.si).

Upon request, the applicant may obtain a free printed copy of the document containing information on the details of the remuneration policy.