

2014 This Fund FAQ Sheet is intended for use by Professional Advisors only.

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1. INTRODUCTION

1.1. INVESTMENT OBJECTIVES

The objective of the Swiss Asset Micro Assist Income Fund (“the Fund”) is to offer investors a financially and socially sound investment in the microfinance sector. The Fund has the prospect of an attractive financial return combined with the opportunity for the investors to make a proactive, measurable and sustainable contribution to the development of the microfinance sector into an inclusive sector in which the majority of people have access to financial services. This is sometimes referred to as “impact investing”.

The Fund targets a total annual return in excess of 8%. Upon achieving this target the Fund pays a semi-annual dividend income of 8% per annum. Investors are given the option to re-invest dividends. Any capital appreciation above 8% will yield an increase in the capital value of the investors holding.

A priority of the Fund is the maintenance of liquidity within the investment portfolio.

1.2. INVESTMENT STRATEGY

To achieve the liquidity objective the investment manager will seek to maintain a minimum of 10% of the portfolio in cash or cash equivalents. Up to 50% will be in 3 month redeemable investments. The investments of the Fund will be focused on the following investees within the finance sector:

- Microfinance institutions (MFIs) and other financial institutions aimed at providing financial solutions to private individuals, micro-enterprises and Small Medium Enterprises (SME's)
- Intermediary investment vehicles and funds focused on investments in the microfinance sector and SMEs
- Holding companies, Special Purpose Vehicles, structured notes or other collateralized debt instruments.

2. FUND STRUCTURE

2.1. WHERE IS THE FUND REGULATED?

The Fund is a Cell of the Lancelot Global PCC which is a fully transparent structure regulated by the Financial Services Commission in Mauritius.

2.2. WHY MAURITIUS?

In formulating new legislation, the Government adopted ‘best practice’ principles thereby making Mauritius a very attractive destination for holding and structuring global investments. The legal framework governing trusts and companies is probably the most modern of all jurisdictions. Mauritius has adhered to the new international requirements, with a view to tracking money laundering and combating terrorism financing and has enacted appropriate legislation in this respect.

In 2003, Mauritius joined the Egmont Group, a membership which enhances the prestige and quality image of the jurisdiction. The attraction of Mauritius is further consolidated by the fact that it enjoys a solid reputation as a well regulated centre and provides for guaranteed confidentiality for those engaged in legitimate business through express provisions and customary laws governing relationships between banks and customers and between professionals and clients.

2.3. WHEN WAS THE FUND LAUNCHED?

The Fund was launched in May 2012 as a new cell of the Lancelot Global PCC which was established in 2009. The Lancelot Global PCC currently has AUM around USD 18m. The Fund's investment objectives and strategy have been validated on the basis of market data, discussions with MFIs and industry experts, and the establishment of a regulated MFI in the Philippines. The Fund has management control of this MFI and the MFI has demonstrated, through its trading record, the viability of the Fund's investment objectives and strategy.

2.4. WHO ARE THE FUND MANAGERS?

RDL Management Limited www.rdl-mgt.com

- The Directors of the Company have appointed RDL Management Limited as the Investment Manager ("the Manager").
- RDL Management is regulated by the Mauritius Financial Services Commission (FSC).
- RDL Management is also the Manager to the Four Elements PCC, which has AUM of approx USD 600m and is also regulated by the Mauritius FSC.
- RDL Management forms part of an international financial services group, Stonewood Holdings Limited. As of 1st September 2013 the Group has assets under management and administration exceeding USD 16.5bn.
- RDL Management has offices in offices in Guernsey, Switzerland, Mauritius and South Africa.
- RDL Management is responsible for all the investment management and management of the Company and all its records including but not limited to statutory, legal, accounting, investment, financing.
- RDL Management will also be responsible for supervising the conduct of the various parties and all service providers, including the Administrator, Custodian and Commodities Advisor, in accordance with their agreements.

2.5. WHO ARE THE KEY DIRECTOR'S?

David Dawson Cosgrove

David acts as an independent consultant and/or director for a number of investment managers world-wide. He specialises in assisting investment companies develop and manage their respective businesses. He has been a director of a number of international investment management companies. He also runs his own private equity fund which invests into a number of international financial services companies. He is a director of a number of Guernsey investment companies including four Protected Cell Companies. He is also a director of 5 Mauritian Protected Cell Companies. David is a founder and director of Stonewood Holdings Limited, the parent company of the Investment Manager. As of 1st September 2013 group assets under management or administration were circa USD16.5 bn.

Jean Georgy Kenneth Maillard

Jean is a qualified Chartered Certified Accountant of the UK. He is currently a Fellow of the Association of Chartered Certified Accountants and also an Associate Member of the Society of Trusts and Estate Planners. Jean has extensive experience in the offshore sector both in Mauritius and internationally. His experience covers Protected Cell Companies, Investment Funds and Collective Investment Schemes.

2.6. WHO IS THE INVESTMENT MANAGER?

Lancelot Investments SARL, is a privately-owned Swiss Boutique Investment Manager, specialising in the construction of multi-asset and multi-currency portfolios and solutions united by a common theme - the delivery of superior risk adjusted returns. Lancelot's wide range of funds and group assets under management in excess of USD 1 bn testifies to the reputation of its principals.

2.7. WHO ARE THE ADMINISTRATORS?

Belvedere Management Limited ("Belvedere") is a Mauritius based management company which is duly licensed and regulated by the Mauritius Financial Services Commission (www.fscmauritius.org).

As a licensed service provider, it complies with strict standards of staff, competence, compliance, service quality and safeguarding the interest of its clients.

Belvedere has the capacity to offer state of the art services in aspects of asset management, investment advisory, taxation, asset protection, structured finance, accounting, company formation and administration, trust settlement and trusteeship services, corporate administration. Belvedere are currently administrators for +/- 440 funds.
www.belvederemgt.com

2.8. WHO ARE THE AUDITORS?

The Fund is audited by BDO & Co, a firm of Chartered Accountants in Mauritius. BDO & Co is a member of BDO International; the world's fifth largest network of public accounting firms.

2.9. WHO IS THE FUND CUSTODIAN AND BANKER?

Mauritius Commercial Bank (MCB), founded in 1838, is the oldest and largest banking institution of Mauritius. It is also the oldest banking institution south of the Sahara and one of the oldest banks of the Commonwealth to have preserved its original name. The MCB is Regulated by the FSC in Mauritius.

3. INVESTMENT PROCESS

3.1. THE FACT SHEET STATES THAT THE FUND TARGETS AN ANNUAL RETURN, IN USD IN EXCESS OF 8%. THE FACT SHEET ALSO STATES THAT A PRIORITY IS THE MAINTENANCE OF LIQUIDITY. HOW DOES THE FUND ACHIEVE THESE OBJECTIVES?

The Manager has identified operations that collateralize short term customer loans as a focus for the investment of the Fund's assets in order to achieve these objectives.

Such operations include MFIs in developing economies and specialist loan providers to micro and small businesses in more developed economies.

These types of investments are frequently referred to as impact investing due to the important social benefits that are derived from the provision of micro and small business credits.

The key features of these types of lending businesses are the basis of the Fund's objectives and strategy:

Feature 1: Short loan periods

The micro loans provided by MFIs are typically for short periods of time. By way of example the MFI in the Philippines, controlled by the Fund, has loan products for periods between 1 and 12 months and the current average loan period is 2.8 months.

Feature 2: Low default rates

Historic data indicates long run average loan default rates of between 1% and 2.5% for the Fund's target regions. Furthermore the MFIs that the Fund works with aim to achieve lower than average default rates through credit control procedures and by taking a guarantee against loan default. Guarantees are in the form of either collateral; assets of the borrower that are held by the MFI until loan repayment, or through the use of micro loan insurance products that have been designed specifically for this market. Such methods reduce the level of loan write-offs. See FAQ 3.3. for further information about historic default rates.

Feature 3: High liquidity

High liquidity within the Fund is a result of this investment strategy as the Fund's investments are not tied up in long term investments. Typically long term investments cannot be unwound before end of term without a loss. By contrast the Fund can relatively quickly unwind, without loss, its investments through debt in particular MFIs. As a MFI has a portfolio of short term micro loans maturing daily they are in a position to credit back to the Fund the loan capital that they have received in a relatively short period of time. Consequently the Fund's strategy includes holding up to 50% in 3 month redeemable investments.

Feature 4: Consistent double digit returns

Finally, through careful credit management, the micro loans are able to deliver attractive rates of return to the MFIs. Those MFIs that are carefully and efficiently managed are thus able to pay, in turn, an attractive rate of return to the Fund for the capital that has been provided to them.

3.2. IS THIS A GROWING MARKET?

Yes. Industry statistics indicate that the global market for micro credits – as measured by gross loan portfolio - grew from USD 2.9bn in 2001 to USD 94.5bn in 2012. That means the market in 2012 was over 30x bigger than 11 years previously. Every year, during these last 11 years, has seen an increase in the market size.

3.3. IS COMPETITION AMONGST MFI's DRIVING RETURNS LOWER?

Micro credits are a global business and many different types of MFI exist to provide these micro loans. Regulatory and market economic conditions also vary enormously across different countries and geographies. Consequently rates of return are assessed locally and the Fund only invests in MFIs that are demonstrating financial results that enable the Fund's investment objectives to be met.

3.4. IF MICRO LOAN DEFAULTS RISE HOW WILL THAT AFFECT THE FUND?

A rise in the loan default rate for a particular MFI could, in extreme cases, adversely affect the Fund's performance. However there are a number of controls in place. The controls include:

Control 1: Limited exposure to single MFI or other type of loan business

The Fund's constitution prohibits it from acquiring more than 25% of the total equity issued by a single MFI, or more than 25% of the securities and financing instruments issued by a MFI or equivalent. Exceptions are provided for when control of the MFI has been ceded to the Fund, and during the first year of operations.

Control 2: Margin for variation in returns

The level of returns that the MFI must provide to the Fund are calculated to accommodate short term variations in the default rate.

Control 3: Flexible Investments

As the micro loans are very short term then the Fund can switch its choice of MFIs, and countries to invest in, should there be a continual trend of rising defaults in specific entities or regions. Furthermore the Fund puts in place 'netting' arrangements with its investees to help ensure that its loan capital is not 'sitting idle' in the balance sheet of the MFI. Perhaps the strongest control is the depth of historic data that indicates, due to a combination of socio-economic factors and the taking of loan collateral or insurance, low loan default rates for the MFI sector.

MFI LOAN LOSS RATES IN TARGET REGIONS											
WEIGHTED AVERAGE											
	10yr avg	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
South Asia	1.77%	1.63%	4.85%	2.22%	0.74%	0.54%	0.55%	0.87%	1.98%	1.90%	2.44%
Africa	2.19%	4.84%	1.42%	2.39%	1.23%	1.30%	2.69%	3.12%	2.52%	1.42%	1.31%
Lat. Am & Carib	2.70%	2.83%	3.00%	3.81%	3.34%	3.37%	1.49%	1.34%	1.51%	2.14%	4.20%

3.5. HOW ARE MFI's ASSESSED AS SUITABLE FOR INVESTMENT?

The Fund carries out a thorough assessment of target MFIs before selection for investment by the Fund. This assessment is carried out by a small focused European management team that has over 100 years combined experience in auditing and risk management, commercial banking and loans management, consultancy and operations review. The European team also includes investment and operations managers that have in depth knowledge and experience of working in the countries where the MFI, and equivalent, lending operations are established.

3.6. CAN THE FUND INVEST IN OTHER TYPES OF OPERATIONS?

Yes, the Fund may invest in other types of lending institution and lending instruments, as defined in FAQ 1.2.

3.7. WHAT CONTROLS ARE IN PLACE AT THE MFI LEVEL?

Comprehensive management controls are adopted in order to ensure the integrity of the Fund's investments. These controls can be grouped into four categories:

Category 1: Locally regulated MFIs

The Fund only works with MFIs, and other lending institutions, that are locally regulated. In most cases the MFIs are regulated as lending companies and fall under the control of the Securities and Exchange Commission (SEC) reporting as laid down by the jurisdiction in which the MFI is licensed.

Category 2: Currency Exposure & Hedging

Where the Fund has a majority share capital in an MFI, the Fund uses professional consultants to monitor any currency exposure. In these situations when increased exposure is recognised the Fund may utilise currency swaps and other financial instruments to mitigate the risk of fluctuating returns.

Category 3: Specification of MFI management processes and systems

Where the Fund has management control the Fund works with the local management team of the MFI to specify the:

- IT systems for managing the loan book and accounting
- The accounting procedures and accounts structure to ensure (i) accounting in line with IFRS and (ii) consistency in cost and revenue classifications between different MFIs
- Key HR positions and to approve appointments
- Regulatory and general administrative matters are appropriately dealt with

Where the Fund does not have management control the Fund will aim to have a blocking minority share allowing; the close monitoring of performance, the ability to affect important decisions, and an influence on the strategic direction of the MFI."

Category 4: IFRS reporting standards

The Fund requires those operations it invests in to undertake accounting to the Fund in line with International Financial Reporting Standards (IFRS), and to provide a series of regular performance reporting indicators. The Fund establishes a cycle of regular contact, including visits, with the MFIs in order to verify operations and reported data.

3.8. WHAT OTHER CONTROLS ARE THERE AT THE FUND LEVEL?

- Custodian Bank, regulated by the Mauritius FSC, responsible for the safe keeping of Cash and Fund Assets including subscription and redemption monies
- Weekly Dealing and Weekly Valuation of Fund Assets carried out by independent FSC regulated Fund Administrators, Belvedere Management. Belvedere are leading independent administrators for +/- 440 funds
- Annual Audit by BDO & Co

3.9. DOES THE FUND USE LEVERAGE/GEARING?

No.

3.10. DOES THE FUND USE CURRENCY HEDGING?

The different Fund Cells will invest substantially all their assets into the SAMAIF USD Cell (“the Master Fund”), and hedge the currency exposure back to GBP/ EURO respectively.

3.11. WHAT ARE THE ADMINISTRATIVE COSTS, FEES AND EARLY REDEMPTION PENALTIES?

Please see the Fund’s Cell appendix for a detailed breakdown of these items.

4. HOW TO INVEST/DEALING

4.1. WHAT IS THE MINIMUM INVESTMENT?

Officially it is USD 10,000 initial investment and USD 1,000 for top-ups. However, smaller amounts for the initial investment can be considered by the Directors on a case by case basis. Once the shareholder has made at least the initial USD 10,000 investment all subsequent investments are viewed as “top-ups.” This includes, for example, investments made via offshore Life Company bonds.

4.2. WHAT CURRENCY CLASSES ARE AVAILABLE?

GBP/USD/EUR

4.3. WHERE CAN I FIND A COPY OF THE FUND PROSPECTUS AND SUPPLEMENT?

From the fund administrator. Please see the contact details below.

4.4. CAN I INVEST DIRECT?

Yes – please use the Fund Application Form and send all required AML docs to Belvedere as per the instructions on the application form. The application form can be downloaded from the administrators’ website: www.belvederemgt.com

4.5. WHERE CAN I FIND THE FUND PRICE/NAV?

On the Fund administrators website: www.belvederemgt.com, see SAMAIF factsheet for Bloomberg.com codes

4.6. WHAT IS THE FREQUENCY OF DEALING/VALUATION?

Weekly dealing, weekly valuation.

4.7. IF I WANT TO CASH IN MY INVESTMENT HOW LONG DO I HAVE TO WAIT FOR MY MONEY? Investors

should allow for up to 45 days. Technically the cell’s charter provides for:

- A 30 day notice period prior to each redemption dealing day.
- Redemption dealing days are the close of business on the first business day of each week.
- Redemption proceeds are paid on or before the fifth business day following the applicable redemption dealing day.

Exact timings will depend upon when the request is made. Time frames may extend to 45 days if there are public holidays during the period.

4.8. WHAT IS THE RISK PROFILE AND WHO CAN INVEST?

Investors should regard investment in the Fund as a medium term investment which is subject to a medium degree of risk. This Fund is best suited for investors who are willing to tolerate a reasonable level of volatility in the value of their investment.

Investments in the Fund are suitable for experienced investors who consider a mutual fund as a convenient way of participating in capital markets developments and who are looking for a more diversified investment profile to include investments in the microfinance sector.

4.9. HOW DO I INVEST?

If direct: Complete a Fund application form along with all due diligence and send to the administrator as per the instructions on the application form.

The Application form is downloadable from the administrator's web site at www.belvederemgt.com (it is listed under the "Lancelot Global PCC").

4.10. WHERE CAN I FIND THE FUND CODES?

Please see the SAMAIF monthly Fact sheet for all codes.

CONTACT

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* From a UK perspective the fund is classed as a "UCIS" (unregulated collective investment scheme).

DISCLAIMER

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