



MFO FUNDS

PROSPECTUS & RULES

THE CYPRUS SECURITIES AND EXCHANGE COMMISSION HAS APPROVED THE CONTENT OF THIS PROSPECTUS ONLY AS REGARDS TO MEETING THE INFORMATION REQUIREMENTS TOWARDS THE INVESTORS AS DEFINED IN THE OPEN-ENDED UNDERTAKINGS FOR COLLECTIVE (UCI) LAW. THE APPROVAL OF THIS PROSPECTUS DOES NOT IMPLY RECOMMENDATION TO INVESTORS FOR INVESTMENT IN THE FUND. BEFORE MAKING A DECISION FOR INVESTING, INVESTORS ARE ENCOURAGED TO SEEK ADVICE FROM THEIR FINANCIAL ADVISER AND/OR ANY OTHER PROFESSIONAL ADVISER THEY MAY WISH.

SEPTEMBER 2021

Contents

PROSPECTUS.....	3
1. INTRODUCTION	4
2. INFORMATION CONCERNING THE DEPOSITARY	7
3. DELEGATION OF FUNCTIONS.....	7
4. PAYMENTS TO UNITHOLDERS AND PUBLICATION	7
5. PROFILE OF TYPICAL INVESTOR FOR WHOM THE FUND IS DESIGNED.....	7
6. RISK MANAGEMENT	9
7. PREVENTION OF MARKET TIMING & LATE TRADING PRACTICES.....	9
8. REMUNERATION POLICY	10
8.1 APPRAISALS	11
8.2 PERFORMANCE-BASED REMUNERATION.....	12
RULES.....	14
1. THE MANAGEMENT COMPANY, THE FUND, & THE DEPOSITARY	15
1.1 THE MANAGEMENT COMPANY.....	15
1.2. THE FUND	17
1.3 THE DEPOSITARY	18
2. INVESTMENT OBJECTIVES, POLICY & LIMITS.....	21
2.1 INVESTMENT OBJECTIVES & POLICY.....	21
2.2 BENCHMARK INDEX.....	21
2.3 ALLOWABLE INVESTMENTS.....	21
2.4 INVESTMENT LIMITS.....	23
2.5 SPECIAL DEVIATIONS	25
2.6 METHODOLOGY FOR SELECTING INVESTEMENTS IN OTHER UCITS OR UCIs.....	26
2.7 PROHIBITION TO ACQUIRE CONTROL	26
2.8 VIOLATION OF INVESTMENT LIMITS	27
3. ASSET VALUATION PRINCIPLES, METHODOLOGIES FOR COMPUTING THE ISSUE AND REDEMPTION PRICE OF UNITS	28
3.1 VALUATION PRINCIPLES	28
3.2 NET ASSET VALUE (NAV), ISSUE/REDEMPTION/REPURCHASE PRICE.....	28
4. UNITS, UNITHOLDER REGISTER, ISSUE/SALE & REDEMPTION/ REPURCHASE OF UNITS	29
4.1 SUB-FUNDS' UNITS	29
4.2 UNITHOLDERS' REGISTER	29

**INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST
PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS**

MFO FUNDS

4.3 SUBSCRIPTION FOR UNITS.....	30
4.4 REDEMPTION OF UNITS.....	31
4.5 SUSPENSION OF REDEMPTION OF UNITS BY A DECISION OF THE MANAGEMENT COMPANY.....	31
4.6 SUSPENSION OF REDEMPTION OF UNITS BY A DECISION OF THE COMMISSION.....	32
4.7 JOINT HOLDERS OF UNITS.....	32
4.8 TRANSFER OF UNITS.....	33
4.9 PLEDGING OF UNITS.....	33
4.10 CERTIFICATE OF PARTICIPATION.....	33
5. FISCAL YEAR AND CLOSING DATE.....	34
6. CALCULATION AND DISTRIBUTION OF INCOME.....	34
7. AMENDMENT TO THE RULES.....	34
8. DISSOLUTION - LIQUIDATION OF THE FUND.....	34
9. FEES & COMMISSION FOR THE MANAGEMENT COMPANY & THE DEPOSITARY.....	36
9.1 MANAGEMENT COMPANY'S FEE & COMMISSION.....	36
9.2 DEPOSITARY'S FEE.....	37
10. EXPENSES OF THE FUND.....	37
11. COMMUNICATIONS OF THE FUND.....	38
12. MEETING OF UNITHOLDERS.....	38
13. DATA PROTECTION.....	39
SUPPLEMENT 1 – MFO BALANCED FUND.....	41
1. INVESTMENT OBJECTIVES, STRATEGY & POLICY.....	42
2. BENCHMARK INDEX.....	43
3. ALLOWABLE INVESTMENTS.....	43
4. INVESTMENT LIMITS.....	43
5. INVESTOR PROFILE.....	43
6. FEES.....	44
7. DISTRIBUTION POLICY.....	44

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

PROSPECTUS

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PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS**

MFO FUNDS

1. INTRODUCTION

This Prospectus was prepared in accordance with Law 78(I)/2012 consolidated with Law 88(I)/2015 and Law 52(I)/2016 as amended from time to time (hereinafter the Law) which regulates Open-Ended Undertakings for Collective Investment, and specifically so on the basis of Article 56 of the Law. As required by Law, this Prospectus was drawn up jointly by the Management Company **MFO Asset Management Ltd** (hereinafter the Management Company), and **Eurobank Cyprus Ltd** (hereinafter the Depositary).

The Rules of the Fund under the name **MFO Funds** (hereinafter the Fund) are attached hereto and form an integral part hereof. The Fund was granted UCITS license No. UCITS 14/78 by the Cyprus Securities and Exchange Commission (hereinafter the Commission) on 17th September 2018.

The Fund is an Undertaking of Collective Investments in Transferable Securities (UCITS) operating as an Umbrella Scheme which currently consists of the following investment compartments (hereinafter referred to as Sub-Funds):

- MFO Balanced Fund

This prospectus contains the information set out in Schedule I of the Annex of the Law.

The Management Company was granted license No. AIFM19/56/2013 by the Commission on 4th December 2017.

A summary table with information about the Fund is presented below.

Fund Name	MFO Funds
Investment Compartments	MFO Balanced Fund
License number by the Commission	UCITS 14/78
Management Company	MFO Asset Management Ltd, Commission license number: AIFM19/56/2013 66 Akropoleos Avenue, Acropolis Tower, 1st Floor, 2012, Strovolos, Nicosia, Cyprus Telephone: +357 22 692030 Fax: +357 22 662266 Email: info@mfoasset.com
Depositary	Eurobank Cyprus Ltd 41, Arch. Makarios Ave, 1065 Nicosia, Cyprus Telephone: +357 22 208000 Fax: +357 22 376327 Email: institutionalInvestors@eurobank.com.cy

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

External Auditors	KPMG Limited 14 Esperidon Street, 1087 Nicosia, Cyprus Telephone: +357 22 209000 Fax: +357 22 665091 Email: nicosia@kpmg.com.cy
External Legal Advisors	Karides & Karides LLC 8th Floor Nikis Center, 11 Kyriakou Matsi Avenue, 1082, Nicosia, Cyprus Telephone: +357 22 465946 Fax: +357 22 465865 Email: karides@karidesadvocates.com.cy
Fund's Reference Currency	EUR (Euro)

The Fund and Sub-Funds falls into the definition of UCITS in accordance with Article 5 of the Law, has no legal personality, and the unitholders are represented in and out of court by the Management Company, in respect of legal relations arising from management and their rights in the assets. When representing the unitholders, the Management Company acts in their name, and indicates in all events that it is acting on behalf to the Fund. The Management Company exercises all rights arising from the assets of the Fund for the benefit of unitholders.

The unitholders shall not be responsible for any actions or omissions of the Management Company or of the Depositary in the exercise of their duties. The Fund shall not be responsible for the obligations of the Management Company and the Depositary.

Each Sub-Fund is a separate asset pool whose assets belong jointly and indivisibly to the unitholders of the Sub-Fund and are held on deposit with the Depositary and are a collective portfolio, managed by the Management Company in the interests of the unitholders. The unitholders have rights deriving solely from the assets in the Sub-Funds' asset pool, units that have been acquired, and each Sub-Fund is responsible for the liabilities arising from its own establishment, operation or dissolution.

The Fund and Sub-Funds are governed by the provisions of the Law, as in force from time to time, and the Rules of the Fund (hereinafter the Rules) which were approved by decision of the Commission. Without prejudice to the provisions of the Rules that expressly regulate permissible deviations under the applicable legal framework, the Rules do not otherwise deviate from the provisions of the applicable legislation.

The Fund's and the Sub-Funds' term is indefinite.

The initial assets of each Sub-Fund are €200,000 (two hundred thousand euros).

The assets of each Sub-Fund are divided into registered units or fractions of units. Each unit or fraction of a unit represents the same percentage of the Sub-Fund's assets. The rights deriving from the units shall be exercised in accordance with the percentage of the total assets

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

that they represent, with the exception of voting rights (where applicable), which shall be exercised on the basis of one vote per unit.

The price of each unit in the Sub-Fund(s), at the time of establishment, was set at €100 (one hundred euros), whereas following the commencement of each Sub-Fund the price per unit shall be calculated on a NAV basis plus subscription fee (where applicable). The Fund's reference currency is the euro. The reference currency of each Sub-Fund is referred to in the relevant Supplement to these Rules.

The Prospectus, Rules and the periodic Fund Reports required by the Law specified therein will be available on the website of the Management Company www.mfoasset.com and in hard copy, if so requested by interested investors, at the offices of the Management Company at 66 Akropoleos Avenue, Acropolis Tower, 1st Floor, 2012, Strovolos, Nicosia, Cyprus.

Accounts will be closed on the last date of the Fund's fiscal year which is the 31st of December of each year. Income and profits may be distributed to unitholders in accordance with section 6 of the Rules.

Profits distributed as a dividend to unitholders are subject to the special defense levy applicable to natural persons, whereas legal entities or natural persons who are not tax residents of Cyprus are exempted from the levy. Moreover, profits from the sale of the units of a Sub-Fund (capital gains) are exempt from tax on natural persons or legal entities and are not subject to the special defense levy.

In accordance with Article 58(1) of the Law, the financial reports of the Fund are audited by the audit firm KPMG Limited, whose offices are at 14 Esperidon street, 1087 Nicosia, Cyprus.

The type and main features of units and in particular the type of rights each unit represents, including the possible issuance of fractions of units (if any), the information and entries which demonstrate that someone has participated in a Sub-Fund, and the characteristics of and restrictions on the transfer of units are described in Section 4 of the Rules.

The conditions under which a Sub-Fund may be placed in liquidation and the technical details of liquidation, particularly in relation to the rights of unitholders, are outlined in Section 8 of the Rules.

Technical details and the terms and conditions under which units are issued and/or redeemed and the instance where the issue or redemption of units may be suspended are outlined in Section 4 of the Rules.

The method, extent and mode of calculation of the fees payable by each Sub-Fund to the Management Company, the Depositary or third parties, and the amounts paid to the

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

Management Company, the Depositary or third parties as recompense for expenses incurred are outlined in Section 9 and 10 of the Rules and the Supplements of the Rules.

The rules governing how the profits and revenues of each Sub-Fund are computed and how they may be distributed are outlined in Section 6 of the Rules and the Supplements of the Rules.

Each Sub-Fund's investment objective, investment strategy, investment policy and the restrictions thereon are outlined in Section 2 of the Rules and the Supplements of the Rules.

The rules on how the Fund's assets are valued are outlined in Section 3 of the Rules.

The details of the calculation of the issue and redemption price of units, the method of calculation of prices and instruments, the frequency thereof, are also outlined in Section 3 of the Rules.

2. INFORMATION CONCERNING THE DEPOSITARY

The Depositary of the Fund is **Eurobank Cyprus Ltd** (hereinafter the Depositary), a credit institution which provides depositary services in accordance with the laws of the Republic of Cyprus and the European Union. The Depositary's registered offices are in the Republic of Cyprus. Further information about the depositary's duties is included in the Fund's Rules (Section 1).

3. DELEGATION OF FUNCTIONS

The Management Company has delegated IT support to Logosnet Services Ltd.

4. PAYMENTS TO UNITHOLDERS AND PUBLICATION

All manner of cash payments to unitholders concerning their investment in a Sub-Fund, including payment of the proceeds of redemption or repurchase of units will be done by remitting the amount payable to the bank account that the unitholder indicates to the Management Company upon commencement of their business relationship. The unitholder must be a beneficiary of that account. The remittance may entail charges which are payable by the unitholder. These charges may be bank charges, foreign exchange differences based on the exchange rate of currencies, and so on. The provisions included in the Fund's Rules (Section 4) shall apply to joint accounts.

The information in this Prospectus and in particular the information relating to cash payments made to unitholders is provided in every Member State of the European Union where the units of a Sub-Fund are sold, and is included in the Prospectus.

5. PROFILE OF TYPICAL INVESTOR FOR WHOM THE FUND IS DESIGNED

The features of investors for whom each Sub-Fund is designed is outlined in the Supplements of the Rules.

The risk entailed by investing in a Sub-Fund(s) are outlined below:

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

Credit Risk is the risk of an issuer of a security held within a Sub-Fund not to be able to meet its obligations to the Sub-Fund.

Liquidity Risk is the risk that in difficult market conditions, a Sub-Fund may not be able to sell a security for full value or at all. This could affect performance and could cause the Sub-Fund to defer or suspend redemptions of its units. Additional liquidity risks arise for Sub-Funds investing in other collective investment undertakings, by possible liquidity restrictions or even suspension of redemptions that the manager of the underlying funds may apply.

Market Risk is the risk of a change in the value of an investment due to changes in general market factors such as interest rates, share prices, share indices, exchange rates, commodity prices and commodity indices.

Counterparty Risk is the risk associated with a counterparty's ability to discharge its obligations in a financial transaction, such as payment, delivery and settlement.

Systemic Risk is the risk arising from interdependencies among markets, which results in problems possibly appearing in one of them spreading to other markets. It involves the entire financial sector and not any individual market and appears in the form of chain reactions.

Use of derivative financial instruments entails higher investment risks that could have major impacts on and result in a drop in the value of the assets of a Sub-Fund.

Currency Risk is the risk of an investment's value being affected by changes in exchange rates and affects investments in financial instruments which are traded in a different currency or in foreign exchange markets.

Regulatory and Legal Risk refers to the regulatory and legal framework in the country of the investment. Any change in the legal, tax or regulatory framework may have an impact on an investment.

Interest Rate Risk refers to the risk of a rise in interest rates that would cause the fall of bond prices.

Operational Risk refers to failures of service providers that could lead to disruptions of the Fund's operations or losses.

Downgrading Risk refers to the risk of downgrade of the credit ratio of an issuer that would increase the credit risk and may negatively affect an instrument's value.

High-yield Bond Risk refers to the generally greater market, credit and liquidity risk of lower rated bonds.

Effect of substantial withdrawals refers to the risk of investors withdrawing significant amounts from their investment with a Sub-Fund and the effect of these withdrawals to the Sub-Fund.

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

Political Risk refers to the risk of political changes or instability in a country that may affect the investments of a Sub-Fund.

Capital Risk is the risk that expenses of the Fund may be paid out of capital rather than out of investment income. Capital growth will be reduced and in periods of low growth capital erosion may occur.

Management Risk refers to the risk associated with ineffective, destructive or underperforming management by managers of underlying funds, which is detrimental to the interests of unitholders of a Sub-Fund.

Over-Diversification refers to the risk associated with fund of funds' portfolios, which may unintentionally collect a group of funds which duplicate its various positions or could represent sub-standard quality in relation to the rest of the market.

Change of investment strategy/policy and/or change in management of underlying funds may cause distortions to the asset allocation and performance of the Fund.

General economic conditions risk refers to the risk that economic conditions change over time and the effect of those changes to the investments of a Sub-Fund.

The Fund shall not employ Efficient Portfolio Management techniques.

6. RISK MANAGEMENT

Taking into account the investment strategy pursued by each Sub-Fund and since the use of derivatives is limited, the Risk Management Function of the Management Company, in accordance with the provisions of Commission Directive 78-2012-03, computes the overall exposure of the Sub-Funds to risk by using the Commitment Approach as this is described in Directive 78-2012-03. The Commitment Approach measures the global exposure of the UCITS as the sum of the exposure of each derivative transaction after consideration of the netting and hedging arrangements.

The Commitment approach has been selected taking into account the investment strategy pursued by each Sub-Funds and the fact that the use of derivatives shall be limited, and more specifically considering that:

- (a) the Sub-Funds do not adopt a complex investment strategy;
- (b) the Sub-Funds will not be exposed to exotic derivatives;
- (c) the commitment approach fully captures the market risk of the portfolio of each Sub-Fund.

7. PREVENTION OF MARKET TIMING & LATE TRADING PRACTICES

The Management Company does not accept applications for the subscription or redemption of units when there are indications of 'market timing' or 'late trading' practices which are against the interests of unitholders.

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

The 'late trading' practice consists of the submission of an application for subscription in a Sub-Fund or an application for redemption after the point in time on which its Net Asset Value (NAV) is calculated and, consequently after the point in time on which the unit price is calculated on the specific date. By this practice, the originator can take advantage of his knowledge of events for the purpose of gaining a personal benefit or for the benefit of third parties for whom he is acting.

Market timing denotes arbitraging by which an investor files an application to subscribe for and redeem units on a continuous (fixed) basis over a short period of time, taking advantage of the different time zones and weaknesses or ineffectiveness in determining the net assets.

The difference between the two practices, late trading and market timing, lies in the fact that in the latter case the practice is coordinated, in the sense that the behavior is broken down into more transactions, all of which yield a benefit. On the other hand, in the first case, it is an individual act which, in itself, benefits a person to the behavior or another person on whose behalf the transaction is carried out.

The Management Company has established and applies procedures to prevent late trading and market timing when assessing and accepting applications for subscription or redemption filed with the Management Company.

Within the framework of these procedures, the Management Company reserves the right to reject investor applications which are suspected of using such practices and, if necessary, to take additional measures to protect other unitholders of the Sub-Fund(s).

The cut-off time for the submission of applications for subscribing for units in the Sub-Funds, as determined in accordance with the internal management procedures of the Management Company, is set at 14:30 hours each business day.

The investor must primarily submit an application for subscription or redemption without knowing the Net Asset Value of the units. The subscription or redemption of units of a Sub-Fund is effected at the price corresponding to the date of submission of the order, only if the latter has been received until the cut-off time.

Furthermore, taking into account the Sub-Funds' investment policies, trading in units with a frequency of 2 (two) transactions per 1 (one) week per investor is defined as a criterion for identifying and preventing such practices, but this does not mean that the Fund prohibits the carrying out of transactions for the redemption / re-purchase of units, given that a characteristic of UCITS is the redemption / re-purchase of units when and if the unitholder so wishes.

8. REMUNERATION POLICY

The remuneration policy of the Management Company applies to all categories of staff, including senior management, risk takers, control functions and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

and those risk takers, whose professional activities have a material impact on the risk profiles of the managed UCIs to all employees.

The Board of Directors has adopted the remuneration policy in order to comply with the regulatory and legislative framework.

The policy reflects the Management Company's objectives and ensures that:

- the Management Company is able to attract, develop and retain high-performing and motivated employees in a competitive local market;
- employees are offered a competitive and market aligned remuneration package making fixed salaries a significant remuneration component;
- employees feel encouraged to create sustainable results;
- is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the managed UCIs;
- is in line with the business strategy, objectives, values and interests of the Management Company and the managed UCIs or the investors of such UCIs, and includes measures to avoid conflicts of interest;

The Board has set guidelines for the review and control of compliance with the Remuneration Policy.

If necessary, considering changes or development within the business of the Management Company, the Board implements adjustments to the Remuneration Policy.

The Board also assesses whether the incentive structure is aligned with the Management Company's risks, capital and liquidity and the Board further evaluates the probability and timing of the remuneration. The Board determines the performance based remuneration of each employee.

8.1 APPRAISALS

An appraisal interview shall be conducted annually, where the individual employees and managers evaluate and document performance in the past year and set new goals. Decisions on adjustment of the employee's fixed salary or on annual performance-based salary are made on the basis of this appraisal.

The various remuneration components are combined to ensure an appropriate and balanced remuneration package.

The remuneration components are:

- fixed remuneration (including fixed supplements);
- performance-based remuneration (variable salary);
- provident fund contributions;
- other benefits.

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

The fixed remuneration is determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions.

The performance-based remuneration motivates and rewards high performers who significantly contribute to sustainable results, perform according to set expectations for the individual in question, strengthen long-term customer relations, and generate income and value to the Management Company.

The Board has determined a maximum percentage of performance-based remuneration relative to the fixed remuneration. The maximum limit on variable remuneration remains at 50 per cent of fixed salary inclusive of provident fund contributions. The limit will be reduced if required by applicable legislation.

Performance based remuneration shall be disbursed solely as cash bonus. Bonuses are offered in order to offer competitive remuneration packages, however, always ensuring alignment of the interests of the employees, the Management Company, and the managed UCIs. Performance-based remuneration is offered as a range, where the actual remuneration will be determined based on the employee's appraisal.

Provident fund contributions provide all employees with a defined contribution pension plan. The Management Company shall not grant discretionary pension benefits.

Other benefits are awarded on the basis of individual employment contracts and local market practice.

8.2 PERFORMANCE-BASED REMUNERATION

Performance-based remuneration is awarded in a manner which promotes sound risk management and does not encourage excessive risk-taking. In this respect the Management Company shall not award any performance-based remuneration which is linked to the performance of managed UCIs.

For material risk takers, a performance-based remuneration is conditional upon the employee not having been responsible for or having taken part in conduct resulting in significant losses for the Management Company and the managed UCIs, and that the employee has proven to be fit and proper.

Concerning all employees, performance-based remuneration is subject to claw back provisions if granted on the basis of data which has subsequently proven to be manifestly misstated or inaccurate.

Further, performance-based pay is awarded by ensuring:

- an appropriate balance between fixed and performance-based components;
- that the fixed component represents a sufficiently high proportion of the total remuneration to make non-payment of the performance-based component possible.

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

Performance-based remuneration must be based on an assessment of the Management Company's results and a number of key performance indicators (KPIs) reflecting the Management Company's strategic key priorities.

The KPIs cover the following:

- profit before tax;
- costs;
- client satisfaction;
- compliance with internal procedures;
- management skills;
- personal effectiveness;
- thinking skills;
- human relation skills.

Performance-based remuneration is offered as a range and the final disbursed amount is subject to the assessment of the employee, based on the abovementioned KPIs.

Performance-based remuneration is granted to reflect the Management Company's financial results, the results of the function in which the employee is employed and the individual employee's performance. As a minimum this applies to material risk takers. Further, both financial and non-financial factors shall be taken into consideration when determining the individual's bonus, i.e. compliance with internal guidelines and procedures, including customers and investor related guidelines. A discretionary assessment is always made to ensure that other factors – including factors which are not directly measurable – are considered.

Performance-based pay is granted to employees with particular influence on the Management Company's results. As an overall starting point the Management Company ensures a balanced split between fixed salary and variable pay.

Guaranteed variable remuneration is not granted to any employee.

**INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST
PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS**

RULES

**INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST
PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS**

MFO FUNDS

1. THE MANAGEMENT COMPANY, THE FUND, & THE DEPOSITARY

1.1 THE MANAGEMENT COMPANY

The limited liability company with the corporate name MFO Asset Management Ltd (hereinafter the Management Company), whose registered office is at 66 Akropoleos Avenue, Acropolis Tower 1st Floor, 2012, Strovolos, Nicosia (Company Reg. No. HE 358598) was licensed by Cyprus Securities and Exchange Commission on 4 December 2017, with an issued and fully paid share capital of €125,000 (one hundred twenty-five thousand euros), following Cyprus Securities and Exchange Commission (hereinafter the Commission/CySEC) decision and obtained license No. AIFM19/56/2013. The Management Company was set up in order to manage collective investments in accordance with the Law which regulates undertakings for collective investments, as in force from time to time.

The Management Company is run by an 8-member Board of Directors comprised of:

- Mr. Markos Drakos – Chairman, Non-Executive Director
- Mr. Andreas Theophanous – Executive Director, Chief Executive Officer
- Mr. Vasilis Procopiou – Executive Director, Head of Collective Portfolios
- Mrs. Argyro Theodorou – Executive Director, Head of Individual Portfolios
- Mrs. Marilia Hadjioannou – Executive Director, Regulatory Compliance and AML Officer
- Mr. Charalambos Christou – Executive Director, Risk Officer
- Mrs. Silviya Ivanova – Independent Non-Executive Director
- Mr. Michael Kourtellas – Independent Non-Executive Director

Markos Drakos – Non-Executive Director

Markos is the chairman of the Board of Directors of MFO Asset Management Ltd. Markos has a degree in Economics from London School of Economics and Political Science and then qualified as a chartered accountant from the Institute of Chartered Accountants of England & Wales, having completed his training at KPMG UK. Markos is also member of The Institute of Certified Public Accountants of Cyprus. He has worked as a manager in KPMG Cyprus and co-managed Deloitte & Touche Nicosia. He has founded Markos Drakos Consultants Group, where he is currently a Director.

Andreas Theophanous – Executive Director

Andreas Theophanous is the Chief Executive Officer of MFO Asset Management Ltd. He is a qualified chartered accountant from the Institute of Chartered Accountants of England & Wales. Andreas was trained and worked for 12 (twelve) years with KPMG in Nicosia, where he was audit principal and assistant head of quality & risk management. He is a member of the Institute of Certified Public Accountants of Cyprus, and of the Cyprus Investment Funds Association, where he also served as Chairman of the Ethics and Risk Management

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

Committee. Andreas studied Accounting at the University of Hull in the United Kingdom, and then pursued a master's degree in International Consultancy & Accounting at the University of Reading in the United Kingdom. He is also holder of CySEC advanced certification.

Vasilis Procopiou – Executive Director

Vasilis Procopiou is the Head of Collective Portfolios at MFO Asset Management Ltd. Vasilis worked for 1 year as a derivatives' trader with STCM Trading Ltd and for almost 8 years with The Cyprus Investment and Securities Corporation (a subsidiary of Bank of Cyprus), as a financial advisor and later as an asset manager. He then worked for 1 year at Family Connect MFO Ltd, a multi-family office, at the position of Manager and also for 1 and a half year as Risk Manager at Easternmed Asset Management Services Ltd, a UCITS Management Company. Vasilis studied Business Information Technology and then pursued a master's degree in International Business (major in Finance) both at the London South Bank University. He is a holder of CySEC Advanced Certification and a CFA Charterholder.

Argyro Theodorou – Executive Director

Argyro Theodorou is the Head of Individual Portfolios at MFO Asset Management Ltd. Argyro worked for 5 years with Bank of Cyprus as an analyst in Group Markets and also for 2 years in The Cyprus Investment and Securities Corporation (a subsidiary of Bank of Cyprus), as an asset manager. Before that she worked for 2 years in Bank of America as an associate in Global Markets division. Argyro studied Computer Science at the University of Warwick and then pursued a master's degree in Finance at the Manchester Business School. She is holder of CySEC Advanced Certification and a CFA Charterholder.

Marilia Hadjioannou – Executive Director

Marilia is the Regulatory Compliance and Anti-Money Laundering Officer of MFO Asset Management Ltd. Marilia worked for 4 year at Safecap Investments Ltd at both the Trading and Compliance Departments, and a year at the Equity Derivatives Confirmation Department of Royal Bank of Scotland in the UK. Marilia studied Mathematics at the University of Manchester and then pursued a master's degree in Mathematical Finance and Actuarial Science. She is also holder of the CySEC Advanced Certification.

Charalambos Christou – Executive Director

Charalambos is the Risk Manager of MFO Asset Management Ltd. He worked for 2 years at the Cyprus Development Bank Public Company Ltd (cdbbank) as a Treasury Officer. Charalambos studied Commerce, Finance and Shipping at the Cyprus University of Technology and then pursued a master's degree in Financial Services at the Cyprus International Institute of Management. He is also holder of CySEC Advanced Certification.

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

Silviya Ivanova – Independent Non-Executive Director

Silviya is an Independent Business Consultant specializing in value added tax and other tax matters. She started her professional career at KPMG in the UK in January 2005, where she successfully completed the examination requirements of the Association of Taxation Technicians, before moving to Cyprus in May 2007 to join KPMG in Nicosia. Silviya worked at KPMG Cyprus as a VAT Senior Manager until November 2014. Next, she joined the Stena Group in Cyprus, a large group of companies with businesses across various industries, including shipping, finance and holdings, as a Tax and Compliance Controller. Since October 2017, Silviya practices as a sole trader. She holds a Master of Science degree in Economics from the London School of Economics and Political Science and a Bachelor of Economic Science degree with First Class Honours from the University of Manchester.

Michael Kourtellas – Independent Non-Executive Director

Michael has been managing the Internal Audit Department of Logicom Public Limited since early 2010. He is in charge of the audits of all local and international operations of the Group. Michael is a qualified certified chartered accountant and fellow member of the Association of Certified Chartered Accountants, as well as member of the Institute of Internal Auditors of Cyprus. He was trained with KPMG in Nicosia, and before moving to Logicom he has worked as Head of Tax at Nexia Poyiadjis, Head of Accounting at IFG Trust (Cyprus), and as Manager in the Finance Department of MTN in Cyprus. Michael studied Accounting and Finance at the London South Bank University.

1.2. THE FUND

After obtaining license No. AIFM19/56/2013 from the Commission, the Management Company set up the Fund by the name of “MFO Funds” (hereinafter the Fund). The Fund is an Undertaking of Collective Investments in Transferable Securities (UCITS) operating as an Umbrella Scheme which currently consists of the following investment compartments (hereinafter referred to as Sub-Funds):

- MFO Balanced Fund

Each Sub-Fund was set up with initial assets of €200,000 (two hundred thousand euros) which were paid in cash in full to the Depositary. The assets of each Sub-Fund are divided into 2,000 (two thousand) registered units or fractions of units, each of which represents the same percentage holding in the overall assets. The price of each unit in the Sub-Funds, at the time of establishment, was set at €100 (one hundred euros). The Fund’s reference currency is the euro. The reference currency of each Sub-Fund is referred to in the relevant Supplement to these Rules.

The Fund is governed by the provisions of Law 78(I)/2012 consolidated with Law 88(I)/2015 and Law 52(I)/2016 as amended from time to time (hereinafter the Law), and these Rules (hereinafter the Rules) which were approved by decision of the Commission.

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

Without prejudice to the provisions of these Rules that expressly regulate permissible deviations under the applicable legal framework, these Rules do not otherwise deviate from the provisions of the applicable legislation.

Each Sub-Fund is a separate asset pool whose assets belong jointly and indivisibly to the unitholders and are held on deposit with the Depositary and are a collective portfolio, managed by the Management Company in the interests of the unitholders. The unitholders have rights deriving solely from the assets in the Sub-Funds' asset pool, units that have been acquired, and each Sub-Fund is responsible for the liabilities arising from its own establishment, operation or dissolution.

The Fund has no legal personality, and the unitholders are represented in and out of court by the Management Company, in respect of legal relations arising from management and their rights in the assets. When representing the unitholders, the Management Company acts in their name, and indicates in all events that it is acting on behalf to the Fund. The Management Company exercises all rights arising from the assets of the Fund for the benefit of unitholders.

1.3 THE DEPOSITARY

Eurobank Cyprus Ltd in the Republic of Cyprus acts as depositary to the Fund including maintaining operating bank accounts and safekeeping of assets. The Depositary is the depositary to each of the Sub-Funds for the purposes of the Law.

The Depositary is a bank incorporated in the Republic in 2007 as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113 with registered office at 41 Arch. Makarios Avenue, 1065 Nicosia, Cyprus under registration HE217050 and is a banking institution regulated by the Central Bank of Cyprus, which is licensed to perform the duties of a Depositary in the Republic.

- (a) The Depositary shall in general ensure that the Fund's and each Sub-Fund's cash flows are properly monitored and shall, in particular ensure that:
- i. all payments made by or on behalf of Unitholders upon the subscription of Units of any Sub-Fund have been received; and
 - ii. all cash of each of the Sub-Funds has been booked in cash accounts opened in the name of the Fund, the relevant Sub-Fund or in the name of the Management Company acting on behalf of the Sub-Fund.

Where the cash accounts are opened in the name of the Depositary acting on behalf of any Sub-Fund, no cash of the entity referred to in paragraph (a) subsection (i) and none of the depositary's own cash shall be booked on such accounts.

- (b) The assets of each of the Sub-Funds shall be entrusted to the Depositary for safe-keeping, as follows:

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

- i. The Depository shall hold in custody all of the Sub-Funds' financial instruments capable of being registered or held in a financial instruments account opened in the Depository's books and all financial instruments capable of being physically delivered to the Depository;
- ii. The depository shall verify the ownership of the Sub-Funds of all other assets and shall maintain a record of those assets for which it is satisfied that the Sub-Fund holds the ownership of such assets;
- iii. The assessment whether the Sub-Fund holds the ownership shall be based on information or documents provided by the Sub-Fund(s) (or the Management Company on its behalf) and, where available, on external evidence;
- iv. The Depository shall keep the record referred to in point (ii) up-to-date.

(c) The Depository shall:

- i. Ensure that the sale, issue, re-purchase, redemption and cancellation of Units of any Sub-Fund are carried out in accordance with the applicable national law and the Fund's Rules; and
- ii. Ensure that the value of the Units of each Sub-Fund is calculated in accordance with the applicable national law and the Fund's Rules;
- iii. Carry out the instructions of the Management Company, unless they conflict with the applicable national law or the Fund's Rules; and
- iv. Ensure that in transactions involving the Sub-Funds' assets any consideration is remitted to the Sub-Funds within the usual time limits; and
- v. Ensure that the Sub-Funds' income is applied in accordance with the applicable national law and the Fund's Rules.

The assets owned by the Sub-Funds, shall not be reused by the Depository (nor any other sub-custodian appointed by the Depository) without the prior consent of the Management Company acting on behalf of the Fund. Reuse comprises any transaction of assets held in custody including, but not limited to, transferring, pledging, selling and lending. The assets held in custody by the Depository are allowed to be reused only where:

- (a) the reuse of the assets is executed for the account of the Fund;
- (b) the Depository is carrying out the instructions of the Management Company on behalf of the Fund;
- (c) the reuse is for the benefit of the Fund and in the interest of the unit holders; and
- (d) the transaction is covered by high-quality and liquid collateral received by the Fund under a title transfer arrangement. The market value of the collateral shall, at all times, amount to at least the market value of the reused assets plus a premium.

The Depository may appoint sub-depositaries, nominees, agents or delegates to hold the assets of the Fund at the expense of the Depository or as otherwise determined by the Depository and the Fund. The liability of the Depository shall not be affected by the fact that it has entrusted all or some of a Sub-Fund's assets in its safekeeping to such parties. The Depository will exercise care and diligence in selecting and appointing such sub-custodians,

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

agents and delegates so as to ensure that each such party has and maintains the expertise, competence and will maintain an appropriate level of supervision over such party and will make appropriate enquiries periodically to confirm that the obligations of such party continue to be competently discharged.

In discharging its role, the Depositary shall act honestly, fairly, professionally, independently and in the interests of the Fund, each Sub-Fund and their Unitholders.

The Depositary has no decision-making discretion relating to the Fund's or any Sub-Fund's investments.

Liability of the Depositary

The Depositary is liable to the Fund and to the unit-holders of the Fund for the loss by the Depositary or a third party to whom the custody of financial instruments held in custody in accordance with article 10(6)(a) of the UCITS Law. In the case of a loss of a financial instrument held in custody, the Depositary returns a financial instrument of an identical type or the corresponding amount to the Fund or the Management Company acting on behalf of the Fund without undue delay. The Depositary shall not be liable if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

Resignation of the Depositary

The relationship between the Fund and the Depositary is subject to the terms of the Depositary Agreement.

The Depositary Agreement may be terminated by the Fund or the Depositary upon 3 (three) calendar month prior written notice, period which may change upon mutual agreement of the parties.

According to the Law, the Depositary that intends to resign from its duties must inform the Fund and/or the Management Company in writing at least 3 (three) months before its resignation or can be terminated by notice in writing by the Fund or the Depositary in specific circumstances.

In the event of the Depositary's resignation, the Management Company shall forthwith report the fact to the Commission and recommend a new Depositary to replace the one resigned. The Depositary that has submitted its resignation shall continue to exercise its duties until the new Depositary has fully taken over its duties. More specifically, the resigning Depositary shall hand over to the new Depositary the Company's assets in its safekeeping as well as every relevant document necessary for the new Depositary to exercise its duties.

The Depositary has no decision-making discretion relating to the Fund's or its Sub-Funds' investments.

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

2. INVESTMENT OBJECTIVES, POLICY & LIMITS

2.1 INVESTMENT OBJECTIVES & POLICY

The investment objective of the Fund is to provide its investors with capital gains and/or income through:

- Access to a variety of professionally managed eligible asset classes under the UCI Law; and
- Different investment policies, as these may be specified in the context of each relevant Sub-Fund,

without being subject to any specific sectoral, industrial or geographical limitations, save for those provided for under the UCI Law and the investment policy of the relevant Sub-Fund.

The investment objective and investment policy of each Sub-Fund is decided on by the Management Company, having taken into account the political, economic, financial and monetary conditions prevailing in the selected markets.

The assets of each Sub-Fund are invested in line with the investment policy, as this is outlined in the relevant Supplements of these Rules.

2.2 BENCHMARK INDEX

The benchmark for each Sub-Fund is described in the relevant Supplement of these Rules and relates specifically to each Sub-Fund's investment policy.

2.3 ALLOWABLE INVESTMENTS

1. The investments of the Sub-Funds shall comprise of only one or more of the following:
 - (a) Transferable securities and money market instruments admitted to or dealt in on a regulated market of the Republic or of another member state of the European Union, as the latter defined in article 4(1)(14) of Directive 2004/39/EC of the European Parliament and Council of 21 April 2004 on markets in financial instruments;
 - (b) Transferable securities and money market instruments dealt in on another regulated market in a member state, which operates regularly and is recognized and open to the public;
 - (c) Transferable securities and money market instruments admitted to official listing on a stock exchange in a third country or dealt in on another regulated market in a third country, which operates regularly, is recognized and open to the public and:
 - i. is included among the markets stated in the list approved by the Minister of Finance, after a recommendation is made by the Commission, or
 - ii. is included in the Fund's Rules.
 - (d) Recently issued transferable securities, provided that:
 - i. The terms of issue include an undertaking that an application will be made for admission to official listing on a regulated market among those mentioned in paragraphs (a) to (c); and

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

- ii. The admission referred to in the above subparagraph takes place within a year of issue;
- (e) Units of UCITS authorized according to Directive 2009/65/EC as amended by Directive 2014/91/EU or other collective investment undertakings within the meaning of Article 4(1) of the Law, whether or not established in a Member State, provided that:
 - i. Such other collective investment undertakings are authorized under laws which provide that they are subject to supervision considered by the Commission to be equivalent to that laid down in Directive 2009/65/EC as amended by Directive 2014/91/EU, and that cooperation between the Commission and the authorities which are competent for the supervision of the said undertakings is sufficiently ensured;
 - ii. The level of protection for unitholders in the other collective investment undertakings is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC as amended by Directive 2014/91/EU;
 - iii. The business of the other collective investment undertakings is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period;
 - iv. No more than 10% of the assets of the UCITS or of the other collective investment undertakings, whose acquisition is contemplated, can, according to their fund rules or instruments of incorporation, be invested in aggregate in units of other UCITS or other collective investment undertakings;
- (f) Deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the credit institution has its registered office in a third country, provided that it is subject to prudential rules considered by the Commission as equivalent to those laid down in EU law;
- (g) Financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in paragraphs (a) to (c) of the present section or financial derivative instruments dealt in over-the-counter (OTC) derivatives, provided that:
 - i. The underlying of the derivative consists of instruments covered by paragraph (g), financial indices, interest rates, foreign exchange rates or currencies;
 - ii. The counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Commission;
 - iii. The OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the UCITS' initiative.
- (h) Money market instruments other than those dealt in on a regulated market, which fall under Article 2 of the Law, if the issue or issuer of such instruments is itself

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

regulated for the purpose of protecting investors and savings, provided that they are alternatively:

- i. Issued or guaranteed by a central, regional or local authority or central bank of a member state, the European Central Bank, the Community or the European Investment Bank, a third country or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong;
- ii. Issued by an undertaking the securities of which are dealt in on regulated markets referred to in paragraphs (a) to (c) of this indent;
- iii. Issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to prudential rules considered by the Commission to be equivalent to those laid down by EU law;
- iv. Issued by other bodies belonging to the categories approved by the Commission provided that investments in such instruments are subject to investor protection equivalent to that laid down in subparagraphs (i) to (iii) and provided that the issuer is a company whose capital and reserves amount to at least EUR 10,000,000 and which presents and publishes its annual accounts in accordance with the Fourth Council Directive 78/660/EEC on the annual accounts, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitization vehicles which benefit from a banking liquidity line.

2. Each Sub-Fund shall not, however:

- (a) invest more than 10% of its assets in transferable securities or money market instruments other than those referred to in Article 40(1) of the Law; or
- (b) acquire either precious metals or certificates representing them.

3. The Sub-Funds may hold ancillary liquid assets.

2.4 INVESTMENT LIMITS

Based on the provisions of the Law, each Sub-Fund's investments shall be governed by the following limits:

1. (a) The Sub-Fund shall invest no more than 10% of its assets in transferable securities or money market instruments issued by the same body. The total value of the transferable securities and the money market instruments held by the Sub-Fund in the issuing bodies in each of which it invests more than 5% of its assets shall not exceed 40% of the value of its assets. That limitation shall not apply to deposits made with financial institutions subject to prudential supervision.

(b) The limit of 10% referred to above in paragraph (a) may be raised:

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

- i. To a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a member state, by its local authorities, by a third country or by a public international body to which one or more Member States belong.
- ii. To a maximum of 25% where bonds are issued by a credit institution which is established in a member state and is subject by law to special public supervision designed to protect bond-holders.

The sums deriving from the issue of those bonds shall be invested in accordance with the Law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest. Where a Sub-Fund invests more than 5% of its assets in the bonds referred to in the present subparagraph which are issued by a single issuer, the total value of these investments shall not exceed 80% of the value of the assets of the Sub-Fund.

(c) The transferable securities and money market instruments referred to in the cases described in paragraph (b) shall not be taken into account for the purpose of applying the limit of 40% referred to in paragraph (a).

2. The Sub-Fund(s) shall invest no more than 20% of its assets in deposits made with the same body.

3. Notwithstanding the limits laid down in subparagraphs (1) and (2), the Sub-Fund(s) shall not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following:

- (a) Investments in transferable securities or money market instruments issued by that body;
- (b) Deposits made with that body.

4. The risk exposure to a counterparty of the Sub-Fund(s) in an OTC derivative transaction shall not exceed either:

- (a) 10% of its assets when the counterparty is a credit institution referred to in paragraph 2.3(1)(f); or
- (b) 5% of its assets, in other cases.

5. The limits provided for in subparagraphs 1 to 3 shall not be combined, and thus investments in transferable securities or money market instruments issued by the same body or in deposits made with this body carried out in accordance with these subparagraphs shall not exceed in total 35% of the assets of the Sub-Fund(s).

6. Companies which are included in the same group for the purposes of consolidated accounts, as defined in Directive 83/349/EEC for the consolidated accounts or in accordance with

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

recognized international accounting rules, shall be regarded as a single body for the purpose of calculating the limits contained in this section (2.4 Investment limits).

7. The cumulative investment in transferable securities and money market instruments within the same group for the purposes of consolidated accounts, as defined in Directive 83/349/EEC for the consolidated accounts or in accordance with recognized international accounting rules, is permitted up to a limit of 20%.

8. Sub-Funds which will invest in UCITS or other collective undertakings a substantial proportion of their assets, as per Article 46 of the Law, the following shall apply:

- (a) The Sub-Fund(s) may acquire the units of other UCITS or other collective investment undertakings, referred to in Article 40(1)(e) of the Law, provided that no more than 20% of its assets are invested in units of a single UCITS or other collective investment undertaking.
- (b) Investments made in units of collective investment undertakings other than UCITS shall not exceed, in aggregate, 30% of the assets of the Sub-Fund(s).
- (c) Where the Sub-Fund(s) has acquired units of another UCITS or collective investment undertaking, the assets of the respective UCITS or other collective investment undertaking are not combined for the purposes of the limits laid down in paragraphs 1 to 7 above.

2.5 SPECIAL DEVIATIONS

By way of derogation from the limit of 35% provided in paragraph 2.4(1)(b)(i), each Sub-Fund may invest in accordance with the principle of risk-spreading up to 100% of its assets in different transferable securities and money market instruments issued or guaranteed by a member state, one or more of its local authorities, a third country, or a public international body to which one or more member states belong, only if all of the following preconditions are complied with:

- (a) The Commission considers that unitholders have protection equivalent to that of unitholders in UCITS complying with the limits laid down in Article 42 of the Law.
- (b) The Sub-Fund(s) shall hold securities from at least 6 (six) different issuers, but securities from any single issue shall not account for more than 30% of the total assets of the Sub-Fund(s).
- (c) The Sub-Fund(s) may invest more than 35% of its assets in securities issued or guaranteed by the following Member States, local authorities, or public international bodies: IBRD, EBRD, COUNCIL OF EUROPE, EFSF, EIB, ESM, WORLD BANK, INTERNATIONAL FINANCE CORPORATION, US GOVERNMENT, GERMAN GOVERNMENT, NORWEGIAN GOVERNMENT, SWISS GOVERNMENT, CANADIAN GOVERNMENT, AUSTRALIAN GOVERNMENT.

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

2.6 METHODOLOGY FOR SELECTING INVESTEMENTS IN OTHER UCITS OR UCIS

Depending on its investment policy, a Sub-Fund may invest a substantial proportion of its assets in other UCITS or UCIs. In this respect the Management Company shall conduct a funds' selection methodology for investments in other UCITS or UCIs considers the following criteria:

1. Investment Strategy: The investment strategy of the selected fund should be consistent and contribute to the implementation of the long-term investment strategy of the Sub-Fund and should satisfy the tactical investment decisions the Management Company would like to incorporate in the portfolio.

2. Fund Manager Credibility and Competence: The track record of the Manager, the competence and continuity of the team, experience in specific asset class/strategy and other qualitative and quantitative criteria are considered by the Management Company.

3. Performance: Past performance is evaluated both in terms of return and risk undertaken.

4. Fund constituents: The analysis of the constituent securities is a prerequisite for selection of a fund in order to ensure that they are consistent with the stated strategy.

5. Tracking error: For index tracking funds i.e. passive funds, tracking error is targeted at around zero while for active funds the highest information ratio is sought.

6. Replication methodology: Physical replication method of indices is preferred – replication through methods which introduce counterparty risk (e.g. synthetic swaps) is avoided.

7. Liquidity: It is ensured that the fund has adequate liquidity and may be easily sold and bought at reasonable prices with no wide bid-ask spreads or other embedded costs of liquidity risk.

8. Total expense ratio: Total costs related to management and administration of the fund should be low and within limits that do not distort portfolio efficiency.

9. Legal structure: The legal structure of the Fund is considered in terms of investor protection, investment limits and transparency.

10. Currency denomination: The currency exposure of the fund and also its underlying currency exposure are considered and monitored.

11. Distribution policy: the distribution policy of each fund is considered in respect of embedded costs, charges and tax implications.

2.7 PROHIBITION TO ACQUIRE CONTROL

1. The Management Company acting on behalf of the Fund and the Sub-Funds shall not acquire any shares carrying voting rights which would enable them to exercise significant influence over the management of an issuing body.

2. The Sub-Fund(s) may acquire no more than:

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

- (a) 10% of the non-voting shares of a single issuing body;
- (b) 10% of the debt securities of a single issuing body;
- (c) 25% of the shares of a single UCITS or other collective investment undertaking within the meaning of Article 4(1) of the Law; or
- (d) 10% of the money market instruments of a single issuing body.

The limits laid down in paragraphs (b) to (d) may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue, cannot be calculated.

3. Subparagraphs 1 and 2 do not apply as regards:

- (a) Transferable securities and money market instruments issued or guaranteed by a member state or its local authorities;
- (b) Transferable securities and money market instruments issued or guaranteed by a third country;
- (c) Transferable securities and money market instruments issued by a public international body to which one or more member states belong;
- (d) Shares held by a UCITS in the capital of a company incorporated in a third country investing its assets mainly in the securities of issuing bodies having their registered offices in that country, where under the legislation of that country such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that country. This derogation shall apply only if in its investment policy the company from the third country complies with the limits laid down in Articles 42 and 46 of the Law as well as in subparagraphs (1) and (2) hereof. Where the limits set in Articles 42 and 46 of the Law are exceeded, Article 49 shall apply *mutatis mutandis*;
- (e) Shares held by one or more Variable Capital Investment Companies in the capital of a subsidiary company pursuing, exclusively on its or their behalf, only the business of management, advice or marketing in the country where the subsidiary is established, in regard to the redemption of shares at shareholders' request.

2.8 VIOLATION OF INVESTMENT LIMITS

1. The Sub-Funds are not required to comply with the limits laid down in the section 2.3 (Allowable Investments) and 2.4 (Investment Limits) when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.

2. While ensuring observance of the principle of risk spreading, the Sub-Funds may derogate from Articles 42 and 46 of the Law for 6 (six) months following the date that their operation license was granted.

3. If the limits referred to in subparagraphs 1 and 2 are exceeded by a Sub-Fund for reasons beyond the control of the Sub-Fund or as a result of the exercise of subscription rights, the Sub-Fund shall adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

3. ASSET VALUATION PRINCIPLES, METHODOLOGIES FOR COMPUTING THE ISSUE AND REDEMPTION PRICE OF UNITS

3.1 VALUATION PRINCIPLES

The assets of the Fund and Sub-Funds shall be valued using the rules outlined below:

- (a) The value of transferable securities and money market instruments listed in a regulated market shall be calculated on the basis of the closing price of stock exchange transactions in cash on the same day. In regulated markets operating outside the European Union, when the valuation on the basis of the price referred to above is not possible due to time differences, the value shall be calculated on the basis of the closing price of such regulated markets on the previous business day.
- (b) If no stock exchange transaction was made on the date of valuation, account shall be taken of the price of the previous day when the regulated market was in session and, if no stock exchange transaction was made on that day either, account shall be taken of the last bid or ask price.
- (c) If the market, in which the transferable securities and money market instruments are listed, applies the system of single price, such single price shall be taken into account for the determination of their value.
- (d) To value assets denominated in another currency, their value will be translated into the reference currency at the at the reference exchange rate published by the European Central Bank on the same day.
- (e) Fees and expenses paid by the Fund and/or Sub-Funds to third parties that are known as annual expenses (such as the cost of the Fund's audit or other fees paid to advisors), are amortized or accrued throughout the calendar year, even though they may be paid annually or quarterly. In determining the net asset value, the appropriate portion of such fees is deducted from the value of the Fund's/Sub-Funds' net assets. Fees and expenses that are not subject to such amortization are expensed as soon as they are incurred and deducted from the next net asset valuation.
- (f) If any errors are discovered in the valuation, these are corrected on the next valuation occurring after the error is identified, and the previous valuations are not restated to reflect the corrected information.
- (g) The Management Company generally intends to apply this Valuation Policy to the calculation of the net asset value on each valuation date. However, as a Management Company of the Fund, it reserves the right to amend this Valuation Policy from time to time at its sole discretion. The Management Company may amend this Valuation Policy in response to new circumstances that may arise which were not contemplated when this Valuation Policy was established.

3.2 NET ASSET VALUE (NAV), ISSUE/REDEMPTION/REPURCHASE PRICE

1. Each Sub-Fund's net asset value, the number of its issued units, the net asset value of each unit, the subscription and redemption or repurchase price shall be calculated in the Sub-Fund's reporting currency by the Management Company at the regular intervals outlined in

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

the Supplements of the Rules, and are published the business day after the said calculation, on the website of the Management Company (www.mfoasset.com).

2. To determine the net value of the units of each Sub-Fund, the total Sub-Fund's net asset value shall be divided by the number of its existing units. The determination of each Sub-Fund's net asset value is calculated in accordance with the valuation rules referred to above, after deducting its total liabilities from the total value of each Sub-Fund's assets in accordance with the Law and these Rules, and in particular the Management Company's fees and commission for managing the assets, including any performance fee specified, the fees of the depository, trading commission, and any revenues and profits distributed to unitholders in accordance with the provisions of these Rules.

3. The subscription and redemption or repurchase price can exceed or be less, accordingly, of the unit net asset value by the Management Company as stated in the Rules of the Fund. The subscription and redemption fees for each Sub-Fund are outlined in the Supplements of these Rules. The subscription and redemption or repurchase price of the units of each Sub-Fund are determined according to Article 16(3) and Article 18(5) of the Law respectively, as in force from time to time.

4. UNITS, UNITHOLDER REGISTER, ISSUE/SALE & REDEMPTION/ REPURCHASE OF UNITS

4.1 SUB-FUNDS' UNITS

The assets of each Sub-Fund are divided into units or fractions of units having no nominal, but fluctuant value. Furthermore, the net assets are equal to the value of the assets of the Sub-Fund after the deduction of its liabilities. The units of each Sub-Fund are nominal and fully paid. The rights deriving from the units shall be exercised in accordance with the percentage of the total assets that they represent, with the exception of voting rights (where applicable), which shall be exercised on the basis of 1 (one) vote per unit.

4.2 UNITHOLDERS' REGISTER

The units of each Sub-Fund shall be entered without a serial number in the Unitholders' Register kept by the Management Company and shall be observed through entries in it. Entry in the register shall be proof of the unitholder's participation in the Fund.

Each participation of a unitholder or of co-beneficiaries is individually registered in the Unitholders' Register.

The Unitholders' Register contains:

- (a) the name and surname of the unitholder or in the case of a legal person, the name of the legal person;
- (b) the unitholder's address or, in case of a legal person, the registered office or, in case of a foreign legal person, the seat, the address and the registration number, the address and the company register number, if such a number exists;

**INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST
PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS**

MFO FUNDS

- (c) the identity card or passport number of the unitholder;
- (d) the number of units represented by the participation;
- (e) any other piece of information which forms the minimum content for the individualization of the unitholder and its units.

In the case of joint unitholders, the information concerning all joint unitholders shall be registered.

The Management Company ensures that the Depository shall have full and continuous access to the Unitholders' Register.

4.3 SUBSCRIPTION FOR UNITS

1. For the issue of units by the Management Company, and the acquisition by the unitholder of units in each Sub-Fund, the following are necessary:

- (a) an application to subscribe for units communicated to the Management Company, which may be submitted electronically;
- (b) acceptance of the Fund's Rules;
- (c) full payment to the Depository of the amount due for the acquisition of units, within 2 (two) business days following the approval of the subscription by the Management Company, as determined on the basis of the sale price of units, in cash or in transferable securities or other financial instruments, as long as the Management Company accepts the transferable securities or the other financial instruments. To compute the value of transferable securities or financial instruments, the provisions of the Valuation Principles shall apply.

2. The cut-off time for the submission of applications for subscribing for units in a Sub-Fund is set at 14:30 hours each business day. The investor must primarily submit an application for subscription or redemption without knowing the Net Asset Value of the units. The subscription of units of a Sub-Fund is effected at the price corresponding to the date of submission of the order, only if the latter has been received until the cut-off time.

3. In the event that the amount due for the acquisition of units is paid to the Management Company, the Management Company shall deposit the above amount, within the following working day at the latest, to the Depository. Subject to the implementation of the above sentence, it is prohibited to pay the amount due for the acquisition of the units to a person that is part of the units' marketing network, other than the Management Company or the Depository. In any case, the transferable securities or other financial instruments shall be deposited to the Depository of the Fund for the participation to the Sub-Fund(s).

4. The sale price of the units is the price on the date the application to subscribe to units is submitted.

5. Any residual remaining amount will remain to the Fund, making part of the Sub-Fund's assets.

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

6. The Management Company, shall hand over free of charge to the applicant to participate to the Sub-Fund the Key Investor Information and the Rules of the Fund, and if the applicant requests so, the prospectus and the latest annual and semi-annual report of the Fund.

4.4 REDEMPTION OF UNITS

1. The redemption of each Sub-Fund's units shall be obligatory upon request of the unitholder.
2. For the purpose of the redemption, in accordance with the provisions of subparagraph 1, the unitholder submits either a written or an electronic application to the Management Company. It shall not be permitted to submit an application for conditional redemption. The cut-off time for submitting applications to redeem units is 14:30 on any working day in the Republic.
3. The Management Company shall not redeem the units without examining the legal justification of the applicant unitholder. The units of each Sub-Fund redeemed by the Fund itself shall be cancelled and its assets shall be decreased by the amount paid from the Fund for the redemption of the units.
4. The value of each Sub-Fund's units redeemed shall be paid in cash within 4 (four) working days from the date the application for the redemption of the units is submitted.
5. The units of each Sub-Fund shall be redeemed at the redemption price on the date the unitholder's application for the redemption is submitted. The redemption price shall be calculated in accordance with these Rules.
6. An application to transfer units of each Sub-Fund to another UCITS managed by the Management Company is the same as an application to redeem participation in the initial Sub-Fund and acquire units in the new UCITS.

4.5 SUSPENSION OF REDEMPTION OF UNITS BY A DECISION OF THE MANAGEMENT COMPANY

1. In exceptional cases, when circumstances make it necessary or in cases provided for in the Fund's Rules, and in any case it is in the unitholders' interest, it shall be permitted to suspend the redemption of units, for one or more Sub-Funds, for a period up to 1 (one) month, by a decision of the Management Company, and a previous permission by the Commission. This suspension may be extended for another 1 (one) month at most following a new permission by the Commission, provided that there is a valid reason. Exceptionally, the Commission may, by a decision, allow the suspension of the redemption of units in one or more Sub-Funds for a period of time longer than the above time period of 1 (one) month, in order to safeguard the unitholders' interests and the smooth operation of the market, provided that the time period during which the redemption of units is suspended shall not exceed 3 (three) months in total.
2. The Management Company shall submit forthwith its decision on the suspension of the redemption of units for approval to the Commission, in order to receive the permission

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

mentioned in subparagraph 1 and shall communicate the suspension of the redemption to the competent supervisory authorities of the other member states, where the units of the Sub-Fund(s) are marketed. The decision of the Commission by virtue of which the suspension of the redemption is prolonged shall be communicated in accordance with the above.

3. In the case that the conditions justifying the suspension of the redemption of units cease to apply before the end of the period during which the redemption was decided to be suspended, the Management Company, shall revoke the suspension and shall inform respectively the Commission, as well as the competent supervisory authorities of the other member states, where the units of the Sub-Fund(s) are marketed.

4. The suspension of the redemption, its extension, its expiry or revocation, as well as the reasons of the suspension and its ending point of time, shall be notified without delay to the unitholders by durable means. The above announcement shall also be inserted on the website of the Management Company.

5. During the suspension of the redemption of one or more Sub-Funds' units, it shall not be permitted to unitholders to submit applications for redemption of units or to redeem units. Nevertheless, the pending applications, namely the applications for redemption of units submitted before the issue of the decision of the Management Company on the suspension of the redemption, shall be satisfied.

4.6 SUSPENSION OF REDEMPTION OF UNITS BY A DECISION OF THE COMMISSION

1. The Commission, in exceptional cases and in the unitholders' interests, by virtue of a decision and at its initiative, may suspend the redemption of one or more Sub-Funds' units.

2. The provisions of section 4.5 (Suspension or Redemption of units by decision of the Management Company) in relation to the duration of the suspension, the extension, the publication of announcements of commencement, expiry or revocation of the suspension, the information of the competent supervisory authorities and the restrictions with regard to the submission of application to redeem units as well as with regard to the redemption of Sub-Fund(s) units shall apply mutatis mutandis in the case of the suspension of the redemption of units by the Commission's decision as defined in subparagraph 1.

4.7 JOINT HOLDERS OF UNITS

Where there are joint holders of units, the joint holders shall indicate an authorized representative, who could be any of the joint holders, to represent the joint holders, and who may request redemption of the units without the consent of the other joint holders.

In order to add a new joint holder to units, the written consent of the Management Company and of all the other joint holders is required. In order to remove an existing joint holder, the express, written consent of the latter is required. The information regarding the new joint holder of units shall be entered into the Unitholders' Register, whereas the information regarding the joint holder who ceased to be a joint holder shall be erased.

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

The Certificate of Participation shall be issued in the names of all the joint holders in accordance with the provisions of the Rules concerning Certificates of Participation.

4.8 TRANSFER OF UNITS

1. The transfer of a Sub-Fund's units is notified to the Management Company and is valid to the Management Company only after the said notification is made.
2. The Management Company shall update the Unitholders' Register with regard to the transfer, by deleting the transferred units from the account of the transferor and registering them in the account of the transferee.
3. The Management Company, following the relevant application of the transferee, issues a certificate of participation in the transferee's name, in accordance with the Rules concerning Certificates of Participation.

4.9 PLEDGING OF UNITS

1. The units of a Sub-Fund may be pledged as a guarantee of a claim.
2. With regard to the Management Company, the pledge shall be valid and provide results, from the moment of written announcement of the pledging agreement to the Management Company.
3. The pledge lender shall be satisfied when the units pledged are redeemed and their value is paid to the pledge lender, until full redemption of all the pledged units.
4. In the case that not all the pledged Sub-Fund units have been redeemed, the pledge lender shall reserve his right deriving from the pledge on the remaining pledged units, without the issue and announcement of a new pledging agreement.

Subparagraph 2 applies mutatis mutandis in the event that pledge on units of a Sub-Fund is revoked.

4.10 CERTIFICATE OF PARTICIPATION

1. The Management Company, upon the relevant request of the unitholder or the co-beneficiary, shall issue a certificate of participation to the Fund. The unitholder may also request such a certificate regarding the redemption of the Fund's units.
2. The certificate of participation, the exact content of which is designated by the Management Company, according to the purpose of its issue, following the relevant application of the unitholder, shall have only probative value with regard to the participation of the unitholder to the Fund. In case of differences between the content of the above certificate and the relevant registration to the Unitholders' Register, the latter shall prevail.

**INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST
PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS**

MFO FUNDS

3. The Management Company, following the relevant request of the pledge lender or the unitholder, shall issue a certificate regarding the registration of the pledging of the units to the Unitholders' Register.

5. FISCAL YEAR AND CLOSING DATE

The fiscal year (accounting period) of the Fund and the Sub-Funds shall be 1 (one) calendar year. The closing date is 31 December. The first fiscal year shall run from the date of establishment of the Fund until 31 December of the calendar year in which establishment was completed, unless establishment takes place in the second half of a calendar year, in which case the first fiscal year shall be extended until 31 December of the year following.

6. CALCULATION AND DISTRIBUTION OF INCOME

1. The distribution policy of each Sub-Fund is outlined in the Supplements of these Rules.
2. When the Board of Directors is distributing profits to unitholders, all unitholders on the last day of the fiscal year in which the profits arose shall be beneficiaries. The distribution shall be completed within 3 (three) months from the end of the fiscal year. The Management Company shall publish a notice about the distribution method.
3. When profits are being paid to beneficiaries, any taxes corresponding to those amounts in accordance with the applicable legislation from time to time shall be withheld and paid to the State.
4. The rules on the taxation of income or capital gains collected by unitholders of the Sub-Fund(s) depend on the tax laws applicable to the personal circumstances of each and every unitholder. If unitholders have any doubts about their tax status, they should seek professional advice.

7. AMENDMENT TO THE RULES

These Rules shall be jointly amended by the Management Company and the Depositary and any amendments shall be approved by the Commission. Amendments to the Rules shall be promptly notified to the unitholders who are bound by the changes. Unitholders are entitled to request that their units be redeemed in accordance with the provisions of the Rules as they applied prior to the amendments, within 3 (three) months from the date on which the amendments were notified.

8. DISSOLUTION - LIQUIDATION OF THE FUND

1. Each Sub-Fund is liquidated and dissolved:
 - (a) when its operation license is revoked by CySEC;
 - (b) when an event specified in its Rules has occurred, which leads to its liquidation;
 - (c) following the relevant decision of its Management Company, provided that it shall consider that the continuation of the operation of the Sub-Fund is not in the unitholders' interest;
 - (d) with the redemption of all of its units;

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

- (e) with its merging with another UCITS, or with its split into other Common Funds;
- (f) with the liquidation, bankruptcy, resignation, mandatory administration or revocation of the operation license of the Management Company or of the Depositary, if no substitute has been assigned.;
- (g) by a decision of the Management Company, in the case that its assets are decreased to one-quarter of the threshold provided in Article 21 of the Law and in the event that this decrease continues for a period of time longer than 6 (six) months.

2. Neither the unitholders of the Sub-Fund nor their creditors are entitled to require the dissolution of a Sub-Fund.

3. Following a decision of the Management Company, which may occur where the assets of a Sub-Fund drop so that they are below 2/3 (two third) of the threshold for the minimum initial assets required by Article 21 of the Law. In all events the Management Company shall promptly notify the Commission about the fact that a Sub-Fund's assets have dropped below 2/3 (two third) of the threshold for the minimum initial capital, and the Commission may, where the Management Company does not take a decision to dissolve the Sub-Fund, require that the Management Company take such a decision.

4. The dissolution of a Sub-Fund shall be followed by its liquidation, unless the dissolution is due to a fact provided in paragraphs (d) and (e) of subsection (1). The liquidation of a Sub-Fund shall result to the distribution of the Sub-Fund's assets, under its liquidator's responsibility. As liquidator shall be assigned by law the Management Company of the Fund, unless its dissolution is due to a fact provided in paragraph (f) of subsection 1, concerning the Management Company; in such a case, the liquidator shall be assigned by the Depositary. In the case that a fact described in paragraph (f) of subsection 1 concerns also the Depositary, the liquidator of the Sub-Fund shall be assigned by the relevant decision of the Commission. In such a case Article 120 (2) of the Law applies mutatis mutandis. If the liquidator does not duly exercise its duties, the Commission, following an application of any person having legal interest therein, appoints a substitute liquidator. The liquidator is not entitled to assign its duties with regard to the liquidation to a third person.

5. From the dissolution of a Sub-Fund, the issue of new units shall not be permitted, unless it serves the objective of the liquidation. The redemption of units is possible, if the principle of equal treatment of the unitholders is served. The Depositary of the Fund exercises its duties, until the distribution of the Sub-Fund's assets is completed. The unitholders shall be satisfied by the liquidation proceeds, after the satisfaction of any claim existing against the Sub-Fund.

6. The result of the distribution of a Sub-Fund's assets is described in a specific report of an independent auditor, which is communicated to the Commission, is added on the Management Company's web page and is set at the unitholders' disposal, at the points where the units of the Sub-Fund are marketed. For the implementation of the present paragraph, the auditor of the Fund is considered to be independent.

7. The dissolution of a Sub-Fund, as well as the reasons for it:

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

- (a) Are immediately notified by the Management Company, to the unitholders of the Sub-Fund, through a durable means, and
- (b) are added on the Management Company's website and are notified by the Management Company to the Commission, as well as the competent authorities of the member states where the Sub-Fund has complied with the notification procedure for the marketing of its units.

8. The Directives of the Commission regulating technical issues and clarifying the modalities of how Article 29 of the Law is to be implemented shall also apply to the dissolution and liquidation of the Sub-Fund.

9. FEES & COMMISSION FOR THE MANAGEMENT COMPANY & THE DEPOSITARY

9.1 MANAGEMENT COMPANY'S FEE & COMMISSION

Management fees payable by each Sub-Fund are included in the Supplements of these Rules.

The management fee is per annum on the average net asset value of each Sub-Fund for the relevant fiscal year, for managing the Sub-Fund. The management fee is computed daily on the daily value of the Sub-Fund's net assets and is paid by debiting it from the Sub-Fund at the end of each month. The management fee includes fees to enable the Management Company to perform its tasks and functions, or to provide services, irrespective of whether those functions are carried out by the Management Company itself or have been outsourced to third parties.

Regarding the management fee the following are noted:

- (a) Commission, expenses and any taxes payable on transactions entered into on behalf of a Sub-Fund, are not related to the management fee but are payable by the Sub-Fund under the terms of the business relationship between the undertakings performing the tasks and the Sub-Fund.
- (b) Fund administration services for a Sub-Fund are not included in the management fee, when those services have been delegated to third parties.
- (c) The average daily value of each Sub-Fund's net assets includes fees and expenses paid by each Sub-Fund to third parties that are known as annual expenses (such as the cost of the Fund's audit or other fees paid to advisors). These are amortized or accrued throughout the calendar year, even though they may be paid annually or quarterly. In determining the net asset value, the appropriate portion of such fees is deducted from the daily value of each Sub-Fund's net assets. Fees and expenses that are not subject to such amortization are expensed as soon as they are incurred and deducted from the next net asset valuation.
- (d) When specific functions and activities of the Management Company which are included in the management fee are outsourced, there is no other fee or charge

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

payable by the Fund for the functions and activities that were delegated to third parties.

9.2 DEPOSITARY'S FEE

The Depositary's fee for safekeeping services is 0.08%, for net assets up to EUR 10 million, and 0.07% for net assets over EUR 10 million. These ranges are cumulative on the net assets of the Sub-Funds, i.e. the total net assets of the Fund apply to determine the applicable percentage fee. The Depositary's fee is applied on the average net value of the Fund's assets held by the Depositary during the relevant fiscal year. The Depositary's fee is computed daily on the daily valuation of the net assets held by the Depositary and is paid by debiting it from the Sub-Fund(s) at the end of each month. This fee includes Depositary fees which may be payable to third parties who undertake to safeguard all or part of the assets of the Fund on the basis of outsourcing arrangements.

10. EXPENSES OF THE FUND

In addition to the fees and commission payable to the Management Company and the Depositary, the following expenses shall be incurred by the Sub-Fund(s):

1. The fees of auditors who audit the Fund's Reports in accordance with the Law.
2. Expenses, taxes and commission for transactions entered into on behalf of the Sub-Fund(s), charged by the undertakings entering into those transactions, under the terms and conditions of the business relationship between those undertakings and the Sub-Fund(s). These expenses include any set-up fees payable by the undertakings entering into the transactions, to the Management Company for the Sub-Fund's transactions, which are not specifically chargeable to the Sub-Fund(s).
3. Any applicable charges and expenses to be paid by the Sub-Fund(s) due to investing in the units of UCITS or other collective undertakings. The maximum level of management fees charged by other UCIs is at 2%.
4. The cost of publications specified by the Law published on behalf of the Fund.
5. Expenses relating to the provision of information to the unitholders of the Fund required by the relevant legislation.
6. The management fees and any subscription/redemption/repurchase fees of UCITS and/or UCIs in which the Sub-Fund(s) invests in. Where the Sub-Fund(s) invests in units of other UCITS or collective investment undertakings, directly managed by, or whose management has been outsourced to, the Management Company or another company linked to the Management Company by means of a common management or common control or qualifying holdings, the Management Company or other company shall not charge subscription/redemption/repurchase fees for these investments of the Sub-Fund(s) in the units of those other UCITS or collective investment undertakings.

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

11. COMMUNICATIONS OF THE FUND

1. All communications of the Fund to investors shall be fair, clear and not misleading. Moreover, in the case of marketing communications to investors, these shall be clearly identifiable as such.

2. Any information or declaration included in a marketing communication comprising an invitation to purchase units of the Sub-Fund(s), irrespective of where the units are sold, shall not contradict or diminish the significance of the information contained in the Prospectus and the Key Investor Information.

3. All marketing communications shall indicate, further of the information stated in Article 43(d) and Article 56(3)(b) and (c) of the Law, where and in which language the Prospectus and the Key Investor Information of the Sub-Fund(s) may be obtained by investors or potential investors, in accordance with Article 62 of the Law, as well as the operation license number of the Fund.

4. All communications under the present section, as well as any document or message containing, directly or indirectly, an invitation to purchase units of the Sub-Fund(s), including those that are provided in a website, shall clearly and in a visible point include a statement that “INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS”.

5. In all other respects, the Management Company shall comply with the provisions of Chapter 3, Subchapter 3 of the Law relating to the provision of information to investors in the Fund (Articles 55 to 66) and in particular in relation to the preparation and publication of the prospectus, the periodic reports and summarized statements of assets (Article 55), the content, approval and distribution of the Prospectus (Article 56), the preparation and distribution of the annual and half-yearly reports required by law (Articles 58 and 59), the publication of the information about the Fund required by Article 60 of that Law and about the cost of publication (Article 61), the Key Investor Information, the language, format, content and distribution of the Key Investor Information to them (Articles 62, 63 and 64) and the provision of information to the supervisory authorities (Article 65). The Directives which CySEC may publish in accordance with Article 66(5) of the law which set out more specific rules, which a UCITS is obliged to comply with when publishing advertising, or which clarify specific issues relating to the application of Article 66(4) of the Law, shall also apply.

12. MEETING OF UNITHOLDERS

1. The Management Company may, at any time it deems necessary or fit, convene a unitholders' meeting for the making of a decision on a specific issue; the meeting shall be convened by means of an invitation by the Management Company addressed to all unitholders of the Fund, containing the time and place of the meeting, as well as all the issues on the agenda, submitted to CySEC, added on the Management Company's website and is notified through a durable means to the unitholders, at least 20 (twenty) days before the meeting takes place.

**INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST
PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS**

MFO FUNDS

2. Unitholders representing at least 1/3 (one third) of the units of the Fund have the right to request in writing that a meeting is convened. In such a case, the Management Company calls a unitholders' meeting within 1 (one) month from the submission of the unitholders' request, in which the issues on the agenda will be designated. These issues should refer to the management of the Fund or to the provision of specific information to the unitholders, through the meeting. The Management Company has the right to add more issues on the agenda of the meeting to be convened in accordance with the aforementioned.

3. The Chairman of the meeting, who leads the discussions that take place during the meeting, is appointed by the Management Company. The Fund's regulation may contain provisions regarding the procedure for the convention and the conduct of the meeting. However, these provisions cannot derogate from the provisions of the present section.

4. The meeting, in which all the unitholders may participate without following any kind of specific procedure, shall decide by a 75% majority of all units represented at the meeting. The meeting shall be validly met when at least 20% of the total number of units of the Fund are present or represented. Unitholders shall participate in the meeting either in person or through a representative, who is specifically authorized for the said meeting or for the meeting that will take place due to the postponement or interruption of the previous meeting.

5. Fractions of a unit do not hold voting rights.

6. The decisions of the meeting shall be advisory and shall not bind the Management Company, which remains the only body qualified for the making of all decisions with regard to the management of the Fund.

13. DATA PROTECTION

The Management Company may collect information from a Unitholder or prospective Unitholder from time to time in order to develop and process the business relationship between the Unitholder or prospective Unitholder and the Sub-Fund(s), and for other related activities. If a Unitholder or prospective Unitholder fails to provide such information in a form which is satisfactory to the Management Company, the Management Company may restrict or prevent the ownership of Units in the Sub-Fund(s) and the Management Company and/or the Depository (as the case may be) shall be held harmless and indemnified against any loss arising as a result of the restriction or prevention of the ownership of units.

By completing and returning an application form, Unitholders consent to the use of personal data by the Management Company. The Management Company may disclose personal data to its agents, service providers or if required to do so by force of law or regulatory authority. Unitholders will upon written request be given access to their own personal data provided to the Management Company. Unitholders may request in writing the rectification of, and the Management Company will upon written request rectify, personal data. All personal data shall

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

not be held by the Management Company for longer than necessary with regard to the purpose of the data processing.

The Management Company may need to disclose personal data to entities located in jurisdictions outside the EU, which may not have developed an adequate level of data protection legislation. In case of a transfer of data outside the EU, the Management Company will contractually ensure that the personal data relating to investors is protected in a manner which is equivalent to the protection offered pursuant to the Cyprus data protection law.

The personal data is not intended to be used for marketing purposes.

**INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST
PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS**

MFO FUNDS

SUPPLEMENT 1 – MFO BALANCED FUND

Summary Table

Sub-Fund Name	MFO Balanced Fund
ISIN	Class A - CYF000000960 Class B - CYF000000978
Sub-Fund's Term	Indefinite
Reference Currency	Euro
Targeted Return	3-month Euribor +1% p.a.
Investment Horizon	5+ years
Investment Objective	Preservation of unitholders' wealth and to achieve long-term moderate capital growth
Risk Factors	As outlined in section 6 of this Prospectus
Investor Profile	As outlined in section 5 of this Supplement
Unit Classes	Class A – EUR Class B - EUR
Unit Classes Characteristics	<u>Class A</u> Participating, reinvesting (distributing exceptionally at the discretion of the Management Company), non-voting <u>Class B</u> Participating, reinvesting (distributing exceptionally at the discretion of the Management Company), non-voting
Minimum Subscription Amount	<u>Class A Investors:</u> Minimum initial subscription €200,000 (two hundred thousand euros) per investor <u>Class B Investors:</u> Minimum initial subscription and minimum additional subscription €5,000 (five thousand euros) per investor
Valuation Frequency	Last working day of each week, or on any other date the Management Company receives a subscription or redemption application
Subscription/Redemption Frequency	Any business day in the Republic of Cyprus
Cut-off time	14:30 hours each business day

INVESTMENT IN UNITS OF THE FUND HAS NO GUARANTEED RETURN AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

MFO FUNDS

1. INVESTMENT OBJECTIVES, STRATEGY & POLICY

The Sub-Fund's mission is to preserve the unitholders' wealth and to achieve long-term moderate capital growth with:

1. target (unlevered) return: 3-month Euribor +1% p.a.;
2. investment horizon: 5+ years.

There is no guarantee that the Sub-Fund's investment objective will be achieved.

The Sub-Fund's investment strategy can be characterized as conservative with a medium to long term investment horizon. The Sub-Fund will invest in highly liquid assets for the medium to long term with emphasis on fixed income securities. While exposures will be monitored and comparisons will be run, there will not be at any time strict adherence to commonly used benchmarks. Economic and market risks will be closely monitored.

The strategy will focus on portfolio diversification and risk minimization. Risk will be assessed on individual investments as well as on a portfolio level.

The Sub-Fund's investment strategy will mainly be implemented through investments in other collective investment schemes (fund of funds), at least 50% of invested assets, without ruling out direct investments.

The portfolio is managed, mainly through investments in other collective investment schemes, so as to minimize investment risk while also achieving moderate capital growth. Portfolio management will be focused on asset allocation, sector, region, currency exposure etc. to be achieved through investments in other collective investment schemes.

The Sub-Fund will invest predominantly (approximately 80% and not less than 65% of the Sub-Fund's net assets) in fixed income securities.

The Sub-Fund will have a minimum exposure of 60% of its fixed income investments in each of these categories: euro denominated, investment grade and government bonds. The average credit quality of the fixed income portfolio shall be investment grade.

The Sub-Fund will not directly invest in ABS, MBS and convertible bonds (or contingent convertible bonds), without ruling out minor exposures, with a maximum exposure of 10% of the fixed income investments, in the above-mentioned bond categories through investments in bond funds.

The Sub-Fund may also hold up to 20% of its net assets in cash and cash equivalents, which include investments in euro denominated money market instruments and cash held in euro to cover its operational expenses. Cash may be held to enable the Manager to implement the Sub-Fund's investment strategy upon taking into consideration of market conditions and the optimal timing for investing. Investments in money market instruments will include, but are not limited to, money market funds, term deposits, certificates of deposit, short term notes and commercial paper.

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MFO FUNDS

To supplement its investing activities and depending on market conditions, the Sub-Fund may invest to a limited extent, approximately 10% and up to 15% of its net assets, in equity investments in an effort to enhance the Sub-Fund's performance. The Sub-Fund's equity investments will focus on geographical regions and industrial sectors in which the Management Company may deem appropriate to invest in, considering prevailing market conditions. Investments in equities will be mainly implemented with at least 70% of invested assets through investment in collective investment schemes.

The Sub-Fund may finally invest in alternative investments to diversify its sources of return, up to 5% of its net assets. Alternative investments include, but are not limited to, hedge funds, infrastructure, commodities, private equity and real estate. All alternative investments shall be conducted through investments in collective investment schemes and in line with interpretations of ESMA (Opinion 2012/721).

2. BENCHMARK INDEX

The Sub-Fund's portfolio is not compared against a benchmark.

3. ALLOWABLE INVESTMENTS

In addition to the allowable investments outlined in Section 2.3 of the Rules, the Sub-Fund shall make limited use of derivative financial instruments or embedded derivatives purely for hedging purposes.

Use of derivative financial instruments entails higher investment risks that could have major impacts on and result in a drop in the value of the assets of a Sub-Fund.

4. INVESTMENT LIMITS

The Sub-Fund's portfolio of investments shall be restricted by the limits included in section 1 of this Supplement.

Moreover, the investment limits as outlined in section 2.4 of the Rules also apply.

5. INVESTOR PROFILE

The Sub-Fund is suitable for investors wishing capital preservation and moderate growth and have sufficient knowledge and experience. While the Sub-Fund's portfolio is not expected to exhibit high volatility, a potential investor must have experience with volatile products to assess relevant risks efficiently. The Sub-Fund is suitable for investors with an investment horizon of 5 (five) years and more.

The investor must be able to accept temporary losses. However, there can be no assurance that the investors will recover the assets originally invested in the Sub-Fund as the value of the Sub-Fund may either increase or decrease.

Investors in this Sub-Fund must be willing to assume a relatively low to medium level of investment risk. The risk derives from the price volatility of the securities in which the Sub-

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MFO FUNDS

Fund invests, especially equities and to a lesser degree bonds, as a result of changes at a macro- and micro-economic level.

Portfolio diversification and risk minimization are of paramount importance and risk shall be assessed on individual investments as well as on portfolio level. The Sub-Fund may use financial derivative instruments for hedging purposes.

6. FEES

1. Subscription fee: No subscription fee is applied for the Sub-Fund.

2. Redemption fee: No redemption fee is applied for the Sub-Fund.

3. Fund management fee: The Management Company is entitled to a fee as follows:

Unit Class	Class A	Class B
Management fee	0.70%	0.95%

The management fee is per annum on the average net asset value of the Sub-Fund. Management fees are calculated as per section 9.1 of the Rules.

4. Total expense ratio:

Unit Class	Class A	Class B
Total Expense Ratio p.a.	1.30%	1.55%

7. DISTRIBUTION POLICY

As a rule, the intention of the Sub-Fund is not to distribute the income or profits, given that the management of the Sub-Fund is aimed towards capital gains. The Management Company therefore recommends re-investing the income of the Sub-Fund and therefore no profits are paid to unitholders.

The Management Company, nevertheless, reserves the right to distribute income and profits to the Sub-Fund's unitholders, at the discretion of the Board of Directors of the Management Company, and to the extent these are not cancelled out by possible capital losses occurring by the end of the year. The income of the Sub-Fund may be distributed also during the financial year, as interim dividend, by virtue of a decision of the Board of Directors.

Moreover, the provisions on distributions of income as outlined in section 6 of the Rules also apply.

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