

# APPOINTMENT OF THE POLICYHOLDER AS INVESTMENT MANAGER

## CYPRUS

Utmost Wealth Solutions is the brand name used by a number of Utmost companies. This item has been issued by Utmost Luxembourg S.A.

Words in the singular include the plural and vice versa. A reference to one gender includes a reference to the other gender.

Policy Number

### APPOINTMENT OF THE POLICYHOLDER AS INVESTMENT MANAGER

This request, if accepted by Utmost Luxembourg S.A. (the "Insurer"), is supplementary to, amends and must be read in conjunction with the life assurance policy referred to above ("Policy")

I

resident of  and Policyholder of the Policy hereby request that Utmost Luxembourg S.A. appoint me as discretionary Investment Manager of the assets to which the Policy is linked ("Underlying Assets").

#### I represent and warrant:

- › that my knowledge of the investment markets, investment products and investment risk is that of a sophisticated investor;
- › that I am aware that Cypriot tax legislation does not specify whether the involvement of a Policyholder in the management of policy assets has any effect on the taxation of the Policy or its proceeds. I accept any risk of taxation that may arise in connection with my appointment as Investment Manager and will bring no claim of any nature against the Insurer in connection with any such risk;
- › that I fully understand the legal, tax and investment risk implications of this appointment and have taken such independent advice as is appropriate in this respect;
- › that on the basis of such advice I am satisfied that the risks are acceptable for me; and
- › that I have read, and have a comprehensive understanding of, the investment rules defined in the Circular Letter 15/3 as set out by the Commissariat aux Assurances ("CAA") and reproduced in Schedule 1 (the "Rules").

#### I undertake to ensure:

- › that all investments adhere to the Rules;
- › that all investments comply with the Investment Strategy detailed in my Application Form;
- › that individual transactions have a minimum value of EUR 15,000<sup>1</sup>;
- › that the Underlying Assets comprise at all times no more than 25 asset lines<sup>1</sup>;
- › that the number of transactions per quarter does not exceed 10<sup>1</sup>;
- › that the proceeds of any sale of investments are not invested until value has been received from such a sale;
- › that if there are to be regular withdrawals (e.g. monthly, quarterly, yearly) liquidity is raised to cover the withdrawals;
- › that all cash that is not being used to cover fees is invested in monetary funds with a rating of AAA;
- › that term deposits are made with counterparties possessing a Standard & Poor's credit rating of A+ or higher;
- › that in respect of the Underlying Assets managed, I notify Utmost Luxembourg S.A. of any acquisitions of shares of companies where the holding attributable to the Policy exceeds 1% of the outstanding voting rights;

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- › that derivative products are used only for hedging purposes. I understand that derivatives will only be used if the Custodian Bank does not require Utmost Luxembourg S.A. to pledge Underlying Assets in order to cover the derivative transaction. For the avoidance of doubt, should the Custodian Bank require a pledge or collateral agreement to be signed, the request will be rejected and no derivative position will be taken.
- › that I request the prior approval of the Insurer with regard to any investment in Complex Assets (as defined here) for the sole objective of ensuring that such Complex Assets comply with the Rules and with the corporate investment policy of the Insurer. Complex Assets are defined as any type of financial instrument that has no publicly stated price. Such assets are either not listed on a regulated stock exchange or are listed on an exchange that is not an accepted regulated market. An accepted regulated exchange is defined in Circular letter 15/03 of the CAA as a member of the World Federation of Exchanges. The list of members of the World Federation of Exchanges can be found at [www.world-exchanges.org](http://www.world-exchanges.org). Complex Assets include, but are not limited to, structured products, alternative funds, funds of alternative funds, real estate funds, private equity funds, closed-ended funds, private equity, unquoted debt or equity, commodity-related products, derivatives, and any assets of limited liquidity or limited transferability.

<sup>1</sup> These points are not mandatory if the flows of data, between Utmost Luxembourg S.A. and the appointed Custodian Bank, relating to these transactions/assets are routed on an automated basis via the SWIFT messaging system. Utmost Luxembourg S.A. will provide the Policyholder with this information upon request.

I expressly acknowledge that in acceding to this request to appoint me as Investment Manager, I am responsible for all investment decisions taken in respect of the Policy portfolio and that Utmost Luxembourg S.A. is released from any liability for the investment performance of the Underlying Assets. Any information concerning the Underlying Assets will be available from the Custodian Bank.

Utmost Luxembourg S.A. monitors the investment allocation of the Underlying Assets of the Policy on a quarterly basis and may notify me, the Investment Manager, of actual or potential breaches of the Rules. In the event that any transaction is made in breach of the Rules or in assets not listed in the most recent version of Schedule 1, I undertake to rectify the breach as soon as is practicable and at my expense.

I further agree to abide by any instruction received from Utmost Luxembourg S.A. requiring the rectification of any identified breach (an "Instruction"). Should an Instruction not have been carried out within 15 calendar days of receipt, I understand and accept that Utmost Luxembourg S.A. is entitled to sell, at my expense, such asset(s) as may be necessary in order to bring the investment management of the Policy within the scope of the Rules and Schedule 1.

In order to enable me, the Investment Manager, to manage the Underlying Assets as contemplated herein, Utmost Luxembourg S.A. will sign a limited power of attorney authorising me to deal on the account holding the Underlying Assets at the Custodian Bank. I agree that the responsibilities set out in this agreement, together with the Rules, take precedence over any authority contained within any such power of attorney.

In consideration of Utmost Luxembourg S.A. accepting this appointment, I acknowledge and agree:

- › that my investment instructions can only be honoured if communicated directly to the Custodian Bank;
- › that deals will be placed by me on the Underlying Asset account at the Custodian Bank;
- › that neither Utmost Luxembourg S.A., nor any of its agents have advised or will advise me on the appropriateness of any investment instruction in connection with the Policy;
- › that neither Utmost Luxembourg S.A., nor any of its agents have provided tax, legal or estate planning advice to me;
- › that neither Utmost Luxembourg S.A., nor any of its agents assume any responsibility for tax, legal or other consequences that may be incurred as a result of this appointment;
- › that the Underlying Assets will be valued quarterly and fees and charges agreed in the Policy application form and General Terms and Conditions will be deducted by Utmost Luxembourg S.A. on a quarterly basis;
- › that the value of the Underlying Assets to which the Policy is linked may fall as well as rise; and
- › that I am responsible for the cash management of the Underlying Assets.

I hereby jointly and severally accept full responsibility for all consequences of this appointment and agree to hold harmless and indemnify Utmost Luxembourg S.A. against any and all cost and expense (including tax), loss, damage, action, judicial or otherwise, and liability of any nature whatsoever arising out of or in connection with this appointment ("Loss") including Loss arising in connection with investment performance, investment selection or taxation, and including Loss arising directly or indirectly by reason of:

- › the breach by me, the Investment Manager, of any term of this appointment;
- › deals placed by me, the Investment Manager, on the Underlying Asset account at the Custodian Bank;
- › Utmost Luxembourg S.A.'s acceptance of this appointment; or

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› any act or omission of Utmost Luxembourg S.A. made in connection with this appointment.

Utmost Luxembourg S.A. retains the right to replace the Investment Manager, with a regulated Investment Manager at any time.

**INVESTMENT ADVICE** (Please complete as appropriate)

I will ensure that all obligations stipulated above are respected. I will be receiving investment advice from

(the "Investment Adviser").

Investment deals on the Underlying Asset account at the Custodian Bank will be placed by (Please tick alternative 1 or 2 below):

**1. the Policyholder/Investment Manager**

A limited power of attorney will be signed in my favour to enable me to do so. In order to enable the Investment Adviser to advise on the management of the Underlying Assets as contemplated herein, Utmost Luxembourg S.A. will sign a limited power of attorney providing the Investment Adviser with **consultation rights** on the account holding the Underlying Assets at the Custodian Bank (where available). I agree to sign a disclosure agreement (in the form provided by Utmost Luxembourg S.A.) to authorise the Investment Adviser to obtain, upon request addressed to Utmost Luxembourg S.A., confidential information in relation to the Policy via phone, fax, mail or electronic means.

or;

**2. the Investment Adviser, on my behalf and on my instructions**

In order to enable the Investment Adviser to place the deals, Utmost Luxembourg S.A. will sign a limited power of attorney authorising the Investment Adviser to **deal** on the account holding the Underlying Assets at the Custodian Bank. The Investment Adviser and I agree that the responsibilities set out in this agreement, together with the Rules, take precedence over any authority contained within such a power of attorney. I agree to sign a disclosure agreement (in the form provided by Utmost Luxembourg S.A.) to authorise the Investment Adviser to obtain, upon request addressed to Utmost Luxembourg S.A., confidential information in relation to the Policy via phone, fax, mail or electronic means.

I will remain responsible for all investment decisions on the Underlying Asset account as well as for any issue arising with regard to, from or during the dealing and/or investment process.

I understand that valuations of the Underlying Assets will be issued quarterly and that an annual fee will be deducted and paid on my behalf to the Investment Adviser amounting to  % of the portfolio value of the Policy taken on a quarterly basis for the duration of the Policy.

### AMENDMENT OF POLICY TERMS

- › Clause 9 of the General Conditions of the Policy is disappplied and the definition of Excluded Person shall be disregarded.
- › References elsewhere in the General Conditions to Excluded Persons shall also be disregarded.
- › In the General Conditions, the definitions of Internal Fund, External Fund and Investment Manager are replaced with the following:
  - a) "INTERNAL FUND: segregated individualised assets, collective or dedicated, with or without a guaranteed return."
  - b) "EXTERNAL FUND: undertaking for collective investment established outside an insurance company and subject to an approval procedure and the continuous prudential supervision of a government supervisory body."
  - c) "INVESTMENT MANAGER: a legal or natural person appointed by Utmost Luxembourg S.A., at its absolute discretion, to manage all or part of the Portfolio. The Investment Manager acts on behalf of Utmost Luxembourg S.A."

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**Policyholder 1**

**SIGNATURE**

Date

d	d	m	m	y	y	y	y
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Place

**Policyholder 2**

**SIGNATURE**

Date

d	d	m	m	y	y	y	y
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Place

**Policyholder 3**

**SIGNATURE**

Date

d	d	m	m	y	y	y	y
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Place

**Policyholder 4**

**SIGNATURE**

Date

d	d	m	m	y	y	y	y
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Place

The Investment Adviser hereby accepts to act as detailed above. The Investment Adviser confirms that it has such authorisations and licences with the relevant regulatory bodies as are necessary to act as Investment Adviser. The Investment Adviser further confirms that it is not and has not been in breach of the terms of any such authorisations or licences and that it will comply with all applicable laws and the rules of the appropriate regulator. The Investment Adviser further confirms that information, relating to such authorisations and licences, set out in this nomination form is accurate, complete and not misleading.

If Investment Advice alternative 2 has been chosen, the Investment Adviser confirms that it will be acting for the Policyholder on a non-discretionary basis. The Investment Adviser confirms that each investment instruction given by him on the Underlying Asset account at the Custodian Bank will be transmitted with the Policyholder's approval. The Investment Adviser further confirms that he will retain, and if required by the Insurer provide copies of, the relevant evidence of such agreement during a period of five years following each transaction.

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For and on behalf of the **Investment Adviser:**

**Adviser**

**SIGNATURE**

Date

d	d	m	m	y	y	y	y
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Place

Utmost Luxembourg S.A. hereby accepts the request and appoints the Policyholder of the Policy, whose signature appears above, as Investment Manager, to manage the Underlying Assets on a discretionary basis, on the terms set out herein.

For and on behalf of Utmost Luxembourg S.A.:

**Utmost Luxembourg S.A.**

**SIGNATURE**

Date

d	d	m	m	y	y	y	y
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Place

A WEALTH *of* DIFFERENCE

[www.utmostinternational.com](http://www.utmostinternational.com)

Utmost Luxembourg S.A. is registered with R.C.S. under number B37604 and regulated by the Commissariat aux Assurances (CAA)  
Registered office address: 4, rue Lou Hemmer, L-1748 Luxembourg, Grand-Duché de Luxembourg  
Utmost Wealth Solutions is registered in Luxembourg as a business name of Utmost Luxembourg S.A.

SCHEDULE 1 - INVESTMENT RULES FOR INTERNAL FUNDS

CLASSIFICATION OF THE POLICYHOLDER	D
MINIMUM INVESTMENT OF THE POLICYHOLDER IN ALL LIFE INSURANCE CONTRACTS	€ 1,000,000
MINIMUM TO BE INVESTED IN THE INTERNAL DEDICATED FUND	€ 125,000
MINIMUM TO BE INVESTED IN THE INTERNAL SPECIALISED ASSURANCE FUND	NOT APPLICABLE
POLICYHOLDER'S WEALTH INVESTED IN TRANSFERABLE SECURITIES	€ 2,500,000

INTERNAL FUND OF TYPE D

- › **No limit is imposed by the Commissariat aux Assurances in terms of either issuer limits or global limits.**
- › **These rules are applicable without any domiciliation restrictions.\***
- › **Bank accounts in precious metals can be used\*\*.**
- › **Derivative products can also be used to generate income.\*\*\***

\* Domiciliation restrictions may be applied to products not traded on a regulated market (refer to Utmost Luxembourg S.A. for further details).

\*\* Physical commodities remain strictly forbidden in any type of funds.

\*\*\* Luxembourg insurance law permits the use of derivatives but only where the custodian bank which holds the assets underlying the life company's technical reserves does not require the life company to pledge the underlying assets to cover the derivative transaction. Should the custodian bank require a pledge or collateral agreement to be signed, the request will be rejected and no derivative position will be taken.

**For an internal fund of type D, investments have to comply with the catalogue of assets as described below:**

1. Transferable securities;
2. Money-market instruments;
3. Units in collective investment undertakings;
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the request of one of the parties (other than by reason of a default or other termination event);
6. Options, futures, swaps and any other derivative contracts relating to commodities that can be physically settled provided that they are traded on a regulated market and/or Multilateral Trading Facility (MTF);
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities that can be physically settled, not otherwise mentioned in point 6, and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls;
8. Derivative instruments for the transfer of credit risk;
9. Financial contracts for differences;
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the request of one of the parties (other than by reason of a default or other termination event), as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.

CLASSIFICATION OF THE POLICYHOLDER	C	B	A	N	
MINIMUM INVESTMENT OF THE POLICYHOLDER IN ALL LIFE INSURANCE CONTRACTS	€ 250,000	€ 250,000	€ 125,000	< € 125,000	< € 125,000
MINIMUM TO BE INVESTED IN THE INTERNAL DEDICATED FUND	€ 125,000	€ 125,000	€ 125,000	Internal Collective Funds (BMF)	Other Internal Funds (PCP/SAF/VIP)
MINIMUM TO BE INVESTED IN THE INTERNAL SPECIALISED ASSURANCE FUND	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE		
POLICYHOLDER'S WEALTH INVESTED IN TRANSFERABLE SECURITIES	> € 1,250,000	> € 500,000	> € 250,000		

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CATEGORIES		C		B		A		N		N	
A	BONDS	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT
1	Bonds of an EEA government issuer	100%	100%	100%	100%	100%	100%	100%	100%	0%	0%
2	Bonds of a government issuer of the A Zone countries outside the EEA	100%	100%	100%	100%	100%	100%	100%	100%	0%	0%
3	Bonds of international organisations of which at least two EEA Member States are members	100%	100%	100%	100%	100%	100%	100%	100%	0%	0%
3a	Bonds of banks issuing mortgage bonds	100%	100%	100%	100%	100%	100%	50%	100%	0%	0%
4	Bonds of a non-government issuer of the EEA traded on a regulated market	100%	100%	30%	100%	20%	100%	10%	100%	0%	0%
5	Bonds of a non-government issuer of the A Zone countries outside the EEA traded on a regulated market	100%	100%	30%	100%	20%	100%	10%	40% <sup>1</sup>	0%	0%
6	Bonds of an issuer outside the A Zone countries traded on a regulated market of the EEA	100%	100%	2.5%	10% <sup>2</sup>	1%	5% <sup>2</sup>	0,5%	2.5% <sup>2</sup>	0%	0%
7	Bonds of an issuer outside the A Zone countries traded on a regulated market outside the EEA approved by the CAA	100%	100%	2.5%	10%	1%	5%	0%	0%	0%	0%
8	Bonds of a non-government issuer of the A Zone countries not traded on a regulated market	100%	100%	10%	20% <sup>3</sup>	10%	20% <sup>3</sup>	5%	10% <sup>3</sup>	0%	0%

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A	BONDS	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT
9	Bond-type structured products fulfilling the conditions set out in 5.6.3 of the Circular Letter 15/3 (refer to Utmost Luxembourg S.A. for further details)										
9a	issued or guaranteed by a bank from the EEA traded on a regulated market	100%	100%	100%	100%	100%	100%	100%	100%	0%	0%
9b	issued or guaranteed by a bank from the EEA not traded on a regulated market	100%	100%	100%	100%	100%	100%	100%	100%	0%	0%
9c	issued or guaranteed by a bank from the A Zone outside EEA traded on a regulated market	100%	100%	100%	100%	100%	100%	50% <sup>5</sup>	100%	0%	0%
9d	issued or guaranteed by a bank from the A Zone outside EEA not traded on a regulated market	100%	100%	100%	100%	50% <sup>6</sup>	100%	25% <sup>6</sup>	100%	0%	0%
9e	issued or guaranteed by an international financial entity from at least 2 Member States of the EEA	100%	100%	100%	100%	100%	100%	100%	100%	0%	0%
B	EQUITIES	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT
1	Equities of an issuer of the EEA traded on a regulated market	100%	100%	30%	100%	20%	100%	10%	100%	0%	0%
2	Equities of an issuer of the A Zone countries outside the EEA traded on a regulated market	100%	100%	30%	100%	20%	100%	10%	40% <sup>1</sup>	0%	0%
3	Equities of an issuer outside the A Zone countries traded on a regulated market of the EEA	100%	100%	2.5%	10% <sup>2</sup>	1%	5% <sup>2</sup>	0.5%	2.5% <sup>2</sup>	0%	0%

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B	EQUITIES	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT
4	Equities of an issuer outside the A Zone countries traded on a regulated market outside the EEA approved by the CAA	100%	100%	2.5%	10%	1%	5%	0%	0%	0%	0%
5	Equities of an issuer of the A Zone countries not traded on a regulated market	100%	100%	10%	20% <sup>3</sup>	10%	20% <sup>3</sup>	5%	10% <sup>3</sup>	0%	0%
6	Equity-type structured products fulfilling the conditions set out in 5.6.3 of the Circular Letter 15/3 (refer to Utmost Luxembourg S.A. for further details)										
6a	issued or guaranteed by a bank from the EEA traded on a regulated market	100%	100%	100%	100%	100%	100%	100%	100%	0%	0%
6b	issued or guaranteed by a bank from the EEA not traded on a regulated market	100%	100%	100%	100%	100%	100%	100%	100%	0%	0%
6c	issued or guaranteed by a bank from the A Zone outside EEA traded on a regulated market	100%	100%	100%	100%	100%	100%	50% <sup>5</sup>	100%	0%	0%
6d	issued or guaranteed by a bank from the A Zone outside EEA not traded on a regulated market	100%	100%	100%	100%	50% <sup>6</sup>	100%	25% <sup>6</sup>	100%	0%	0%
6e	issued or guaranteed by an international financial entity from at least 2 Member States of the EEA	100%	100%	100%	100%	100%	100%	100%	100%	0%	0%
C	INVESTMENT FUNDS	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT
1	Investment funds compliant with the directive 2009/65/EC, as amended	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

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C	INVESTMENT FUNDS	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT
2	Investment funds of a country of the EEA, non-compliant with the directive 2009/65/EC, as amended	100%	100%	100%	100%	50%	100%	25%	40% <sup>4</sup>	25%	40% <sup>4</sup>
3	Investment funds of a dependent territory of an EEA country	100%	100%	2.5%	100%	2.5%	100%	2.5%	5% <sup>4</sup>	2.5%	5% <sup>4</sup>
4	Investment funds of the A zone countries outside the EEA	100%	100%	100%	100%	50%	100%	25%	40% <sup>4</sup>	25%	40% <sup>4</sup>
5	Investment funds from outside the A zone countries	100%	100%	2.5%	100%	2.5%	100%	2.5%	5% <sup>4</sup>	2.5%	5% <sup>4</sup>
D	ALTERNATIVE FUNDS	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT
1	Simple hedge fund with enhanced quality criteria (refer to Utmost Luxembourg S.A. for further details)	100%	100%	30%	100%	20%	100%	0%	0%	0%	0%
2	Simple hedge fund without enhanced quality criteria	100%	100%	2,5%	10%	2,5%	10%	0%	0%	0%	0%
3	Fund of hedge funds with enhanced quality criteria (refer to Utmost Luxembourg S.A. for further details)	100%	100%	100%	100%	50%	100%	25%	40% <sup>4</sup>	25%	40% <sup>4</sup>
4	Fund of hedge funds without enhanced quality criteria	100%	100%	2,5%	100%	2,5%	100%	2,5%	5% <sup>4</sup>	2,5%	5% <sup>4</sup>
E	OTHER ASSETS	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT	LIMIT PER ISSUER	GLOBAL LIMIT
1	Real estate investment funds of the A Zone countries	100%	100%	5%	10%	5%	10%	2,5%	5%	2,5%	5%
2	Current, deposit at notice and time-deposit accounts	100%	100%	100%	100%	100%	100%	20%	20%	20%	20%

An internal fund of type B/A/N may not invest more than 30%/20%/10% respectively of its assets in securities other than the structured products of a single non-government issuer from Categories A and B above. In addition, the total value of the securities held by the internal fund in such issuers in which it invests over 10%/10%/5% respectively of its assets may not exceed 50%/40%/40% of the value of the fund's assets.

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## REMARKS

- <sup>1</sup> TYPE **N**: Global limit applicable to cumulative total of categories A5 and B2.
- <sup>2</sup> TYPE **A, B, N**: Global limit applicable to cumulative total of categories A6 and B3.
- <sup>3</sup> TYPE **A, B, N**: Global limit applicable to cumulative total of categories A8 and B5.
- <sup>4</sup> TYPE **N**: Global limit of 40% applicable to cumulative total of categories C2 to D4.
- <sup>5</sup> TYPE **N**: Issuer limit applicable to cumulative total of categories A4, A5, A8, A9c, B1, B2, B5 and B6c.
- <sup>6</sup> TYPE **A, N**: Issuer limit applicable to cumulative total of categories A4, A5, A8, A9d, B1, B2, B5 and B6d.

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## RULES / DEFINITIONS / GLOSSARY

### ADDITIONAL RULES OF THE CAA CIRCULAR LETTER 15/3 APPLICABLE TO INTERNAL FUNDS OF TYPE A, B, C AND N - CASES WHERE THE UNDERLYING ASSETS ARE HELD DIRECTLY WITHIN THE PORTFOLIO

#### Alternative Funds:

Internal Funds of type A, B & C: liquidity for Alternative Funds and Funds of Alternative Funds has to be at least six-monthly for fund type A and B, and yearly for type C. Type N: liquidity for Alternative Funds or Funds of Alternative Funds has to be at least monthly. **A specific client indemnity must be signed by the Policyholder prior to any exposure to such assets.**

#### Commodities:

Direct commodity investments and commodity certificates are not admissible.

However, commodity investments are admitted if effected via financial instruments held through funds.

Bank accounts in precious metals are allowed in Type D funds.

#### Derivatives:

**Are permitted for hedging purposes only and may not be used for speculative purposes.** For instance, Long Put and Short Call positions are admissible if the underlying assets are held within the portfolio.

#### Index Certificates:

Index certificates are classified and admitted according to the lower limit between the certificate itself and the underlying asset.

The limit to which an internal fund may invest in a certificate is the lower of the following two limits:

- › The limit that would be applicable to similar bonds issued by the same issuer;

- › The limit that would be applicable to the assets to which the certificate is linked, if these assets were held directly in the account.

#### **Private Equity and Private Bonds:**

Admissible by the CAA if the unquoted asset is domiciled within the A Zone countries.

Each case will be subject to an internal review by Utmost Luxembourg S.A., which covers the following areas:

- › Company structure / activity / financial situation;
- › Shareholder list;
- › Availability of valuations.

**A specific client indemnity must be signed by the Policyholder prior to an exposure to such assets.**

#### **Real-Estate Funds:**

Internal Funds of type A, B & C: liquidity for Real-Estate Funds has to be at least six-monthly for Internal Funds of type A and B and yearly for type C. Type N: liquidity for Real-Estate Funds has to be at least monthly. **A specific client indemnity must be signed by the Policyholder prior to any exposure to such assets.**

#### **Direct Investments:**

Direct investments (i.e. bonds, equities, structured products, certificates etc.) domiciled outside the A Zone countries and not listed on a market approved by the CAA, are not admissible.

#### **ALTERNATIVE PRODUCTS: DUE DILIGENCE PROCESS**

Should the Investment Manager wish to invest in Alternative Products (Real Estate, Hedge Funds, Private Equity) for portfolios that he manages on Utmost Luxembourg S.A.'s behalf, he must provide the Insurer with a due diligence process for such Alternative Investments which needs to be in compliance with Circular 15/3 issued by the CAA.

#### **CLIENT SUITABILITY**

Policyholders are classified under one of the following 5 categories. All the funds, internal dedicated/collective/specialised, opened under the contracts of this Policyholder will be assigned the same classification as that of the Policyholder.

**Type N:** Default category.

**Type A:** Minimum premium invested by a Policyholder in all the contracts subscribed with our insurance company is EUR 125,000 and declared wealth of minimum EUR 250,000.

**Type B:** Minimum premium invested by a Policyholder in all the contracts subscribed with our insurance company is EUR 250,000 and declared wealth of minimum EUR 500,000.

**Type C:** Minimum premium invested by a Policyholder in all the contracts subscribed with our insurance company is EUR 250,000 and declared wealth of minimum EUR 1,250,000.

**Type D:** Minimum premium invested by a Policyholder in all the contracts subscribed with our insurance company is EUR 1,000,000 and declared wealth of minimum EUR 2,500,000.

The declared wealth is the total value of the financial instruments held by the Policyholder together with the bank accounts, the total value of the life-insurance contracts and the capitalisation contracts, decreased by the total value of the Policyholder debts.

The minimum investment into each internal dedicated fund is EUR 125,000.

## DEFINITIONS

**EEA (European Economic Area)****The member countries are:**

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom (Switzerland is not part of the EEA)

**A Zone countries**

A Member State of the EEA or one of the following countries:

Australia, Canada, Japan, New Zealand, Switzerland and United States of America or any other countries where the prudential control similar to the one in place in EEA is available (refer to [www.bis.org/publ/bcbs260\\_fr.pdf](http://www.bis.org/publ/bcbs260_fr.pdf) - Brazil, China, Hong Kong, India, Republic of Korea, Saudi Arabia, Singapore, South Africa, Turkey).

**Dependent Territory (Only the following countries are dependent territories of European countries)**

**Netherlands:** Dutch Antilles - **United Kingdom:** Bermuda, British Virgin Islands, Cayman Islands, Channel Islands, Gibraltar and Isle of Man.

## GLOSSARY

**CAA:** The Commissariat aux Assurances is the regulator of the Luxembourg insurance industry.

**Dedicated Internal Fund:** An internal fund directly linked or otherwise, without a guaranteed return and serving as the support for a single contract and managed by an asset manager.

**Collective Internal Fund:** An internal fund without a guaranteed return open to a multitude of Policyholders.

**Specialised Assurance Fund:** An internal fund directly linked or otherwise, without a guaranteed return, serving as the support for a single contract.

**Directive 2009/65/EC:** European Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to the Undertakings for Collective Investment in Transferable Securities (UCITS).

**Regulated Market of the EEA:** A market listed in Article 47 of Directive 2004/39/CE on investment services in the securities field.

**Regulated Market outside the EEA:** The CAA recognises regulated markets outside the EEA which are members of the World Federation of Exchanges. A list of members may be found at [www.world-exchanges.org](http://www.world-exchanges.org).

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[www.utmostinternational.com](http://www.utmostinternational.com)

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