

**Investment Services Rules for**

**Retail Collective Investment Schemes**

**Checklist**

**Prospectus and Offering Supplement**

**Retail AIFs**

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| **Name of applicant** |  |
| **Date of submission of checklist** | 28 December 2016 |

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|  | **Page** | **MFSA Comments** |
| 1. **Information Concerning the scheme** |  |  |
| * 1. The following statement shall be inserted in a prominent position in bold in a font whose pitch is at least 12: |  |  |
| **“[name of the FUND] is licensed by the Malta Financial Services Authority (“MFSA”) as an Alternative Investment Fund and fulfils the additional conditions prescribed by the Authority to be marketed to Retail Investors.** |  |  |
| **“This fund may only be marketed outside Malta to Professional Investors as defined in the AIFM Directive. The marketing of the fund to an investor who is not a Professional Investor as defined in the AIFM Directive may only be undertaken if allowed by the respective jurisdiction and subject to the national provisions applicable in the respective jurisdiction as prescribed in Article 43 AIFMD.”** |  |  |
| **“The MFSA has made no assessment or value judgment on the soundness of the fund or for the accuracy or completeness of statements made or opinions expressed with regard to it.”.** |  |  |
| “**The authorisation of the [name of the Fund] is not tantamount to an endorsement of the Fund by the MFSA nor is the MFSA responsible for the contents of this Offering Memorandum.”** |  |  |
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| * 1. Name of the scheme; |  |  |
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| * 1. Date of establishment of the scheme; |  |  |
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| * 1. Duration of the scheme, where limited |  |  |
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| * 1. Form in law (must be stated on the cover page) |  |  |
| 1. SICAV |  |  |
| 1. INVCO |  |  |
| 1. Unit Trust |  |  |
| 1. Incorporated Cell Company/ Incorporated Cell of an Incorporated Cell Company |  |  |
| 1. Incorporated Cell of a Recognised Incorporated Cell Company |  |  |
| 1. Contractual Fund |  |  |
| 1. Limited Partnership |  |  |
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| * 1. Where the scheme is a self-managed scheme, include a reference to the self-managed nature of the scheme. |  |  |
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| * 1. Registered office |  |  |
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| * 1. Declaration indicating the persons who are accepting responsibility for the contents of the offering memorandum (e.g. Directors in the case of a SICAV/INVCO) |  |  |
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| * 1. Information whether the scheme will be establishing any sub-funds with single or multiple classes of shares |  |  |
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| * 1. In the case of an umbrella scheme, a declaration that new sub-funds require the prior approval of the MFSA; |  |  |
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| * 1. Where the scheme is established as a SICAV in terms of the Companies Act (Investment Companies with Variable Share Capital) Regulations, information on whether the scheme has elected to have the assets and liabilities of each sub-fund comprised in the company treated for all intents and purposes as a patrimony separate from the assets and liabilities of each other sub-fund of such company. |  |  |
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| * 1. The base currency of the scheme; |  |  |
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| * 1. Accounting currency |  |  |
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| * 1. Name and address of the auditor |  |  |
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| * 1. Name and address of the legal advisors of the scheme |  |  |
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| * 1. Name and address of the tax advisors of the scheme |  |  |
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| * 1. Where applicable the regulated market on which the units of the Scheme will be listed or dealt in. |  |  |
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| 1. **Information concerning the investment objectives, policies and restrictions of the scheme** |  |  |
| * 1. A description of the investment strategy, objectives and policies of the scheme. This description must be as comprehensive as possible to ensure that investors can make an informed decision on the investment being proposed. |  |  |
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| * 1. The description shall include: |  |  |
| 1. Where the scheme is being established as a master-feeder scheme, information on where the master scheme is established; |  |  |
| 1. If the fund is being established as a fund of funds, information on where the underlying funds are established; |  |  |
| 1. A description of the types of assets in which the scheme may invest |  |  |
| 1. An indication whether the scheme will be operating in accordance with the principle of risk spreading; |  |  |
| 1. The techniques which the scheme may employ. |  |  |
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| * 1. A description of the risks attached to the investment policy of the scheme. |  |  |
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| * 1. In the case of securities, the offering document shall provide an indication of whether the securities are listed or unlisted and the geographical spread. |  |  |
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| * 1. In the case of investment in equities, the offering document shall provide an indication whether the fund shall target equities having particular market size, capitalisation. |  |  |
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| * 1. In the case of investments in fixed income, the whether these are sovereign or corporate bonds. Furthermore, an indication shall be provided of the ratings of such fixed income assets i.e. whether high yield and investment grade. |  |  |
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| * 1. Where the scheme expects to deal/trade directly in commodities or expects the delivery of commodities underlying an FDI instrument, the manner in which such investments will be made by the fund, the types of commodities, including relevant safekeeping arrangements, insurance arrangements (as applicable), valuation methodology of such asset and relevant risk warnings in relation to these instruments. |  |  |
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| * 1. Where the scheme proposes to invest in other collective investment schemes, the offering document shall provide the following information: |  |  |
| 1. the strategy of such collective investment schemes |  |  |
| 1. the domicile of the collective investment schemes; |  |  |
| 1. a confirmation that the scheme is not restricted from investing in other collective investment schemes; |  |  |
| 1. an identification whether the scheme will invest in collective investment schemes which are managed by the same AIFM of the scheme. In the case where the scheme is allowed to invest in such collective investment schemes which are managed by the AIFM managing the scheme, a confirmation that there will be certain waiving of fees and that only one set of subscription and/or redemption fees applies between the scheme and the underlying scheme level in order to avoid duplication of fees; |  |  |
| 1. an indication whether the target collective investment schemes are regulated or otherwise; |  |  |
| * 1. an indication whether the scheme may invest in other sub-funds of the same scheme and the applicability or otherwise of the rules on cross sub-fund investments; |  |  |
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| * 1. Where the scheme proposes to invest in financial derivative instruments: |  |  |
| 1. an indication of the types of financial derivative instruments; |  |  |
| 1. an indication whether these financial derivative instruments will be used as part of the investment strategy and/or for hedging purposes and whether they are exchange-traded or dealt in over-the counter |  |  |
| 1. information on the underlying asset of the financial derivative instruments. |  |  |
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| * 1. With regards to the investment restrictions information on the applicable investment restrictions and any limits on investments. |  |  |
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| * 1. A description of any remedial measures which the scheme proposes to take in the case where any investment limits are exceeded. |  |  |
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| * 1. A description of the procedures by which the scheme may change its investment strategy or investment policy or both. |  |  |
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| * 1. A statement indicating that changes to the investment policies and restrictions of the scheme shall be notified to investors in advance of the change. |  |  |
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| * 1. A statement indicating that changes to the investment objectives of the scheme, shall be notified to investors in advance of the change. The change in the investment objectives will only become effective after all redemption requests received during such notice period, have been satisfied. |  |  |
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| **Leverage** |  |  |
| * 1. The means through which the Scheme will employ leverage. |  |  |
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| * 1. The circumstances in which the scheme may use leverage |  |  |
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| * 1. The maximum level of leverage which the AIFM is entitled to employ on behalf of the Scheme. |  |  |
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| * 1. Any restriction on the use of leverage |  |  |
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| * 1. A description of any collateral and asset reuse arrangements |  |  |
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| **Money Market Funds** |  |  |
| * 1. A statement whether the scheme is a money market fund or a short-term money market fund. |  |  |
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| * 1. The scheme must have the primary objective of maintaining the principal investment of the fund and shall aim to provide a return in line with money market rates |  |  |
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| * 1. Information to investors on the risk and reward profile of the Scheme to enable them to identify any specific risks linked to the investment strategy of the scheme. |  |  |
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| * 1. Information on the investments carried out by the scheme |  |  |
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| **Use of trading companies and special purpose vehicles** |  |  |
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| * 1. Where applicable, an indication that the scheme will use trading companies or special purpose vehicles as part of its investment strategy. |  |  |
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| * 1. In particular, in relation to the use of special purpose vehicles, a description outlining the relevant criteria and requirements applicable in relation to the financing of such special purpose vehicles |  |  |
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| * 1. The manner in which such financing will be made i.e. either by capital contributions only, or a combination of capital contributions and loan facilities (as applicable). |  |  |
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| * 1. Details relating to the main terms of a loan facility arrangements to be entered into by the scheme and the special purpose vehicle in question which could inter alia include the following: |  |  |
| 1. that the scheme should not be obliged to honour any request for lending made by the special purpose vehicle in the case where the scheme does not have sufficient liquid assets or if the scheme deems necessary the retention of such assets to finance other investments of the sub-fund or the retention of such assets as reserves for any current or future contingent liability; |  |  |
| 1. that any amount borrowed by the special purpose vehicle will be repayable on or within a short period of time following any request in this regard by the scheme in order to ensure the liquidity of the scheme and allow the scheme to satisfy redemption requests by investors in the case where these cannot be satisfied from liquid assets available to the scheme; |  |  |
| 1. that any proceeds of any loan made to the special purpose vehicle shall be used by it solely to finance the acquisition of the assets or property referred to in the loan agreement, which shall always reflect and be in line with the objectives and policies of the sub-fund |  |  |
| 1. any other safeguards deemed appropriate by the directors of the scheme |  |  |
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| **Investment through joint ventures** |  |  |
| * 1. Where the scheme proposes through invest through joint ventures include: |  |  |
| * + - * 1. a description of proposed investments via co-investments or joint ventures; |  |  |
| * + - * 1. a description of the manner in which the scheme intends to safeguard the interest of shareholders in the instances where it may not have majority control; |  |  |
| * + - * 1. a description of the manner in which the scheme will ensure the suitability of investments undertaken by such joint ventures and how it will ensure on an ongoing basis that these reflect the investment objectives and policies of the scheme. |  |  |
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| 1. **Conflicts of Interest** |  |  |
| * 1. A description of the potential conflicts of interest which could arise between the AIFM, or the investment adviser, or the depositary/ prime broker, and the scheme and the manner in which these will be resolved. |  |  |
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| * 1. A description of the involvements of the proposed officials of the scheme with the scheme’s service providers. |  |  |
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| * 1. A description of how the AIFM ensures a fair treatment of unit-holders, and whenever a unit-holder obtains preferential treatment or the right to obtains preferential treatment, a description of that preferential treatment, the type of unit-holders who obtain such preferential treatment and, where relevant their links with the Scheme or the AIFM. |  |  |
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| 1. **Organisation of the Company [Applicable where the Scheme is established as a SICAV, INVCO, Incorporated Cell or Incorporated Cell Company]** |  |  |
| * 1. Date of incorporation and registration number |  |  |
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| * 1. A description of the share capital applicable to the scheme and the manner in which it will be financed i.e. via investor shares and founder share capital. |  |  |
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| * 1. Where the scheme will be financed via investor shares, a confirmation shall be provided by the fund administrator confirming that such capital has been invested into the scheme on the first day of the scheme’s operation. |  |  |
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| * 1. Duration of the scheme |  |  |
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| * 1. Information on whether the scheme intends making further issues of shares |  |  |
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| * 1. A description of the rights attached to the founder shares (where applicable) |  |  |
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| * 1. Information on any possible alterations to the Memorandum and Articles of Association. |  |  |
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| * 1. A description of the rights attached to the investor shares and variations to such class rights |  |  |
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| * 1. Information on any alterations to the share capital of the Scheme |  |  |
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| * 1. Where the Scheme is permitted to repurchase or redeem its investor shares, a description of the procedure shall be included. |  |  |
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| * 1. A description of the procedure concerning the closure of a sub-fund |  |  |
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| * 1. A description of the process of the liquidation of the scheme and of the sub-funds. |  |  |
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| 1. **Additional Information to be included where the scheme is established as a self-managed scheme** |  |  |
| * 1. Where the scheme is established as a self-managed AIF, include details: |  |  |
| 1. of the members of the investment committee; |  |  |
| 1. an overview of the experience of the members of the investment committee; |  |  |
| 1. an outline of the person(s) responsible for the day-to-day management of the assets of the scheme. |  |  |
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| 1. **Distributions and Dividends** |  |  |
| * 1. A statement whether the income will be reinvested or paid to the shareholders |  |  |
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| * 1. Distribution dates |  |  |
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| * 1. Any time limits (where applicable) after which the entitlement to the dividend lapses and the procedure to be followed in such case |  |  |
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| * 1. The method of payment of dividends |  |  |
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| 1. **|Information concerning the Service Providers** |  |  |
| **AIFM** |  |  |
| * 1. Name |  |  |
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| * 1. Details on the regulatory status i.e. whether licenced by the MFSA or in another Member State or EEA State |  |  |
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| * 1. The members of the board of directors of the AIFM with a brief description of their qualifications and experience. |  |  |
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| * 1. A confirmation that the cover potential professional liability risks resulting from the activities which the AIFM may carry out, it shall either have additional own funds or hold a professional indemnity insurance in accordance with the provision of Article 9 of the AIFMD |  |  |
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| * 1. The duties which the AIFM will be carrying out. |  |  |
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| * 1. A description of any delegated management function by the AIFM |  |  |
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| * 1. Identification of the delegate |  |  |
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| * 1. Disclosure of any conflicts of interest which may arise because of such delegation. |  |  |
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| * 1. Jurisdiction regulating the investment management agreement |  |  |
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| * 1. Information concerning the nature, amount and the basis of calculation in respect of remuneration payable by the scheme to the AIFM (or in the case of a self-managed scheme, the investment committee), and in respect of the reimbursement of costs by the scheme to the AIFM. |  |  |
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| **The Administrator** |  |  |
| * 1. Name |  |  |
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| * 1. Details on the regulatory status i.e. whether in possession of a recognition certificate issued in terms of the Investment Services Act. |  |  |
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| * 1. The duties which the administrator will be carrying out |  |  |
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| * 1. A description of any indemnities due to the fund administrator |  |  |
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| * 1. A statement indicating whether the administrator is appointed by the scheme or the AIFM |  |  |
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| * 1. Termination of the administration agreement |  |  |
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| * 1. Jurisdiction regulating the administration agreement. |  |  |
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| * 1. Information concerning the nature, amount and the basis of calculation in respect of remuneration payable by the scheme to the administrator. |  |  |
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| **Depositary** |  |  |
| * 1. Name |  |  |
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| * 1. Details on the regulatory status of the depositary |  |  |
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| * 1. Duties of the depositary in terms of the Depositary Agreement |  |  |
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| * 1. Information of any arrangement made by the depositary to contractually discharge itself of liability as well as any changes to the liability of the depositary. |  |  |
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| * 1. Details of any delegation of the safe-keeping function to the sub-custodian |  |  |
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| * 1. Name of the sub-custodian |  |  |
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| * 1. Disclosure of any conflicts of interest which may arise because of such delegation. |  |  |
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| * 1. Details of the termination of the Depositary Agreement. It is important that this clause is in line with the provisions of the Investment Services Act (Custodians of Collective Investment Schemes) Regulations |  |  |
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| * 1. Details concerning the reimbursement of any expenses |  |  |
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| * 1. Jurisdiction regulating the depositary agreement |  |  |
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| * 1. Information concerning the global custodian and other sub-custodians. |  |  |
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| * 1. Where a prime broker is appointed the following information shall be provided: |  |  |
| 1. information on the identity of the prime broker; |  |  |
| 1. a description of any material arrangements of the scheme with its prime brokers and the way the conflicts of interest in relation thereto are managed; |  |  |
| 1. information on the provision in the contract with the depositary on the possibility of transfer and reuse of the scheme’s assets; |  |  |
| 1. information on any transfer of liability to the prime broker that may exist. |  |  |
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| * 1. Information concerning the nature, amount and the basis of calculation in respect of remuneration payable by the scheme to the depositary, and in respect of the reimbursement of costs by the scheme to the depositary. |  |  |
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| **Other service providers** |  |  |
| * 1. Name |  |  |
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| * 1. Legal Form |  |  |
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| * 1. Registered Office and where applicable head office |  |  |
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| * 1. Information as to whether the service provider is part of a group including the name of that group; |  |  |
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| * 1. Regulatory status |  |  |
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| * 1. A description of the duties of these service providers |  |  |
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| * 1. In the case of the investment adviser, a statement indicating whether the investment adviser/ the administrator is appointed by the scheme or the AIFM. |  |  |
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| * 1. Where one or more service providers have not been appointed, a description on how the functions normally undertaken by each service provider will be carried out. |  |  |
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| * 1. Indication of the duration of the appointment where limited |  |  |
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| * 1. Information concerning the nature, amount and the basis of calculation in respect of remuneration payable by the scheme to adviser. |  |  |
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| 1. **Officers of the Scheme (where the scheme is established as a SICAV, INVCO, Incorporated Cell or Incorporated Cell Company)** |  |  |
| * 1. Names of the directors of the scheme and a brief description of their duties |  |  |
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| * 1. Name of the Company Secretary of the Scheme |  |  |
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| * 1. Where the scheme has appointed one or more corporate directors, this section should include brief details on the corporate director and its directors, including a brief description of the nature/ objects of the company. |  |  |
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| * 1. In the case of a corporate director with nominee shareholders and directors, this section should either disclose the ultimate beneficial owners of the corporate director or include a statement that such information will be available upon request. |  |  |
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| 1. **Additional Information required where the scheme is established as a Limited Partnership** |  |  |
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| * 1. Where the scheme is established as a limited partnership, include brief details of the general partner(s). |  |  |
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| * 1. Where the scheme has appointed one or more corporate general partner(s), include brief details on the corporate general partner(s) and its directors, including a brief description of the nature/ objects of the company. |  |  |
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| * 1. In the case of corporate general partner(s) with nominee shareholders and directors, either disclose the ultimate beneficial owners of the corporate general partner(s) or include a statement that such information will be available upon request. |  |  |
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| 1. **Transparency and Reporting** |  |  |
| * 1. The relevant accounting date(s) for the Scheme |  |  |
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| * 1. The annual accounting date |  |  |
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| * 1. The date of the initial annual report |  |  |
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| * 1. The interim accounting date |  |  |
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| * 1. The date of the initial interim report |  |  |
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| * 1. Information on where the following documents can be obtained (unless not included with the application): |  |  |
| 1. Instruments of incorporation of the scheme |  |  |
| 1. The latest annual report/ half-yearly report |  |  |
| 1. The latest net asset value of the scheme, or the latest market price per unit of the scheme |  |  |
| 1. The historical performance of the scheme (where applicable) |  |  |
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| * 1. The AIFM shall disclose |  |  |
| 1. the percentage of the Scheme’s assets which are subject to special arrangements arising from their illiquid nature; |  |  |
| 1. any new arrangements for managing the liquidity of the Scheme; |  |  |
| 1. the current risk profile of the Scheme and the risk management systems employed by the AIFM to manage those risks. |  |  |
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| * 1. Where the AIFM manages, and markets an EU AIF which employs leverage it shall provide information on: |  |  |
| 1. any changes to the maximum level of leverage which the AIFM may employ on behalf of the scheme as well as any right of reuse of collateral or any guarantee under the leveraging arrangement; |  |  |
| 1. the total amount of leverage employed by that Scheme |  |  |
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| 1. **Subscription and Redemption Procedures** |  |  |
| * 1. A description of the scheme’s liquidity risk management |  |  |
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| * 1. A description of the subscription procedure applicable for purchases of investor shares. |  |  |
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| * 1. Where applicable a description of the different share classes which the scheme may establish together with the differentiating factors between share classes |  |  |
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| * 1. Where applicable details of the types and main characteristics of the units including: |  |  |
| * 1. indication of the voting rights, if any of the unitholders |  |  |
| * 1. the nature of the right represented by the units; |  |  |
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| * 1. Where has issued “Voting Shares” to the promoters and “non-Voting Shares” to prospective investors, a statement identifying the holders of the “Voting Shares” of the scheme. |  |  |
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| * 1. . If the “Voting Shares” are held by a corporate entity or a trustee, the offering document may include the name of the said corporate entity/ trustee without disclosing the names of the individual beneficial owners/ beneficiaries. |  |  |
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| * 1. An indication that the identity of the ultimate beneficial owners of the holders of “Voting Shares” will be disclosed upon request. |  |  |
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| * 1. An indication whether the scheme shall have a minimum commitment amount in order to be able to launch and whether the scheme would actually be launched if the minimum commitment about is not reached. |  |  |
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| * 1. Where the scheme is established as a SICAV and has opted to issue shares subject to full payment by a settlement date, in accordance with regulation 16 of the Companies Act (Investment Companies with Variable Share Capital) Regulations, indicate, the settlement date by which payment of the full subscription price is to be received, which date cannot be later than five working days from the date of issue of those shares. |  |  |
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| * 1. An indication whether the company shall accept investments in currencies which are not the base currency and any applicable conditions |  |  |
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| * 1. The following information shall be provided in relation to subscriptions: |  |  |
| 1. an indication of the dealing days (where applicable) |  |  |
| 1. information relating to any maximum subscription charges and the initial offer price |  |  |
| 1. information concerning the duration of the initial offer period together with an indication whether it will be possible for the scheme to commence investing the subscribers’ subscriptions during the initial offer period; |  |  |
| 1. types and main characteristics of the units |  |  |
| 1. any settlement periods which are applicable to investors. |  |  |
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| **Subscribers’ Undertakings and warranties** |  |  |
| * 1. A risk warning to subscribers in relation to the signing and completion of the applicable Investor Declaration Forms. |  |  |
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| * 1. A statement that subscribers will not be issued with share certificates unless the subscriber makes a specific request in writing to the Scheme for the issue of such share certificate. |  |  |
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| **Subscriptions in specie** |  |  |
| * 1. A statement whether it will be possible for the scheme to accept subscriptions in specie and the relevant applicable provisions. |  |  |
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| * 1. A description of the valuer which the Scheme will be appointing for drawing up the report on any consideration other than cash |  |  |
| * 1. the valuer needs to be independent of the scheme, its officials or any other service providers of the scheme; |  |  |
| * 1. the valuer needs to be of good standing with recognised and relevant qualifications and an authorised member of a Recognised Professional Body in the jurisdiction of the assets |  |  |
| * 1. the valuer shall be appointed by the Directors of the Scheme subject to the approval of the appointment by the auditors of the scheme |  |  |
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| * 1. A description of the contents of the report which shall include: |  |  |
| 1. a description of each of the assets comprising the consideration |  |  |
| 1. the value of each asset and a description of the method of valuation used; |  |  |
| 1. a confirmation that the value of the consideration is at least equal to the net asset value of the shares to be issued in return for such consideration. |  |  |
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| * 1. A statement that the report shall be held in Malta at the registered office of the scheme. |  |  |
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| * 1. A statement that shares on the scheme shall only be used in favour of the investor once the assets referred to in the valuer’s report have been transferred in favour of the scheme to the satisfaction of the depositary and/or prime broker (where applicable). |  |  |
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| **Exchange of shares** |  |  |
| * 1. Disclose details of procedures for the exchange of shares |  |  |
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| * 1. A description of the manner the number of New Shares to be issued on exchange and any fees and charges applicable. |  |  |
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| **Transfer of shares** |  |  |
| * 1. Information whether an independent market for the transfer of shares exists and the procedure applicable in the case of transfer of shares. |  |  |
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| * 1. Outline the procedure applicable in instances where the directors decline to register shares |  |  |
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| **Eligible investors** |  |  |
| * 1. A description of the investors eligible to invest in the scheme. |  |  |
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| * 1. Information on the minimum initial holding requirement |  |  |
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| * 1. A description of the minimum holding requirements which is applicable at all times. |  |  |
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| * 1. Information on whether the Board of Directors will permit lesser additional subscriptions or redemptions where deemed appropriate. |  |  |
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| **Redemption procedures** |  |  |
| * 1. A description of the redemption procedures |  |  |
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| * 1. A description of the redemption rights both in normal and in exceptional circumstances including the existing redemption arrangements with investors. |  |  |
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| * 1. A description of the redemption price and any maximum redemption charges. |  |  |
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| * 1. A description of the redemption facilities which will be provided to investors (where applicable). |  |  |
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| **Redemptions in specie** |  |  |
| * 1. Information whether the directors may determine that the payment of the redemption proceeds to any Shareholder may, subject to specific conditions being satisfied, be made wholly or partially in specie. |  |  |
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| * 1. A description of the procedure applicable to redemptions in specie. |  |  |
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| **Deferral of redemptions** |  |  |
| * 1. The procedure applicable where the directors opt to limit the total amount of redemptions on any Redemption Day. |  |  |
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| **Temporary suspension in redemptions** |  |  |
| * 1. The applicable procedure where the Scheme suspends the calculation of the NAV of the Scheme or Sub-Fund and the right of any Shareholder to require redemption of any Investor Share and the issue of Investor Shares. |  |  |
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| **Compulsory redemption** |  |  |
| * 1. The procedure applicable to the case where the scheme reserves the right to require shareholders to redeem the total shareholding. |  |  |
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| **Suspension of redemption requests** |  |  |
| * 1. The procedure applicable to suspension of redemption requests. |  |  |
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| **Publication of NAV** |  |  |
| * 1. Details on where investors can find information regarding the NAV per share as determined on each valuation day |  |  |
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| **Valuation of assets** |  |  |
| * 1. Rules for the valuation of assets including a description of the valuation procedure to ensure a proper and independent valuation of the assets of the scheme. The following information shall be provided: |  |  |
| 1. a description of the methodology and frequency applied to the valuation of assets and the manner in which the net asset value per unit or share of the scheme is carried out; |  |  |
| 1. the pricing methodology for valuing the assets including the methods used in relation to hard-to-value assets as indicated in the instruments of incorporation; |  |  |
| 1. a confirmation that the assets are valued and the net asset value per unit or share is calculated as least on a yearly basis; |  |  |
| 1. information on the external valuer where this is appointed; |  |  |
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| 1. **Risk Factors** |  |  |
| * 1. The section on risk factors should provide a detailed and clear indication of the principal risks associated with investing in the scheme. |  |  |
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| * 1. In the case where the scheme will not be operating within the principle of risk spreading, the offering document shall include a relevant risk warning to that effect. |  |  |
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| * 1. In the case where the scheme will be investing in collective investments which are unregulated, include a risk warning to that effect. Risk warnings shall also be included in relation to any underlying fees when the scheme invests in other collective investment schemes. |  |  |
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| * 1. In relation to performance fees: |  |  |
| 1. a risk warning that the increase in NAV which is used as a basis for the calculation of performance fees, may be comprised both of realised gains as well as unrealised gains as at the end of the calculation period, and as a result, performance fees may be paid on unrealised gains which may subsequently never be realised by the scheme; |  |  |
| 1. a risk warning that performance fees may incentivise the AIFM and, or the advisor to the scheme to take higher risks in its investment decisions or advice. |  |  |
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| * 1. The following risk warnings shall be included where applicable: |  |  |
| 1. a risk warning of the limited transferability of the investor shares where applicable; |  |  |
| 1. a risk warning on the illiquidity of shares and no secondary market. |  |  |
| 1. a risk warning to the effect that the scheme can defer, suspend or limit the redemption of investor shares in the case of substantial redemptions. |  |  |
| 1. a description of the interest rate risks; |  |  |
| 1. a description of exchange rate fluctuations |  |  |
| 1. a description of the credit risks; |  |  |
| 1. a description of interest rate risks |  |  |
| 1. a description of the borrowing and leverage risks; |  |  |
| 1. a description of any losses which can arise because of the investment policy of the scheme |  |  |
| 1. a description of the trading risks; |  |  |
| 1. a description of the liquidity of investments; |  |  |
| 1. a description of the risk stemming from the use of derivatives, futures and options; |  |  |
| 1. a risk stemming from the dependence on key individuals; |  |  |
| 1. a description of the fee structure and who will bear costs; |  |  |
| 1. a risk on significant shareholdings |  |  |
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| * 1. In the case where the scheme will be applying any performance fees, include a risk warning stating that the amount of the performance fee payable to the AIFM will not be subject to any cap or maximum amount and that the performance fee payable to the AIFM may incentivise the AIFM to take higher risks. |  |  |
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| * 1. A risk warning (where applicable) that the scheme does not operate an equalisation account nor any other method to ensure the equal treatment for the payment of performance fees irrespective of the timing of the application for or redemption of shares of the scheme and that when purchasing and/or redeeming shares in the scheme, shareholders may accordingly indirectly underpay or overpay an under-performance accrual or an over-performance accrual. |  |  |
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| * 1. Where it is possible for the scheme to enter agreements with investors for committing funds for the subscription at a future date to units at a specific price, a risk warning should be made to the effect that should the scheme issue units at a discount with respect to its current NAV, in terms of the such agreements, there will be a risk of dilution to the net asset value of the scheme. |  |  |
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| * 1. There should also be a clear risk warning that while investors entering into an agreement with the scheme for the purpose of committing funds for the subscription at a future date to units at a specific price, would in effect be subscribing for such units at a discount if the NAV per unit prevailing at the time the draw-down request is made, exceeds the price at which the investor had agreed to subscribe for units in terms of such agreement, on the other hand, if the NAV per unit at the time a draw-down request is made is lower than the price at which the investor had agreed to subscribe for units in terms of such agreement, the investor would, in effect, be paying a premium for such units. |  |  |
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| 1. **Fees, Charges and Expenses**   Note: The disclosure in relation to performance fees must be compliance with the provisions of the [Investment Services Act (Performance Fees) Regulations](http://www.justiceservices.gov.mt/DownloadDocument.aspx?app=lom&itemid=10415). |  |  |
| * 1. A description of all fees, charges and expenses and of the maximum amounts thereof which are directly or indirectly borne by investors. |  |  |
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| * 1. A description of the investment management fees including the fee payable to the sub-manager. |  |  |
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| * 1. In the case where the scheme is self-managed, include details of the maximum fees paid to the investment committee members and the portfolio manager. |  |  |
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| * 1. Details of any applicable performance fees including the amount and manner in which the performance fee is calculated. In particular, the following shall be disclosed: |  |  |
| 1. Details on the calculation of the performance fee, including the accrual basis and details of when the fee is actually paid, the calculation period for determining the fee and the first such period; |  |  |
| 1. Details regarding any maximum amount or percentage of NAV that a performance fee might represent in any one accounting period and appropriate warnings in case where there is no maximum; |  |  |
| 1. Worked examples showing the operating and impact of performance fees; |  |  |
| 1. Details related to the treatment of investors including: |  |  |
| * Reference to any method, such as equalisation, which is to be adopted by the scheme with the objective of ensuring equal treatment of investors, irrespective of the timing of their investment in or redemption from the scheme, as well as a description of the methodology to be used in this regard; or |  |  |
| * Where no such method is to be used, disclosure to this effect together with an explanation of the potential inequalities which could arise. |  |  |
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| * 1. The procedure applicable in the case of alterations to the investment management and performance fee |  |  |
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| * 1. A description of the administration fees |  |  |
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| * 1. A description of the company secretarial fee (where the scheme is established as a SICAV) |  |  |
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| * 1. A description of the prime brokerage and depositary fee |  |  |
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| * 1. A description of the fees and expenses payable to the members of the governing body of the scheme or at least an aggregate or a maximum amount of such fees; |  |  |
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| * 1. Details of the fees payable by the scheme relating to authorised distributor fees, introducers, etc. |  |  |
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| * 1. A description of the manner in which such fees will be paid and accrued; |  |  |
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| * 1. Details of the basis of the fee calculation; |  |  |
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| * 1. in the case of differing initial/ exit/ authorised distributor/ management/ performance fees for different share classes, a description of such fees per each share class. Furthermore, include a description of the entry eligibility criteria applicable for each investor class. |  |  |
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| * 1. In the case of an umbrella scheme, the charges applicable to the switching of investments from one sub-fund to another |  |  |
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| * 1. Any other fees and expenses |  |  |
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| 1. **Anti-Money Laundering and Data Protection** |  |  |
| * 1. A description of the obligations of the AIFM and the Administrator to fulfil the obligations pursuant to the Prevention of Money Laundering Act and the Prevention of Money Laundering and Funding of Terrorism Regulations. |  |  |
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| * 1. A description of the applicable requirements for the prevention of money laundering. |  |  |
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| * 1. A description of the obligations relating to data protection to be complied with by the Scheme |  |  |
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| 1. **Taxation** |  |  |
| * 1. A description of the tax system which will be applicable to scheme inter alia in terms of: |  |  |
| 1. income tax; |  |  |
| 1. value added tax; |  |  |
| 1. duty on documents |  |  |
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| 1. **Determination of the Net Asset Value** |  |  |
| * 1. The method to be used for the determination of the creation, sale and issue prices and the repurchase, redemption and cancellation prices of units, in particular: |  |  |
| 1. the method and frequency of the calculation of the net asset value; |  |  |
| 1. information concerning the charges relating to the sale or issue and the repurchase or redemption of units; and |  |  |
| 1. arrangements whereby unit holders and prospective unit holders may deal. |  |  |
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| 1. **General Information** |  |  |
| * 1. Where applicable a description of the dividend policy |  |  |
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| * 1. A description of the procedure applicable in the case of amendments to the Offering Memorandum and Offering Supplements |  |  |
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| * 1. Details of the accounting reference date |  |  |
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| * 1. The manner in which the ownership of the units will be confirmed |  |  |
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| * 1. Descriptions of soft dollar arrangements (where applicable) |  |  |
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| * 1. An indication of strategies for the exercise of voting rights |  |  |
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| * 1. Disclosure of the material provisions of contracts entered between third parties and the AIFM which may be relevant to the unit-holders |  |  |
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| * 1. A description of the main legal implications of the contractual relationship entered for investment purposes, including information on the jurisdiction, on the applicable law and on the existence or otherwise of any legal instruments providing for the recognition and enforcement of judgements in Malta. |  |  |
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| * 1. Indication of the documents which will be provided prior to investment |  |  |
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| * 1. Additional information |  |  |
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| 1. **Undertakings and warranties** |  |  |
| * 1. A description of the subscribers’ undertakings and warranties |  |  |
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| 1. **Directory** |  |  |