



CONSOLIDATED MANAGEMENT REGULATIONS OF OPEN-END ALTERNATIVE INVESTMENT FUNDS RESERVED FOR PROFESSIONAL CLIENTS

(based on Law no. 165 of 17th November 2005
and Central Bank Regulation no. 2006-03
in force in the Republic of San Marino)

MAY 2011

These Consolidated Management Regulations of open-end investment funds reserved for professional clients managed by SCUDO INVESTIMENTI SG were approved by the Central Bank of the Republic of San Marino on 13th May 2011.

TERMS OF USE

These Consolidated Management Regulations consist of 3 Sections:

- a) IDENTIFICATION TABLE**
- b) PRODUCT FEATURES**
- c) OPERATING CRITERIA**

Copy of these Regulations is delivered to the subscriber.

Subscription and investment in mutual funds covered by these Regulations shall be reserved exclusively for professional clients in accordance with Article 1, letter f), of Central Bank Regulation no. 2006-03. Units of such funds may not be offered to the public.

Subsequent to subscription, the transfer of any fund units covered by these Regulations shall become effective in respect of the Fund Management Company only if notification thereof occurred under the agreed terms and provided that the transferee is a professional client.

Under San Marino relevant legislation, mutual investment funds reserved for professional clients may pursue investment policies by way of derogation from Central Bank prudential rules on risk limitation and risk division. Furthermore, where set up as ‘alternative funds’, they may also act by way of derogation from prohibitions of a general nature and “other prudential rules” set forth by the Central Bank. As a consequence, risk division and risk limitation rules and other prudential rules the fund manager is required to comply with, are set forth by these Consolidated Management Regulations.

The sale of fund units covered by these Regulations has been authorised – under the terms specified above – by the Central Bank of the Republic of San Marino. Such authorisation shall only apply within the territory of the Republic of San Marino. Any offer, purchase, sale or holding of these fund units in a state other than the Republic of San Marino shall occur under the legal provisions of that other state.

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GENERAL INFORMATION ON THE FUND MANAGEMENT COMPANY

FUND MANAGEMENT COMPANY:

Scudo Investimenti SG S.p.A.
Via 3 settembre n. 99,
47891 Dogana
Republic of San Marino

Shareholders owning more than 20% of the share capital:

Banca Partner S.p.A.
San Marino Investimenti S.p.A.

Board of Directors:

Giorgio Petroni (Chairman – Independent Director)
Daniele Guidi
Eugenio Buonfrate

Statutory Auditors:

Marino Angelini (Chairman)
Massimo Albertini
Paride Bugli

General Manager:

Arnaldo Antonini

General Co-Managers:

Carla Alemanno
Mario Fabiani

INDEPENDENT AUDITORS:

Solution s.r.l.
Via XXVIII Luglio, n. 212
47893 Borgo Maggiore
Repubblica di San Marino

SECTION A) IDENTIFICATION TABLE

Fund Name	Typology	Expected duration	Initial minimum subscription	Risk level attributed by Fund manager
1 Scudo Sviluppo euro	Open-end, alternative, reserved for professional clients	31.12.2070	100,000 EUR	low
2. Scudo obbligazionario euro	Open-end, alternative, reserved for professional clients	31.12.2070	10,000 EUR	medium-high
3. Scudo obbligazionario dollaro	Open-end, alternative, reserved for professional clients	31.12.2070	15,000 USD	medium-high
4. Scudo obbligazionario globale	Open-end, alternative, reserved for professional clients	31.12.2070	10,000 EUR	medium-high
5. Scudo bilanciato	Open-end, alternative, reserved for professional clients	31.12.2070	10,000 EUR	high
6 Scudo flessibile 100	Open-end, alternative, reserved for professional clients	31.12.2070	10,000 EUR	high
7 Infinito flessibile 100	Open-end, alternative, reserved for professional clients	31.12.2070	10,000 EUR	high
8 Scudo azionario Europa	Open-end, alternative, reserved for professional clients	31.12.2070	10,000 EUR	high
9 Scudo azionario America	Open-end, alternative, reserved for professional clients	31.12.2070	15,000 USD	high
10. Scudo azionario Paesi asiatici	Open-end, alternative, reserved for professional clients	31.12.2070	15,000 USD	high
11. Scudo azionario Paesi emergenti	Open-end, alternative, reserved for professional clients	31.12.2070	15,000 USD	high
Fund Management Company	Scudo Investimenti SG S.p.A., registered office at no. 99 Via 3 Settembre, Dogana - Republic of San Marino, entered in the Register of Licensed Entities kept by the Central Bank of the Republic of San Marino with no.65.			
Custodian Bank	<p>Custodian Bank of all funds listed in this table is Banca Partner S.p.A. (www.bancapartner.sm), with registered office at no. 99 Via 3 Settembre, Dogana - Republic of San Marino, entered in the Register of Licensed Entities kept by the Central Bank of the Republic of San Marino with no. 25.</p> <p>The Custodian Bank owns 50% of the share capital of the Fund Management Company. Issue and delivery of fund unit-holding certificates, as well as redemption of fund units are dealt with at the Administrative Services Office of the Custodian Bank.</p> <p>The annual and semi-annual reports of the funds are made available to the public within 30 days from their drafting at the offices of the Custodian Bank and of the Fund Management Company. In accordance with the provisions set forth in Central Bank Regulation no. 2006-03 and subsequent amendments, the Funds' assets may be sub-deposited with BSI Luxembourg S.A., Avenue Marie Thérèse nr. 6 - L 2132 Luxembourg, and with UBS SA., Europastrasse, no. 1 – 8098 – Zurich – Switzerland, as well as all Italian or foreign organisms licensed under the regulation of their respective countries of origin to act as central depositories of financial instruments.</p>			
NAV Calculation	NAV calculation for all the Funds listed in this Table shall be made by the Custodian Bank.			
Fund Unit Features and NAV Publication	<p>For all the Funds listed in this Table, the Net Asset Value per Unit – denominated in the same currency of the Fund – shall be calculated weekly on Mondays (or on the next following trading day if Monday is a holiday) and published on Tuesdays (indicating the date of reference) in one or more San Marino daily newspapers and in all cases on the Fund Management Company's website www.scudoinvestimenti.sm. Any change to these fund management regulations shall be likewise published in the same newspapers and on the website.</p> <p>Upon Fund inception and for the purposes of assigning fund units to investors, the NAV per Unit shall be conventionally stated at 5 EUR/USD.</p>			
Benchmark	No benchmark for the Funds managed under these Regulations.			

SECTION B) PRODUCT FEATURES

1. Introduction

1.1) What is an open-end alternative investment fund in transferable securities reserved for professional clients?

A mutual fund is a collective investment scheme made up of a pool of funds collected from a number of investors (unit-holders) and invested in financial instruments. Each unit-holder holds a number of fund units, all units having the same value and rights. A mutual fund has its own assets to be kept independently and separately from those of the fund management company and of unit-holders, as well as from any other assets managed by the company itself.

The funds covered by these Regulations are ‘in transferable securities’, ‘open-end’, ‘alternative’ and ‘reserved for professional clients’.

Funds are ‘in transferable securities’ because their assets are used exclusively in financial instruments.

They are ‘open-end’ as investors may, whenever the NAV is calculated, subscribe fund units or request the partial or total redemption of previously subscribed units.

They are ‘alternative’ under Central Bank Regulation no. 2006-03, as the manager may derogate from all the limits and prohibitions set forth in said Regulation no. 2006-03 otherwise applying to other typologies of mutual funds. More specifically, only ‘alternative’ funds are allowed derogations from the prohibition to short sell financial instruments.

They are ‘reserved for professional clients’ in that, due to their special features selected by the fund manager, admitted subscribers are only those fall in within the definition of ‘Professional Clients’ as set forth in article 1.1.(f) of Central Bank Regulation no. 2006-03, namely:

- 1) persons authorized to carry on one or more reserved activities within the meaning of Title II of the LISF (banking law);
- 2) foreign parties who, pursuant to the regulations currently in force in their own home country, engage in the activities referred to in item 1) above;
- 3) companies issuing financial instruments listed on regulated markets;
- 4) companies meeting at least two of the following requirements:
 - total balance sheet assets exceed 20 million euros;
 - total revenues exceed 40 million euros;
 - net worth exceed 2 million euros;
- 5) States, central banks, international and supranational institutions;
- 6) individuals who expressly apply to be regarded as professional clients and expressly accept the lower level of protection linked to that status, provided that they document at least one of the two following circumstances:
 - possession of freely available liquidity and financial instruments of a total amount of more than 500,000 euros;
 - possession of specific competence in financial markets and instruments acquired through at least one year’s professional, teaching or operational experience;

- 7) legal entities who expressly apply to be regarded as professional clients, provided that their legal representatives fall within the category of persons in 6) above.

Fund units may not be placed, reimbursed or resold by their holders to persons other than those specified above.

1.2) What are the general risks related to investment in the Fund?

Investing in a fund entails risks inherent to possible variations in Net Asset Value per Unit, which, in turn, is affected by fluctuations in the value of the financial instruments in which the fund assets are invested.

Specifically, in order to appreciate the risk deriving from investing the fund's assets in financial instruments, the following elements need considering:

Risk related to price variations: the price of each financial instrument depends on the special features of the issuing company, developments of the markets of reference, and may vary to a greater or lesser extent, depending on its nature. As a general rule, changes in share prices are closely linked to the prospective income of the issuer and may be such as to entail a reduction or even a loss in invested capital, while the value of bonds is influenced by changes in market interest rates and by the estimated capacity of the issuer to service the debt;

Risk related to liquidity: the liquidity of financial instruments, i.e. their ability to be readily converted into cash without any price discount, depends on the characteristics of the market they are traded in. Generally, securities negotiated in regulated markets are more liquid and therefore more easily traded. The lack of official listing, little trading volumes or infrequent exchanges, makes it difficult to appreciate the effective value of securities, the determination of which is subject to discretionary evaluations;

Risk related to currency denomination: investment in financial instruments denominated in a currency other than that of the fund should take into account exchange rate fluctuations between the currency denomination of the fund and the foreign currency of the investment;

Other risk factors: transactions in emerging markets may expose the investor to additional risks related to such markets being regulated differently and offering reduced levels of guarantee and investor protection. Risks related to the political-financial situation of issuers' home countries should also be taken into consideration.

An analysis of the investment policy pursued for each fund allows to identify specific risks related to fund investment. The presence of such risks may cause failure, upon redemption, to obtain restitution of invested capital.

2) Aims, purpose, investment policy and other features

2.1) General Part common to all funds

1. The funds' denomination currency is the euro and/or the dollar, as specified in the Special Part relative to each fund. The minimal unit of measurement used is the cent, with the exception of the Net Asset Value per Unit which is determined in thousandths. Items denominated in currencies other than that of the fund are converted using the exchange rates reported by the European Central Bank (ECB) as at the date of reference of the evaluation.

2. The assets of each fund, except for the provision set out in the following Point 2.2, may be invested in:

- listed and marginally unlisted financial instruments;
- parts of other open-end undertakings for collective investment (UCIs), also of an alternative nature;
- listed derivatives.

In selecting financial instruments, those negotiated on regulated markets are preferred by the fund management company.

3. The fund management company may also invest in parts of UCIs promoted and/or managed by the company itself or by other related management companies which jointly control the undertakings or hold a significant share thereof, either directly or indirectly, provided that the UCIs concerned are specialized in an economic and geographical sector compatible with that of the buying fund.

4. Each fund may invest up to 100% of its assets in financial instruments of a single issuer if such financial instruments are issued by an OECD Member State, provided that the fund holds at least 5 different issues and that the value of each issue does not exceed 35% of the fund's assets.

5. In accordance with the fund's investment policy, the fund management company may use risk hedging instruments and negotiation techniques dealing with financial instruments for proper fund management. In particular, listed derivatives:

a) are used exclusively for hedging purposes, while monitoring the relation between covered positions and derivatives used;

b) are subject to daily margin calls, without financial leveraging; the mark-to-market is also determined on a daily basis according to the closing prices of the previous day published on Bloomberg;

c) may have as underlying assets:

- major bond indexes (e.g. Bund and T-Bond) with regard to hedging strategies to reduce exposure to interest rate risk in Europe and the US;

- major stock indexes (e.g.: Dax Index, S&P MIB Index, DJ Euro Stoxx 50 Index, S&P 500 Index, Nasdaq 100, Kospi Index, Nikkei 225, Hang Seng Index, BSE Sensex Index) with regard to hedging strategies to reduce exposure to stocks fluctuation risk of stocks held in portfolio;

- commodities to hedge exposure to stocks fluctuation risk of companies operating in the sector of raw materials or ETFs replicating this type of assets.

- financial instruments held in portfolio in case of put options, or financial instruments to buy for fund asset investment purposes in accordance with these Management Regulations in case of call options;

- EUR/USD and YEN/USD exchange rates. Hedging operations shall occur with derivatives listed on the CME (Chicago Mercantile Exchange).

6. It is in the power of the fund management company to maintain part of the assets of each fund in liquidity; more generally, in consideration of financial markets development and/or special economic circumstances, and to safeguard the interests of investors, the fund management company may take decisions that deviate from the investment policies described in the Management Regulations, except for the type of financial instruments set for each fund for investment purposes. The reasons for making investment decisions deviating from the provisions laid down in these regulations shall be reported in the annual and semi-annual fund reports.

7. All funds are accumulation funds. Dividends earned are not paid to the fund investor but re-invested back into the same fund.

8. All funds close for subscription when total assets managed reach 50 million EUR or USD, or when the number of subscribers reaches 100.

2.2) Special Part

SCUDO SVILUPPO EURO/SCUDO DEVELOPMENT EURO

Short-term fund denominated in EUR

Purpose: The Fund seeks gradual capital growth.

Investment horizon: short term (1/2 years).

Fund risk level: low.



Investment objectives:

Type of financial instruments: mainly bonds and/or money market financial instruments denominated in EUR. Average fund duration may not exceed 36 months. The residual life of any single financial instrument shall not exceed 5 (five) years. No investment in stocks.

By way of derogation from point 2, first paragraph, of the General Part common to all funds, the fund invests in unlisted financial instruments to a non-marginal extent. Furthermore, by way of derogation from point 2, third paragraph, and point 5 of the General Part common to all funds, the fund does not provide for the use of derivatives.

Issuer category: mainly banks incorporated under Italian or San Marino law. Negotiated instruments may also include unrated stocks.

Geographical area of investment: mainly unlisted Italian and/or San Marino financial instruments and financial instruments listed on regulated Italian markets.

Investment policy:

Selection criteria: In selecting financial instruments special attention is paid to monetary policy objectives and measures taken by central banks, as well as to profitability and assets of banking businesses operating on the Italian and/or San Marino territory.

SCUDO OBBLIGAZIONARIO EURO/SCUDO BOND EURO

Medium—long term bond fund denominated in EUR

Fund purpose: The Fund seeks gradual capital growth.

Investment horizon: medium term (3/5 years).

Fund risk level: medium-high



Investment objectives:

Type of financial instruments: mainly bonds denominated in EUR. The overall portfolio duration may not be less than 2 years and not exceed 7 years. No investment in stocks. In accordance with point 2, third paragraph, and point 5 of the General Part common to all funds, the fund provides for the use of derivatives on currencies and interest rates.

Issuer category: mainly sovereign issuers and supranational organisations. Possible investment in corporate issuers. Minimum portfolio rating equal to CCC.

Geographical area of investment: mainly regulated markets of countries in the euro area.

Investment policy:

Selection criteria: special attention is paid to monetary policy objectives and measures taken by central banks and to positioning opportunities - also by arbitrages - identified by analysing medium and long-term interest rate curves.

SCUDO OBBLIGAZIONARIO DOLLARO/SCUDO BOND DOLLAR

Medium—long term bond fund denominated in USD

Fund purpose: The Fund seeks gradual capital growth.

Investment horizon: medium – long term (5/7 years).

Fund risk level: medium-high



Investment objectives:

Type of financial instruments: mainly bonds and money market financial instruments denominated in USD. Overall portfolio duration may not be less than 2 years and not exceed 7 years. No investment in stocks. In accordance with point 2, third paragraph, and point 5 of the General Part common to all funds, the fund provides for the use of derivatives on currencies and interest rates.

Issuer category: mainly sovereign issuers and supranational organisations. Possible investment in corporate issuers. Minimum portfolio rating of CCC.

Geographical area of investment: mainly regulated markets of countries in the dollar zone (United States of America, Canada, Australia, New Zealand, etc.).

Investment policy:

Selection criteria: special attention is paid to monetary policy objectives and measures taken by central banks and to positioning opportunities - also by arbitrages - identified by analysing medium and long-term interest rate curves.

SCUDO OBBLIGAZIONARIO GLOBALE/SCUDO BOND GLOBAL

International bond fund denominated in EUR

Fund purpose: The Fund seeks gradual capital growth.

Investment horizon: medium – long term (5/7 years).

Fund risk level: medium-high



Investment objectives:

Type of financial instruments: mainly bonds issued in any currency. Overall portfolio duration may not be less than 2 years and not exceed 7 years. No investment in stocks. In accordance with point 2, third paragraph, and point 5 of the General Part common to all funds, the fund provides for the use of derivatives on currencies and interest rates.

Issuer category: mainly sovereign issuers and supranational organisations. Possible investment in corporate issuers. Minimum portfolio rating of CCC.

Geographical area of investment: mainly regulated markets of OECD countries and Taiwan. The remainder of the fund may be invested in emerging countries.

Investment policy:

Selection criteria: special attention is paid to monetary policy objectives and measures taken by central banks and to positioning opportunities - also by arbitrages - identified by analysing medium and long-term interest rate curves.

SCUDO BILANCIATO/SCUDO BALANCED

Balanced fund denominated in EUR

Fund purpose: The Fund seeks gradual capital growth.

Investment horizon: long term (5/10 years).

Fund risk level: high.



Investment objectives:

Type of financial instruments: mainly bond and equity instruments, denominated in any currency, with the equity component around 50%; for the bond component the overall portfolio duration may not be less than 2 years and not exceed 7 years. In accordance with point 2, third paragraph, and point 5 of the General Part common to all funds, the fund provides for the use of derivatives on currencies, interest rates, indexes, stocks and commodities.

Issuer category: With respect to the equity component, mainly highly capitalized issuers; with respect to the bond component, sovereign issuers and supranational organisations, possible investment in corporate issuers, too. For the bond component minimum portfolio rating of C. Diversification in all economic sectors.

Geographical area of investment: mainly regulated markets of OECD countries and Taiwan. The remainder of the fund may be invested in emerging countries.

Investment policy:

Selection criteria: With respect to the bond component, special attention is paid to monetary policy objectives and measures taken by central banks and to positioning opportunities - also by arbitrages - identified by analysing medium and long-term interest rate curves. With respect to the equity component, the focus is on stock selection account being taken of country micro- and macro-economic analysis, individual business realities, and overall composition of portfolio assets, which should be adequately diversified geographically and sectorally.

SCUDO FLESSIBILE 100/SCUDO FLEXIBLE 100**Flexible fund denominated in EUR**

Fund purpose: The Fund seeks return on invested capital with no preset limitations as to asset class - equities or bonds - to invest in. Suitable for investors with already diversified portfolios.

Investment horizon: medium term (2/5 years).

Fund risk level: high.

**Investment objectives:**

Type of financial instruments: Fund assets are mainly invested in highly liquid bond and equity instruments denominated in the currencies of the EU, the dollar area and Japan. The equity component may vary from zero to 100% of total fund assets. In accordance with point 2, third paragraph, and point 5 of the General Part common to all funds, the fund provides for the use of derivatives on currencies, interest rates, indexes, stocks and commodities.

Issuer category: With respect to the equity component, highly capitalized issuers; with respect to the bond component, sovereign issuers and supranational organisations, possible investment in corporate issuers, too. For the bond component minimum portfolio rating of C. Possible sectoral concentration.

Geographical area of investment: mainly regulated markets of EU countries, the US and Japan. The remainder of the fund may be invested in emerging countries.

Investment policy:

Selection criteria: Due to its flexibility, the fund's portfolio asset composition may change frequently in terms of its equity, bond and monetary components, as it seeks to best exploit developments in both sectoral and geographical medium-term trends. So far as the bond component is concerned: with respect to non-governmental bonds, special attention is mainly paid to assessing individual business realities and overall portfolio asset composition, while with respect to governmental bonds, special attention is paid to monetary policy objectives and measures taken by central banks and to positioning opportunities - also by arbitrages - identified by analysing interest rate curves.

INFINITO FLESSIBILE 100/INFINITO FLEXIBLE 100

Flexible fund denominated in EUR

Fund purpose: The Fund seeks return on invested capital with no preset limitations as to asset class - equities or derivatives - to invest in. Suitable for investors with already diversified portfolios.

Investment horizon: medium term (2/5 years).

Fund risk level: high.



Investment objectives:

Type of financial instruments: Fund assets are mainly invested in highly liquid equity and derivative instruments denominated in the currencies of the EU, the dollar area and Japan. The equity component may vary from zero to 30% of total fund assets. Besides the provisions of point 5 of the General Part common to all funds, the fund provides for the use of derivatives on currencies, interest rates, indexes, stocks and commodities for the purpose of more effective portfolio management. In no case may the overall exposure to financial derivatives - determined in accordance with the criteria set forth in Annex F, Part A, of Central Bank Regulation no. 2006-03 - exceed 70% of the overall fund's net asset value. More specifically, the overall exposure is equal to the sum of commitments undertaken by the Fund in connection with transactions involving financial derivatives. Commitments shall be determined as follows:

- a) with respect to *futures* purchased or sold and to forward dealing, commitments shall be equal to the value of the contract, which would be the lot size multiplied by the index value in the case of index futures, and the settlement price in the case of forward dealing. Forward dealing with settlement in more than 5 days shall be treated in the same way as *futures* transactions, except when involving non-derivatives on regulated markets to be settled on the soonest possible day of liquidation;
- b) with respect to options, commitments shall be equal to the current value of underlying assets multiplied by the option's *delta*;
- c) with respect to derivatives other than *futures* or *options* whose execution occurs by cash payment of differentials, commitments shall be equal to the value of the contract.

Derivative transactions equivalent to short sales entailing for the Fund an obligation to deliver upon expiration the underlying assets of a derivative contract are in no case allowed. Financial transactions in notional bonds shall not be regarded as short sales if the Fund holds financial instruments that are closely related to deliverable instruments in terms of currency denomination, residual life and duration. Similarly, cash-settled transactions in derivatives shall not be regarded as short sales provided that the Fund holds liquidity or highly liquid assets whose value is at least equivalent to that of the undertaken commitments.

Furthermore, financial derivatives used shall be subject to daily margin calls and daily mark-to-market based on the closing prices of the previous trading day published on Bloomberg.

Issuer category: With respect to the equity component, highly capitalized issuers; with respect to the derivative component, securities listed on the following markets: MIL-Borsa Italiana, EUX-Eurex, Chicago Board of Trade, CME-Chicago Mercantile Exchange, NYM-New York Mercantile Exchange.

Geographical area of investment: mainly regulated markets of EU countries, the US and Japan. The remainder of the fund may be invested in emerging countries.

Investment policy:

Selection criteria: Due to its flexibility, the fund's portfolio asset composition may change frequently in terms of its equity, derivative and monetary components, as it seeks to best exploit developments in both sectoral and geographical medium-term trends.

SCUDO AZIONARIO EUROPA/SCUDO EQUITY EUROPE

European equity fund denominated in EUR

Fund purpose: The Fund seeks capital growth.

Investment horizon: long term (5/10 years).

Fund risk level: high



Investment objectives:

Type of financial instruments: mainly equity instruments denominated in EUR. In accordance with point 2, third paragraph, and point 5 of the General Part common to all funds, the fund provides for the use of derivatives on currencies, indexes, stocks and commodities.

Issuer category: mainly issuers listed on official or regulated European markets and European issuers listed on other official or regulated markets, rated with stable growth outlook in the long-term. Investment is diversified in the various economic sectors.

Geographical area of investment: mainly regulated markets of European countries. The remainder of the fund may be invested in emerging countries.

Investment policy:

Selection criteria: the focus is on stock selection account being taken of country micro- and macro-economic analysis, individual business realities, and overall composition of portfolio assets, which should be adequately diversified geographically and sectorally.

SCUDO AZIONARIO AMERICA/SCUDO EQUITY AMERICA

American equity fund denominated in USD

Fund purpose: The Fund seeks capital growth.

Investment horizon: long term (5/10 years).

Fund risk level: high



Investment objectives:

Type of financial instruments: mainly equity instruments denominated in USD. In accordance with point 2, third paragraph, and point 5 of the General Part common to all funds, the fund provides for the use of derivatives on currencies, indexes, stocks and commodities.

Issuer category: mainly issuers listed on official or regulated North American markets and North American issuers listed on other official or regulated markets, rated with stable growth outlook in the long-term. Investment is diversified in the various economic sectors.

Geographical area of investment: mainly regulated markets of North American countries. The remainder of the fund may be invested in emerging countries.

Investment policy:

Selection criteria: the focus is on stock selection account being taken of country micro- and macro-economic analysis, individual business realities, and overall composition of portfolio assets, which should be adequately diversified geographically and sectorally.

SCUDO AZIONARIO PAESI ASIATICI/SCUDO EQUITY ASIAN COUNTRIES

International equity fund denominated in USD

Fund purpose: The Fund seeks capital growth.

Investment horizon: long term (5/10 years).

Fund risk level: high.



Investment objectives:

Type of financial instruments: mainly parts of UCIs specialized in international stock investment while keeping adequate geographical and sectoral diversification. In accordance with point 2, third paragraph, and point 5 of the General Part common to all funds, the fund provides for the use of derivatives on currencies, indexes, stocks and commodities.

Geographical area of investment: mainly investments concerning companies operating or with economic interests in China, Japan, Singapore, Vietnam, Taiwan, etc., while the remainder is invested in UCIs specialized in OECD and EU regulated markets.

Investment policy:

Selection criteria: UCIs selection is based on a quantitative and qualitative assessment of fund managers, account being taken of elements such as performance, investment policy, capitalisation, volatility and currency denomination.

SCUDO AZIONARIO PAESI EMERGENTI/SCUDO EQUITY EMERGING COUNTRIES

International equity fund denominated in USD

Fund purpose: The Fund seeks capital growth.

Investment horizon: long term (5/10 years).

Fund risk level: high



Investment objectives:

Type of financial instruments: mainly parts of UCIs specialized in international stock investment while keeping adequate geographical and sectoral diversification. In accordance with point 2, third paragraph, and point 5 of the General Part common to all funds, the fund provides for the use of derivatives on currencies, indexes, stocks and commodities.

Geographical area of investment: mainly investments concerning companies operating in Latin America, Australia, Russia, India, China, Hungary, Poland, Turkey, South Africa, South Korea, Taiwan, etc., while the remainder is invested in UCIs specialized in OECD and EU regulated markets

Investment policy:

Selection criteria: UCIs selection is based on a quantitative and qualitative assessment of fund managers, account being taken of elements such as performance, investment policy, capitalisation, volatility and currency denomination.

3. Expenses regime and determination of management fees

3.1) Expenses borne by unit-holders

1. For each subscription the fund management company is entitled to withhold a management fee from the gross amount of the investment, according to the following scheme:

Bond funds

Scudo obbligazionario euro	}	up to 500,000 euros	0.75%
Scudo obbligazionario dollaro		over 500,000 euros	0.25%
Scudo obbligazionario globale			

Balanced funds

Scudo bilanciato	}	up to 500,000 euros	1.375%
		over 500,000 euros	0.625%

Flexible and equity funds

Scudo flessibile 100	}	up to 500,000 euros	2.00%	
Infinito flessibile 100				
Scudo azionario Europa		}	over 500,000 euros	1.00%
Scudo azionario America				
Scudo azionario Paesi asiatici				
Scudo azionario Paesi emergenti				

Scudo Sviluppo Euro Fund

No management fees charged to unit-holders.

For the purposes of determining the applicable commission rate, payment is summed to previously paid amounts - gross of subscription fees and net of redemptions - for subscriptions made by the same investor and relative to the same Fund or other Funds.

2. For intra-fund transactions, the fund management company shall be entitled to withhold a commission rate equal to the difference, if any, between the subscription fee under the regulations governing the fund of destination and the subscription fee withheld for the units being converted.

3. Moreover, the fund management company shall be entitled to withhold the following fixed charges and expenses refunds:

- 5 euros for the first payment;
- 2.5 euros for each subsequent payment;
- reimbursement, limited to covering charges sustained and advised from time to time to the investor concerned, for sending investment or disinvestment confirmation letters;
- taxes and duties due upon signing the subscription agreement.

4. Financial intermediaries selling the fund units shall charge clients no additional fees than those provided for in the Management Regulations.

5. Employees and retirees of the company group and of the other financial intermediaries selling the fund units shall be granted, during the placement period, a 100% reduction of the subscription fee and zero fixed charges.

6. Subject to specifically agreed terms, the fund management company may grant qualified intermediaries up to 100% reversal of subscription fees and up to 50% discount on management fees.

3.2) Expenses borne by the Funds

3.2.1) Fees due to the Fund Management Company:

1. Management fees – Management fees are calculated weekly (*by reason of 1/52 of the annual rate*) based on the overall net asset value and deducted from the fund’s assets with value date on the first day of open stock exchange following the end of each solar quarter. They are determined as follows:

Funds	quarterly fee	annual fee
Scudo Sviluppo euro	0.20%	0.80%
Scudo obbligazionario euro	0.20%	0.80%
Scudo obbligazionario dollaro	0.20%	0.80%
Scudo obbligazionario globale	0.20%	0.80%
Scudo bilanciato	0.425%	1.70%
Scudo flessibile 100	0.475%	1.90%
Infinito flessibile 100	0.75%	3.00%
Scudo azionario Europa	0.475%	1.90%
Scudo azionario America	0.475%	1.90%
Scudo azionario Paesi asiatici	0.30%	1.20%
Scudo azionario Paesi emergenti	0.30%	1.20%

2. Incentive fees – Incentive fees for the fund management company are equal to 1/52 of the rate reported below applied weekly to the fund’s average assets relative to the 13 weeks of valuation preceding the week of NAV calculation. These fees are applied provided that the Fund’s cumulative return generated during the preceding 13 weeks is a positive one and higher than the benchmark reported in the table below, on a quarterly basis; as a result, incentive fees are applied only if the Fund’s percentage performance of the 13 weeks preceding the week of NAV calculation is higher than the benchmark percentage performance calculated over the same period.

The rate indicated in the table below applies to the extent the Fund’s return exceeds the benchmark. To determine an appropriate benchmark the fund management company uses the ECB and/or the US Federal Funds Rate official re-financing rate. Incentive fees are paid at the end of each solar quarter and deducted from the Fund’s assets on the first day of open stock exchange following the end of quarter.

Funds	Benchmark	Rate
	Official re-financing rate:	
Scudo obbligazionario euro	ECB	} 25% of the difference between the NAV’s percentage increase and benchmark variation
Scudo obbligazionario dollaro	US Federal Funds Rate	
Scudo obbligazionario globale	ECB	
Scudo bilanciato	ECB	
Scudo flessibile 100	ECB	
Scudo azionario Europa	ECB	
Scudo azionario America	US Federal Funds Rate	
Scudo Paesi asiatici	US Federal Funds Rate	
Scudo azionario Paesi emergenti	US Federal Funds Rate	

No incentive fees are charged for the 'Scudo Sviluppo euro' fund.

3.2.1) Fees due to the Custodian Bank:

3. Fees due to the Custodian Bank for its services - to be calculated on the weekly net asset value by reason of 1/52 of 0.20% - shall be deducted on a quarterly basis and paid to the Custodian Bank on the first trading day of the following quarter.

3.2.3) Other expenses:

4. Expenses incurred for the publication of NAVs per Unit, periodical fund prospectuses, public notices advising fund liquidations or changes in fund regulations due to new legislative provisions, as well as printing and notification expenses of documents intended for the public at large, provided that such expenses are not related to promotion and advertising.

5. Charges related to auditing of accounts and fund management reports.

6. Legal expenses sustained in the exclusive interests of the Funds.

7. Brokering expenses related to trading of financial instruments.

8. Tax liabilities under the legislation in force.

SECTION C) OPERATING CRITERIA

1) Subscription criteria

1. Investment in a Fund occurs by subscribing fund units or subsequently acquiring them at any title. Fund units are subscribed as follows:

a) by filling in and signing a subscription application form, to be sent to the fund management company also through the financial intermediaries selling the fund units. The application form shall indicate the personal details of the investor, the subscription amount (gross of subscription fees and other charges), the means of payment used and the applicable value date of crediting into the fund account. Conventionally, for a fund investment to come into effect as from the NAV calculated on the subsequent Monday ("day of reference"), an application form shall be deemed to have been received by the fund management company if delivered by 3.00 p.m. on Friday or on the previous trading day if Friday is a holiday, provided that the subscription amount has been actually and effectively paid in by the same day, otherwise the coming into effect of the fund investment will be postponed as of the first valuation day following that of actual and effective subscription payment;

b) lump sum payment of a minimum amount, gross of subscription fees, equal to:

- EUR 10,000.00 with respect to EUR-denominated funds and USD 15,000.00 with respect to USD-denominated funds for the first subscription;

- EUR/USD 5,000.00 for subsequent subscriptions.

As for the 'Scudo Sviluppo Euro' Fund, the subscription amounts are as follows: EUR 100,000.00 for the first subscription and EUR 50,000.00 for subsequent subscriptions.

Subscription amounts are to be paid:

- either by a non transferable bank cheque or banker's draft to the order of Scudo Investimenti SG S.p.A., to be credited to the Fund account to which the subscribed units refer;

- or by a bank transfer ordered in favour of the account maintained by and in the name of Scudo Investimenti SG S.p.A. with the Custodian Bank, specifying the Fund to which the subscription refers.

2. The fund management company or the financial intermediaries in charge of selling the fund units may reject an application for subscription where such is incomplete, altered or not in accordance with relevant legislative and regulatory provisions in force.

3. The financial intermediaries in charge of selling the fund units are contractually bound to forward to the fund management company subscription applications and relative means of payment no later than the first trading day following that of receipt.

4. The fund management company shall determine the number of subscribed fund units and rounded-down thousandths of a unit, to be assigned to each unit-holder, dividing the subscribed amount net of charges and expenses by the NAV per Unit as at the day of reference. Where the Fund's NAV is calculated on a different day, then fund units shall be assigned on the basis of the value relative to the first day following that of NAV calculation.

5. Where payment is made in a currency other than of the Fund's denomination, the paid-in amount shall be converted against the Fund's currency.

6. For each subscription received, the fund management company shall send the investor a confirmation letter of the investment.

7. Fund unit-holders may not be subject to conditions, commitments or charges of any nature, other than those specified in these Management Regulations. Unit-holders shall acknowledge that any exchange of information, as may be necessary for the proper functioning of the set-up process and in compliance with the obligations set forth by the Central Bank of the Republic of San Marino, between the fund management company, the Custodian Bank and the other parties involved in the fund set-up process, including outsourcers of the fund management company, shall in no way constitute an infringement of bank secrecy rules under article 36, par. 6, of Law no. 165 of 17th November 2005. In all other cases, the above-mentioned entities and parties concerned shall be expressly bound to observe strict confidentiality rules.

2) Unit-holdings and unit-holding certificates

1. Unit-holding certificates are held with the Custodian Bank in dematerialized form.

3) Competent bodies for investment selection

1. Investment policies are implemented by the Board of Directors of the fund management company. The Board may grant powers of attorney, without any limitation and release of liability, in accordance with its articles of association and relevant Central Bank regulatory provisions.

2. Upon granting a power of attorney to a non-Director, mechanisms shall be defined as to how the Board and the Custodian Bank shall exercise their control functions over the grantee of the power of attorney.

4) Expenses borne by the Fund Management Company

1. The fund management company shall bear all expenses incurred for administration as well as for marketing of fund units and investment selection.

2. Any expense not specifically indicated as to be borne by the Funds or the unit-holders shall be borne by the fund management company.

5) Net Asset Value per unit and NAV publication

1. The net asset value per unit shall be calculated according to the criteria set out by the Central Bank and periodicity indicated in the identification table, by dividing the overall fund's net asset value by the number of units outstanding relative to the day of reference.
2. The fund management company shall suspend the NAV calculation and/or publication in situations of *force majeure* that do not allow the NAV to be determined and/or published regularly. As soon as such circumstances cease to exist, the fund management company shall determine and publish the NAV per Unit in one or more San Marino daily newspapers and in all cases on its website – www.scudoinvestimenti.sm, as stated in the identification table. Likewise, the NAVs whose publication only had been suspended shall be published.

6) NAV miscalculation

1. In the event of miscalculation of the Fund's NAV, the fund management company – having assessed the true value – shall write off any amounts to be paid back to the unit-holders. Published NAVs shall be regarded as miscalculated if the value difference from the recalculated NAV exceeds 0.50 percent.
2. Where published NAVs have turned out to be inaccurate and subject to their being recalculated properly, the fund management company shall:
 - a) adjust accordingly the number of units assigned to fund subscribers in the interval between the publication of the miscalculated NAV and that of the recalculated NAV;
 - b) make whole, by deducting directly from the fund's assets, unit-holders who have applied for refund in the interval between the publication of the miscalculated NAV and that of the recalculated NAV, where the latter exceeds the former. The fund management company may not make whole a unit-holder who has been refunded an amount less than that actually due, where the amount to be written off is limited relative to the issue and delivery charges of the means of payment. The extent of such limit is advised to unit-holders during the subscription procedures and in case of adjustments;
 - c) pay back into the fund's assets the amounts recognised in excess to unit-holders who have requested unit redemption in the interval between the publication of the miscalculated NAV and that of the recalculated NAV, where the latter exceeds the former;
 - d) issue and publish a press release in the same way as NAVs are published, providing adequate information concerning the NAV miscalculation. A summary press release without listing all the relevant adjusted values may be published instead of a more detailed one without affecting the right of the unit-holders concerned to obtain exhaustive information from the fund management company. Where NAV miscalculations are of minor entity and limited in time (not exceeding five calculation days), the fund management company may abstain from issuing a press release bearing in mind however that any such facts shall be described in the fund's management report.

7) Redemption of units

1. Unit-holders may at any time request the fund management company the total or partial redemption of their fund units. Unit redemption may be suspended under the circumstances envisaged by law, by these Management Regulations and during the liquidation of the Fund.
2. Redemption is applied for by means of a redemption order, to be submitted or sent to the fund management company either directly or through a financial intermediary in charge of selling the

fund units. Conventionally, a redemption order shall be deemed to have been received by the fund management company if delivered by 3.00 p.m. on Friday, or on the previous trading day if Friday is a holiday.

3. The redemption order – which may be drawn up in free form, though the fund management company makes standard forms – shall contain:

- a) the name of the fund being disinvested;
- b) the applicant's personal details;
- c) the number of units or, in alternative, the amount to be refunded;
- d) the chosen means of payment and the other instructions for payment of the amount to be refunded, and any other data required by the legislation in force.

4. By contract, financial intermediaries in charge of selling the fund units are bound to forward to the fund management company any received redemption order no later than the last trading day of the week prior to the day of reference.

5. The redemption value shall be determined on the basis of the NAV per Unit as on the day of receipt of the order by the fund management company. If said day of receipt of the order is not the day of the NAV calculation, the redemption value shall be determined on the basis of the next calculated NAV. If on such date the equivalent value of the fund units is less than the sought amount by the requesting unit-holder, the redemption order shall be executed up to the relevant amount available.

6. As a rule, the fund management company, through the Custodian Bank, shall provide for payment of the amount sought by the following week and in any case no later than fifteen days from the date of receipt of the redemption order, except for cases of suspension of redemption rights. The fund management company may withhold fees and fixed charges from the redemption amount.

7. The fund management company may suspend unit redemption rights for a period not exceeding one month with respect to redemption orders involving disinvestments of such amounts which – in relation to the market situation – would severely affect unit-holders. Redemption orders submitted during a suspension period shall be deemed to have been received upon expiry of said suspension period.

8. The payment obligation with respect to a redemption order shall be fulfilled upon receipt of the means of payment by the requesting unit-holder.

9. In connection with any such payment the fund management company shall send the unit-holder a disinvestment confirmation letter.

8) Changes to the Fund Management Regulations

1. Any amendment to these Management Regulations shall be made known by means of a public information notice published in one or more San Marino daily newspapers and in all cases on the official website of the fund management company www.scudoinvestimenti.sm, as stated in the identification table.

2. Any amendment shall become effective on the date set by the fund management company, account being taken of investors' interests, and in any case subsequent to the date of publication in San Marino daily newspapers, referred to above.

9) Fund liquidation

1. Fund liquidation occurs upon expiry of the terms indicated in the identification table or at the extended date, if applicable, or even prior to such dates:
 - in the event of dissolution of the fund management company;
 - in the event the fund management company relinquishes management of the fund due to reasoned just cause, in particular if a reduction in fund assets has been such as to severely affect the efficient supply of management and administrative services.
2. Fund liquidation shall be resolved by the company Directors. The fund management company shall give the Central Bank of the Republic of San Marino prior notice advising the decision to wind up the fund.
3. The Central Bank of the Republic of San Marino shall be given notice of the resolution taken.