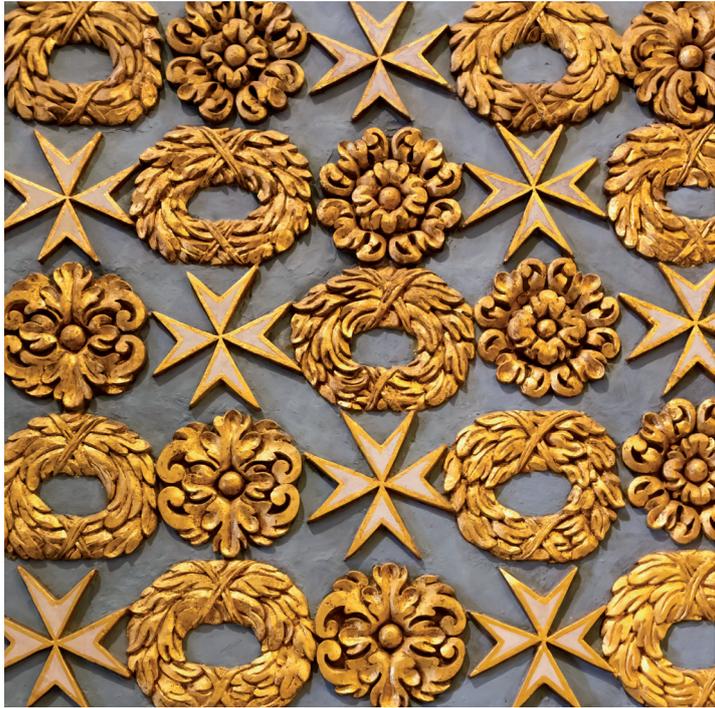
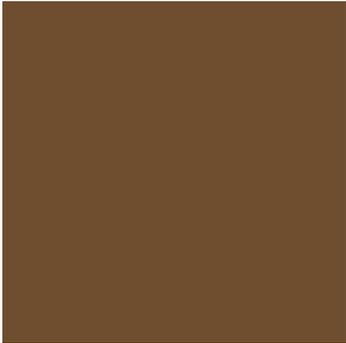
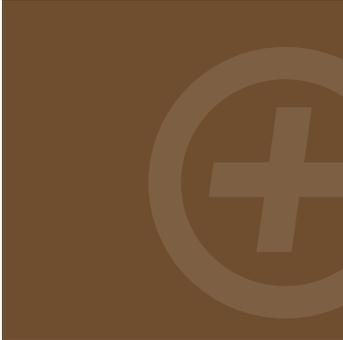


MANDARIS FUND PLATFORM MALTA – OUR PREFERRED JURISDICTION FOR INVESTMENT FUNDS



mandaris+

MALTA MANDARIS' PREFERRED JURISDICTION FOR ITS FUND PLATFORM



Malta, since its independence from Great Britain in 1964, is an independent Republic with a population of around 420 thousand. The official language is English and the currency the Euro.

Malta started developing as a financial center in 1994. Following EU accession in 2004 it has gained a reputation as a robust EU and OECD compliant system, with a highly approachable regulatory authority. It has been internationally recognised that the Maltese regulations provide a secure and stable frame-work for prudential supervision, consumer protection, market surveillance and prevention of money laundering. The financial sector contributes approx. 8.5% to the GDP of Malta.

Recent events in Europe have heightened perceptions about risks of a banking sector in a small country. In the case of Malta, these risks are contained as the large international banking segment has limited balance sheet exposures to the Maltese economy and negligible contingent claims on the deposit compensation scheme. The authorities are, nonetheless, continuing to monitor closely developments in all banks, including links between foreign parent banks and their Maltese entities. The financial and regulatory stability of Malta has been confirmed by various international organisations:

1. In the first credit rating assessment for 2014, Standard and Poor's confirmed Malta's rating at BBB+/A-2, while re-affirming the island's stable outlook. Focusing on the financial services sector, S&P noted that the domestically owned financial system appeared to be stable while the presence of foreign, internationally oriented banks posed little threat to the government as these institutions have little or no impact on the domestic economy.
2. Following an extensive review of Malta's economic and financial position, credit rating Agency Moody's changed the outlook on Malta's A3 government bond rating to stable. Turning on government's funding markets, Moody's notes that the funding difficulties evident in the international financial markets over the last few years have been absent from Maltese financial markets.

3. In 2013 the OECD has concluded that Malta is in full conformity with the requirements related to international transparency standards and exchange of information for tax purposes
4. In May 2013 the IMF attested that Malta has shown remarkable resilience in the face of the major crisis in Europe. Average growth of the Maltese economy has been the best in the euro area since the beginning of the crisis, and the unemployment rate remains one of the lowest.
5. In 2012, with respect to the previous year, all euro area countries but Luxembourg and Malta recorded a decrease in the number of credit institutions. This was one of the key conclusions of the Banking Structures Report, published by the European Central Bank.
6. It was recently announced in the Global Competitiveness Report drawn up by the World Economic Forum that Malta was a top 15 financial services jurisdiction.
7. Malta has been named European domicile of choice in the illustrious Hedge Funds Review Service Provider Rankings 2013.

Moreover, significant progress was made in general sectors which enhance the attractiveness of Malta as an investment location, with improvements in health, primary education and the quality of education, which now ranks 8th best in the world. For the fifth consecutive year, Switzerland topped the table, followed by Singapore, Finland, Germany, and the United States.

MALTA AS A FUND DOMICILE

Malta offers a range of fund vehicles (including closed and open-ended investment companies), which can be tailored to suit investor requirements and investment policies. Today there are around 900 funds/sub-funds domiciled in Malta ranging from pan-European retail funds (UCITS) to hedge funds (Alternative Investment Funds, commonly known as PIF Professional Investor Funds), all licensed by the Malta Financial Services Authority (MFSA). Fund promoters originate from various EU and non-EU countries including Switzerland and the USA. The MFSA has fully transposed the UCITS IV Directive and the AIF Directive. There-

fore, funds domiciled in Malta are distributed and passported within the EU and outside. Contrary to UCITS, Alternative Investment Funds are distributed on a private placement basis. Funds domiciled in Malta are fully tax exempt and non-resident investors are not subject to any withholding tax. Capital gains realised by investors who are not resident in Malta are not subject to tax in Malta and transfers of shares in a licensed fund are exempt from stamp duty. There is no value added tax on fund management, fund administration as well as custody services.



PRIVATE LABEL FUNDS ON THE MANDARIS PLATFORM – THE ESSENCE

Private Label or Family Funds are another type of structure that originated in the institutional arena and have been adapted by wealthy private individuals, groups of individuals and families on a bespoke basis. Such funds are probably best described as customised investment or mutual funds, offering advantages with regard to the consolidation of wealth by the pooling of assets, custodial, reporting, net asset value calculation or other administrative functions in a single vehicle.

The transfer of large, single or family owned fortunes e.g. in case of succession, the transfer to subsequent generations represents a major challenge. Private Funds enable the less wealthy family members to pool funds, achieve economies of scale and have access to more exclusive investment opportunities. The consolidation and accountability can facilitate the transfer of wealth from one generation to the next.

Private Funds are also often used as a corporate alternative to a shareholder's agreement between a small number of partners, e.g. in the case of a closely held private venture not intended for wider offering.

Institutional clients mainly launch a Private Label Fund with a defined investment strategy in order to attract investors by demonstrating a track record and to simplify the asset management activities for multiple clients through a cost-efficient, secure and regulated transparent investment vehicle. The services offered by Mandaris enable institutional clients to focus on their core activities, leaving the work related to the set-up, regulatory challenges and administration to a specialised service provider.

The benefit of a private fund hinges on at least as many factors as a trust might. While possibly highly efficient, private funds are though complex solutions that require proficiency and performance with regard to knowledge and execution. The set-up and development of own structures in the fund business requires high financial and professional resources, unless this process is outsourced to a reliable and experienced partner like Mandaris. Mandaris assists its clients with regard to the fund's design, creation and administration. Beside set-up and registration with the regulator (primary and country specific requirements) Mandaris also provides and coordinates legal and tax advice, including tax

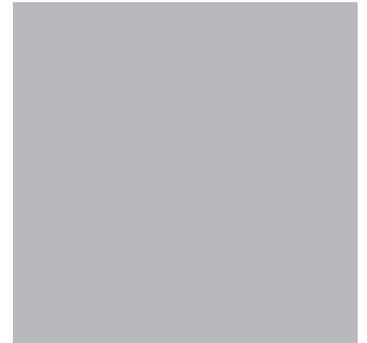
reporting, withholding taxes, tax analysis re investments as well as administration, accounting, investment controlling and audit, due diligence and compliance. The selection of the suitable solution and legal structure is crucial with regard to the objectives, type and location of investments and with regard to taxation. An open and regular exchange between the client and Mandaris is decisive for the success, at the moment of establishment as well as during the operations phase.

Commonly, Private Label Funds as offered by Mandaris are set up as a SICAV legal structure (open-ended investment company). However, other legal forms are possible. The registration procedure with the regulator is highly efficient and faster as well as more cost efficient than in most other jurisdictions. Certain elements of outsourcing are defined by Mandaris (governance, reporting to regulator, administration), other may be chosen by the client (e.g. management, custody, marketing and distribution).

Mandaris' Private Label Funds are completely individualised and made to measure. Mandaris offers an optimised and flexible solution through an innovative approach to client requirements:

- Starting at a minimum investment of approx. EUR 5 million (or equivalent in other currency)
- Fund name (label) can be freely selected
- Asset manager can be freely selected (subject to approval by the regulator) and there currently is no requirement for the manager to be in Malta
- Self-managed funds are possible (subject to approval by the regulator)
- Custodian can be freely selected (subject to approval by the regulator), currently no requirement for the custodian to be in Malta
- Base currency can be freely selected
- Distribution can be freely selected
- Fund may be listed in Malta (primary) as well as other EU jurisdictions (secondary)
- Fee structure and other parameters can be tailored in accordance with clients' needs
- Full tax exemption of investments within fund (no subscription taxes, no wealth tax, no withholding tax, no VAT)





- Structural efficiency with flexible investment strategies (diversified or single investment)
- Single investment fund with a minimum of two investors possible
- Continuation of established relationship with bank, custodian, manager, tax advisor and trustees etc. possible
- Cost of service providers, lawyers, auditors etc. are comparably low in Malta

Private Label Funds offer a multitude of advantages:

- Consolidated view, Net Asset Value as well as performance reporting of holdings in a complex investment portfolio through the use of a single regulated investment vehicle
- Liquidity through the ability to borrow against the fund's holdings
- Generally enhanced privacy for fund participants vis-à-vis third party providers, while complying with relevant regulatory and tax regimes
- Preservation and protection of wealth by segregation and possibility of ring-fencing of diverging risk strategies of different family members/ investors
- Family wealth keeps together with clearly defined guidelines about subscriptions and redemptions; individuals' holdings reflected by number of investment shares
- Uncomplicated transfer and simple divisibility of wealth through transfer or redemption of investment shares (e.g. in case of an investor exit)
- Reduction of exposure and challenges, e.g. from within a family or outside (e.g. tax, liability)
- Consistent personalised reporting and definition of frequency of reporting
- Customisation of the management of individual asset classes held through a single vehicle
- Improvement of controlling by asset manager, administrator and auditor
- Tax advantages due to indirect investments, respectively the holding of investment shares instead of a direct holding
- High degree of reliance of tax planning due by the holding of wealth through a regulated vehicle
- Possibility of fiscal compensation of investment losses and gains
- Substantial simplification of the complexity of personal/corporate tax reporting

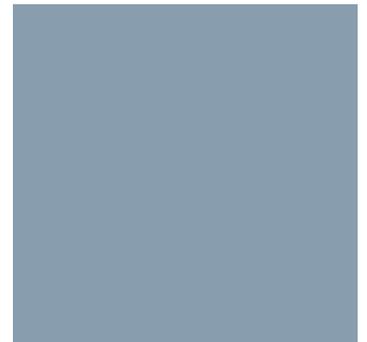
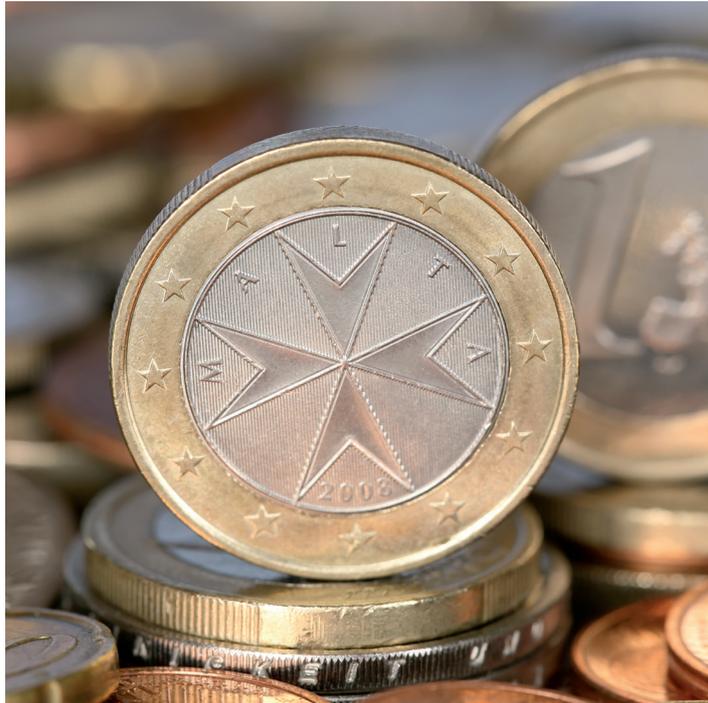
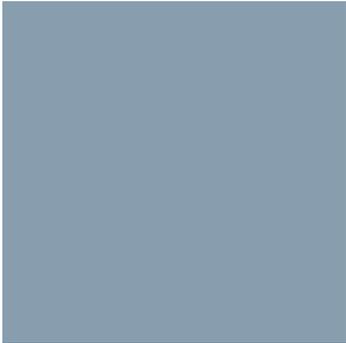
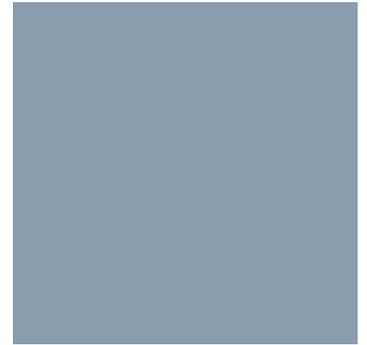
- Assets can be managed more easily, more transparently and most importantly in a more cost efficient way

In addition, Private Label Funds have the following additional significant advantages for institutional clients:

- Establishment of a long-term performance track record
- Administrative cost savings and reduction of management and administrative tasks
- Outsourcing enables to focus on own key business and competences, specific allocation of tasks increases quality and lowers costs
- Possibilities to broaden and structure business opportunities, gateway to EU
- Listing of Fund, with or without free-float

The services of Mandaris include:

- Advisory from the initial meeting through the final registration with an international securities number (ISIN) and further re ongoing management
- Editing of legal documents (including the articles of association, regulations, prospectus, offering memorandum or supplement, fact sheet, Key Investor Information Documents (KIIDs) and contracts)
- Registering of the fund with the supervisory authority (MFSA)
- Coordination of work processes amongst custodian, administrator/transfer agent, asset manager, auditor, legal and tax advisor and most importantly the regulator
- Establishing an internal control system to ensure compliance with legal and regulatory requirements
- Reporting to investors, net asset value and performance calculating as well as keeping the fund's accounts



TAX SYSTEM

Assets held by a fund are frequently owned through Special Purpose Vehicles for reasons of tax optimisation or risk segregation. Malta has an imputation system of taxation resulting in an effective tax charge of 5%. While companies pay corporate tax at 35%, this tax is regarded as a prepayment for the tax due by the shareholder upon the eventual distribution of profits. On declaration of the dividend the shareholders receive a refund of usually 6/7 of the corporate tax paid by the company, hence bringing down the effective tax burden to 5%. This system of taxation is Malta's general system of taxation for all trading companies. Further, Malta applies participation exemption rules to holding companies, thus exempting from tax dividend income and capital gains from qualifying participations. The tax system of Malta has been approved by the OECD and by the EU in 2007 under State Aid and Code of Conduct.

Malta has a continuously expanding worldwide network of over 70 tax treaties (with all EU and most OECD members). New treaties are being negotiated on an ongoing basis, currently with various Latin American countries. Malta was one of a group of jurisdictions that was placed immediately on the OECD's "white list" of countries and territories that had both embraced and substantially implemented the tax standards.

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