

AMC ALTERNATIVE FUND

Fund of funds with special risk incorporated under Swiss law

AMC ALTERNATIVE FUND, a fund of funds with special risk incorporated under Swiss law, is an umbrella fund in which the sub-funds are invested in underlying alternative funds that employ investment techniques where the risks involved cannot be compared with those associated with funds invested in traditional securities. The underlying funds are of all types, open- or closed-ended, which may or may not be traded on stock exchanges or other regulated markets that are open to the public, and these funds can take very different legal forms. Investors must be aware of the greater degree of risk associated with investing in such funds, especially as regards the possibility that a significant portion of their assets might be partly or even fully lost. In order to mitigate the risk of such losses being incurred, the fund's mutual fund company undertakes a rigorous due-diligence procedure for choosing and monitoring underlying funds and fund managers as well as diversifying the investment strategies pursued. Over and above customary market and currency risks, investors' attention is drawn to the risks related to the investment management approach, the marketability of fund units, the liquidity of investments, the impact of redemptions, the pricing of fund units, service providers, shortcomings in transparency and legal risks. These risks are explained in detail in the prospectus. Acquisition of units in the fund is conditional on the subscription form being duly signed.

This prospectus includes the fund regulations dated 6 February 2006.

Contents

PART I Prospectus

1. Information about the fund
 - 1.1 General information
 - 1.2 Useful information
 - 1.3 Investment objectives and policies
 - 1.4 The 'fund of funds' structure
 - 1.5 Risk diversification and investment restrictions
 - 1.6 Features of alternative investment management
 - 1.7 Investment strategies
 - 1.8 Investment process
 - 1.9 Key risk factors
 - 1.10 Relevant tax considerations
2. Information on the mutual fund company
3. Information on the custodian bank
4. Information about the investment manager
5. Information about the investment advisers
6. Information about the supervisory committee
7. Information on third parties
 - 7.1 Paying agents
 - 7.2 Selling agents
 - 7.3 Auditors
8. Terms of the issue and redemption of units in the fund
9. Valuation of assets and units
10. Commissions, fees and expenses
 - 10.1 Commission fees
 - 10.2 Expenses & charges
11. Publications and official notices relating to the fund
12. Sales restrictions
13. Detailed regulations
14. Glossary of terms

PART II Fund regulations

PART I Prospectus

This prospectus, together with the fund regulations which form an integral part thereof, and the latest annual or half-year report (if published after the latest annual report) serve as the basis for all subscriptions to units in sub-funds of this fund.

Only the information contained in the prospectus, the fund regulations or one of the documents referred to therein shall be deemed to be valid.

Units in the fund's sub-funds may only be sold on the basis of a contract in writing (subscription form).

1. Information about the fund

1.1 General information

AMC ALTERNATIVE FUND, a fund of funds with special risk incorporated under Swiss law, is an umbrella fund with special risk, established in accordance with Articles 2 and 35, para. 6, of the Swiss Federal Law Governing Investment Funds of 18 March 1994 (IFL) as well as in conjunction with Article 7 of the investment fund

ordinance of the Swiss Federal Council of 19 October 1994 (IFO). The fund is divided into the following sub-funds:

- AMC Directional Alternative Fund (CHF)
- AMC Defensive Alternative Fund (CHF)
- BCV DIAPASON Commodity Fund (CHF) A
- BCV DIAPASON Commodity Fund (CHF) B
- BCV DIAPASON Commodity Fund (CHF) C
- BCV DIAPASON Commodity Fund (EUR) A
- BCV DIAPASON Commodity Fund (EUR) B
- BCV DIAPASON Commodity Fund (EUR) C
- BCV DIAPASON Commodity Fund (USD) A
- BCV DIAPASON Commodity Fund (USD) B
- BCV DIAPASON Commodity Fund (USD) C

In accordance with the fund's regulations, the mutual fund company may set up further sub-funds or wind existing sub-funds up.

The fund regulations were drawn up by GÉRIFONDS S.A., Lausanne, as mutual fund company for the fund, and Banque Cantonale Vaudoise (BCV), Lausanne, as custodian bank, and were approved by the Swiss Federal Banking Commission (FBC) on 15 June 2006.

The fund is based upon a collective investment contract under which the mutual fund company is obliged to provide the investor with a participation in the investment fund in proportion to the fund units acquired by him, and to manage this fund in accordance with the provisions of the fund regulations and the law. The custodian bank is party to the contract, in accordance with the tasks conferred upon it by the law and the fund regulations.

The BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds have several categories of unit – Classes A, B and C – in accordance with §6 of the fund regulations. In conformity with these, the mutual fund company is entitled at all times and in agreement with the custodian bank to create new categories of unit, to abolish categories or to merge them.

1.2 Useful information

Telekurs Securities Nos.:

AMC Directional Alternative Fund (CHF)	: 1.622.773
AMC Defensive Alternative Fund (CHF)	: 1.622.795
BCV DIAPASON Commodity Fund (CHF) A	: 2.463.440
BCV DIAPASON Commodity Fund (CHF) B	: 2.463.696
BCV DIAPASON Commodity Fund (CHF) C	: 2.463.718
BCV DIAPASON Commodity Fund (EUR) A	: 2.607.339
BCV DIAPASON Commodity Fund (EUR) B	: 2.607.351
BCV DIAPASON Commodity Fund (EUR) C	: 2.607.356
BCV DIAPASON Commodity Fund (USD) A	: 2.463.471
BCV DIAPASON Commodity Fund (USD) B	: 2.463.727
BCV DIAPASON Commodity Fund (USD) C	: 2.463.742

ISIN Nos.:

AMC Directional Alternative Fund (CHF)	: CH0016227735
AMC Defensive Alternative Fund (CHF)	: CH0016227958
BCV DIAPASON Commodity Fund (CHF) A	: CH0024634401
BCV DIAPASON Commodity Fund (CHF) B	: CH0024636968
BCV DIAPASON Commodity Fund (CHF) C	: CH0024637180
BCV DIAPASON Commodity Fund (EUR) A	: CH0026073392
BCV DIAPASON Commodity Fund (EUR) B	: CH0026073517
BCV DIAPASON Commodity Fund (EUR) C	: CH0026073566
BCV DIAPASON Commodity Fund (USD) A	: CH0024634716
BCV DIAPASON Commodity Fund (USD) B	: CH0024637271
BCV DIAPASON Commodity Fund (USD) C	: CH0024637420

Launch dates:

AMC Directional Alternative Fund (CHF)	: 26.06.2003
AMC Defensive Alternative Fund (CHF)	: 26.06.2003
BCV DIAPASON Commodity Fund (CHF) A	: 28.03.2006
BCV DIAPASON Commodity Fund (CHF) B	: 28.03.2006
BCV DIAPASON Commodity Fund (CHF) C	: 04.04.2006
BCV DIAPASON Commodity Fund (EUR) A	: 11.07.2006
BCV DIAPASON Commodity Fund (EUR) B	:
BCV DIAPASON Commodity Fund (EUR) C	:
BCV DIAPASON Commodity Fund (USD) A	: 28.03.2006
BCV DIAPASON Commodity Fund (USD) B	: 28.03.2006
BCV DIAPASON Commodity Fund (USD) C	: 04.04.2006

Legal status:

Fund of funds, in the form of an umbrella fund with various sub-funds, with special risk, incorporated under Swiss law

Mutual fund company:

GÉRIFONDS S.A.

Rue du Maupas 2

CH-1002 Lausanne

Custodian bank:

Banque Cantonale Vaudoise

Place St-François 14

Investment manager:	CH-1003 Lausanne Banque Cantonale Vaudoise Place St-François 14 CH-1003 Lausanne	Defensive Alternative Fund (CHF) sub-funds (2% applied for each sub-fund) Maximum 2.0% ('all-in fee') for the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds, Class A units
Investment advisers:	For the AMC Directional Alternative Fund (CHF) and AMC Defensive Alternative Fund (CHF) sub-funds: Gottex Fund Management, Lausanne For the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds: Diapason Commodities Management S.A., Lausanne	Maximum 1.5% ('all-in fee') for the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds, Class B units Maximum 1.0% ('all-in fee') for the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds, Class C units
Auditors:	KPMG SA, Geneva	
Unit of account:	CHF for each sub-fund EUR for the BCV DIAPASON Commodity Fund (EUR) sub-fund USD for the BCV DIAPASON Commodity Fund (USD) sub-fund	Performance-related commission fee: None charged Accounting year: 1 January to 31 December Distribution of income: April Fund publications: The prospectus, including the fund regulations, together with the annual or half-year reports, may be obtained free of charge from the mutual fund company, the custodian bank and selling agents.
Minimum number of units:	Each investor must initially subscribe to at least 5 units.	
Units:	- Bearer - Units are not issued in the form of physical securities, but are book entries.	Sales restrictions: Units in this fund may be acquired neither by nor on behalf of investors of US nationality or resident in the USA.
Denomination of units:	1, 10 and 100 units	
Frequency of calculation of net asset value (NAV):	Monthly for the AMC Directional Alternative Fund (CHF) and AMC Defensive Alternative Fund (CHF) sub-funds Weekly for the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds	Sales restrictions: The issue and redemption of units of these sub-funds abroad are subject to the laws applicable in the country in which the transaction takes place. No steps have been taken to register or seek authorisation for units of this fund in jurisdictions other than Switzerland. The sale of units in this fund may be restricted or banned by law in some territories. Those people in possession of this prospectus must ascertain for themselves information about the existence or not of any such limitations or bans in their place of jurisdiction and must comply with them. This prospectus does not constitute an offer or a tender to investors to buy units in this fund in any territory in which such an offer or a tender is illegal. In particular, units in this fund have not been nor will be registered under the Securities Act of 1933 in the USA (hereinafter referred to as the 'Securities Act'). Units in this fund may be acquired neither by nor on behalf of investors of US nationality or resident in the USA, as defined in the Securities Act. Moreover, the offer or sale of units in this fund in the USA by a selling agent may constitute an infringement of the obligation about fund registration as stipulated in the Securities Act.
Publication of issue and redemption prices:	At the latest, 10 bank working days after the end of the month for AMC Directional Alternative Fund (CHF) and AMC Defensive Alternative Fund (CHF) sub-funds Every Thursday or the first subsequent bank working day for the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds	1.3 Investment objectives and investment policies for the sub-funds The investment objectives for the sub-funds are to achieve long-term growth and to control risks by a strict and disciplined due-diligence process of selecting, diversifying and monitoring underlying funds and their investment managers. No guarantee can be given that the investment objectives will be met. The sub-funds invest in underlying investment funds (hereinafter referred to as 'underlying funds') of all types, established under Swiss or foreign law, open- or closed-ended, which may or may not be traded on stock exchanges or other regulated markets that are open to the public, and these funds can take very different legal forms (collective investment contracts, collective investment funds, investment companies, limited partnerships, trusts, etc.). The mutual fund company may invest in units of investment funds that are managed by itself or by a company closely affiliated to it. In such cases, no charge or commission fee may be made against the sub-fund's assets. Moreover, the underlying fund may not levy an issuance or redemption fee. Most of the investments undertaken by the sub-funds are denominated in US dollars (USD) or in other currencies than the reference currency for the sub-funds, i.e. the Swiss franc (CHF). The sub-funds will hedge currencies to lessen volatility when calculated in Swiss francs. Indications about the use of derivatives for currency hedging are stipulated in §12 of the fund regulations. The mutual fund company does not undertake securities lending, repo or reverse repo transactions. The objective of AMC Directional Alternative Fund (CHF) is to achieve long-term growth and moderate volatility. It invests in underlying funds in accordance with directional and/or semi-directional investment strategies selected by BCV's Asset Management (AM) department, such as: - Trend Following - Macro - Currency Trading - Short Selling - Volatility Trading - Long/Short Equity US, Europe, Asia or Global - Event Driven - Distressed Securities.
Acceptance of orders:	Orders to subscribe to or buy units (given solely in sums quoted in the fund's currency and not in numbers of units) shall reach the custodian bank (BCV) by, at the latest, 4 p.m. 5 bank working days before the last calendar day of the month. Orders to buy units carry the obligation of paying the requisite sums to the custodian in the sub-fund's unit of account in accordance with the same deadlines. Orders to sell units shall reach the custodian bank (BCV) by, at the latest, 4 p.m. on the 15 th day of the month (or the next bank working day if the 15 th is not a bank working day) for the last calendar day of the following month. Orders to buy or sell units in the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds must reach the custodian bank by, at the latest, 11 a.m. on Monday or the last bank working day before then.	
Value date:	The value date for the stock exchange statement for buying and selling units or fractions of units is set at 2 bank working days from the date on which the issue and redemption prices for units are officially published.	
Publication of unit prices:	www.gerifonds.com , www.bcv.ch , TSR2 and SF2 (page 664), TSI (page 659),	
Issue price:	The issue price for a unit, rounded to the nearest 0.10 of the accounting currency for each sub-fund, corresponds to the net asset value per unit at the time of issue, plus any sales commission fee paid to selling agents up to a maximum of 5%.	
Redemption price:	The redemption price for a unit, rounded to the nearest 0.10 of the accounting currency for each sub-fund, corresponds to the net asset value per unit calculated at the time of redemption; no commission fee is charged when units are redeemed.	
Annual management fee:	Maximum 2.5% for the AMC Directional Alternative Fund (CHF) and AMC	

- Statistical Arbitrage
- Split-Strike Conversion
- Long/Short Equity US, Europe, Asia or Global
- Event Driven
- Distressed Securities.

The sub-fund must invest in at least 4 different investment strategies.

The various strategies that may be used for the two sub-funds are explained in point 1.8.

BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD)

The objective of the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds is to achieve long-term growth and controlled volatility, geared towards movements in the Rogers International Commodity Index® (RICISM) and the selection of underlying funds in the commodities and raw materials sector.

The Rogers International Commodity Index® (RICISM), formulated in 1998 by James B. Rogers, is the most comprehensive and diversified benchmark index in its domain. It comprises a compendium of prices for the most liquid futures contracts on 35 commodities and raw materials, chiefly in the energy, farming and metals sectors. Weightings of commodities are fixed once a year on the basis of worldwide consumption and the index is rebalanced once a month according to this weighting.

The RICISM has three sub-indices: Energy, Agriculture, Metals.

Each sub-fund invests up to a maximum of 30% of its assets in, at its discretion, the following four funds:

- Diapason Rogers Commodity Index Fund which best replicates the RICISM,
- Diapason Rogers Commodity Index (Energy Segment) Fund which best replicates the RICISM Energy sub-index – this sub-index is based on four energy commodities;
- Diapason Rogers Commodity Index (Agriculture Segment) Fund which best replicates the RICISM Agriculture sub-index – this sub-index is based on 21 agricultural and farm commodities;
- Diapason Rogers Commodity Index (Metals Segment) Fund which best replicates the RICISM Metals sub-index – this sub-index is based on 10 metals.

The manager of these funds, incorporated in the Cayman Islands and listed on the Dublin Stock Exchange, is Diapason Commodities Management S.A., Lausanne, investment advisers for the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds. Roughly 15% of these funds' assets are invested in futures contracts. These transactions are covered by the outstanding balance of the sub-funds' assets in the form of liquid assets (European or US Treasury notes). Costs associated with using the RICISM and its related sub-indices are included in these funds.

The BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) each invest up to a maximum of 70% of their assets in funds that are at least 95% invested in the commodities sector.

None of the underlying funds in which BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds are invested invests directly in commodities, but solely via financial derivatives.

The balance of the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds' assets is invested, up to a maximum of 30%, in certificates on commodities/raw materials indices of one or more issuers (listed structured products).

In the case of the BCV DIAPASON Commodity Fund (EUR) sub-fund, such certificates may also be issued on one or more commodities and be traded over the counter (OTC) or outside any other regulated market open to the public, in accordance with §12 of the fund regulations. These certificates comprise financial derivatives which, themselves, are listed on a stock exchange or another regulated market open to the public (futures). They thus incorporate a credit risk as regards the issuer.

The BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds cannot invest directly in commodities contracts.

The accounting currency for the BCV DIAPASON Commodity Fund (CHF) sub-fund is the Swiss franc (CHF).

The accounting currency for the BCV DIAPASON Commodity Fund (EUR) sub-fund is the Euro (EUR).

The accounting currency for the BCV DIAPASON Commodity Fund (USD) sub-fund is the US dollar (USD).

1.4 The 'fund of funds' structure

AMC ALTERNATIVE FUND, a fund of funds with special risk established under Swiss law, is constructed as a 'fund of funds' enabling it to diversify risks by spreading the invested assets in its sub-funds over a number of underlying alternative funds run by skilled fund managers pursuing a variety of investment strategies. The 'fund of funds' structure has two basic advantages. Firstly, it makes it possible to diversify investments over a broad range. Secondly, it can benefit from the variety of fund managers and strategies pursued by them. These advantages help to diminish this product's degree of volatility.

The disadvantage of the 'fund of funds' format lies in the dual structure of commission fees and expenses as commissions, fees and expenses levied by underlying funds come on top of those charged by the fund itself. Nevertheless, the mutual fund company will strive to limit this disadvantage as much as possible by carefully checking the fee and expense structures of the relevant underlying funds.

1.5 Risk diversification and investment restrictions

As part of its investment policy, the mutual fund company complies with the following ceilings and restrictions, outlined below, as regards the breakdown of investments.

The mutual fund company may not:

- invest more than 30% of a sub-fund's assets in the same investment fund and in less than 5 different funds;
- acquire more than 20% of units in a single investment fund;
- invest more than 20% of a sub-fund's assets in closed-ended investment funds that are not traded on stock exchanges or another regulated market open to the public;

- invest more than 30% of a sub-fund's assets in one or more investment funds managed by the same fund manager;
- invest more than 50% of a sub-fund's assets in investment funds pursuing the same investment strategy; each investment strategy that accounts for more than 40% of a sub-fund's assets must be diversified in terms of its geographical, sectoral or market cap exposure; these restrictions do not apply to the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds;
- invest more than 40% of a sub-fund's assets in investment funds whose units cannot be redeemed at least once a month nor may it invest more than 30% of a sub-fund's assets in investment funds whose units cannot be redeemed at least once a quarter, with this particular restriction being included in the above-mentioned 40% limit;
- in the case of the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds, invest more than 45% of a sub-fund's assets in investment funds whose units cannot be redeemed at least once a week nor may it invest more than 10% of a sub-fund's assets in investment funds whose units cannot be redeemed at least once a month, with this particular restriction being included in the above-mentioned 45% limit;
- buy units in a fund of funds or a real-estate/property fund;
- undertake short selling;
- make use of managed accounts or deposits;
- make investments in precious metals, commodities, works of art, antiques, nor acquire units in investment funds that invest in such valuables or items apart from via financial derivatives.

The underlying funds in a sub-fund, as a whole, shall be pursuing at least 4 different investment strategies. The restrictions and ceilings cited above apply to each sub-fund of the fund.

Underlying funds are subject to those investment restrictions as stipulated in their own prospectuses and/or fund regulations.

1.6 Features of alternative investment management

Unlike the case with conventional or traditional investment management, the purpose behind managing alternative investments is to secure an absolute return (with a positive return over every 12-month period) by using financial investment vehicles which make it possible to benefit from both rising and falling markets as well as to diversify management techniques and styles within a single portfolio, thereby optimising the decorrelation with market indices.

The term 'absolute return' stands in opposition to 'relative return' as sought after in traditional investment management where performance is measured relative to a benchmark.

Within the ambit of their investment policies, alternative funds have the advantage of particular regulations which enable fund managers to employ a variety of financial instruments that are frequently not available to managers of traditional investments, such as:

- short selling;
- financial derivatives (options and futures);
- leverage.

In such circumstances, an alternative fund presents for investors risks that are much harder to assess than is the case with a conventional securities investment fund.

1.7 Investment strategies

Management strategies employed by managers of alternative funds can be classified into three categories on the basis of their sensitivity/correlation to market direction, i.e.:

- directional strategies, comprising Trend Following, Macro, Currency Trading, Short Selling and Volatility Trading;
- semi-directional strategies, comprising Long/Short Equity, Event Driven and Distressed Securities;
- non-directional strategies, comprising Convertible Bond Arbitrage, Risk Arbitrage, Fixed Income Arbitrage, Equity Market Neutral, Statistical Arbitrage and Split-Strike Conversion.

The way in which these various strategies are blended together is crucial for attaining the desired risk/reward trade-off. The list of strategies outlined above may be altered depending on market conditions. New strategies cannot be ruled out. The strategies are defined as follows:

Investment strategies	Risk Arbitrage	Arbitrage strategy focused on mergers/takeovers with the purpose being to take advantage of the convergence of prices towards the merger bid price (e.g. buying a share in the company being targeted and short-selling the share of the company buying).
	Fixed Income Arbitrage	Involves exploiting inefficiencies in fixed-income securities markets.
	Convertible Bond Arbitrage	Plays on disparities between the price at which a convertible bond makes it possible to buy an underlying share and the actual price of that underlying share or seeks to benefit from shifts in the implied volatility.
	Statistical Arbitrage	Aims to take advantage of price anomalies in an asset in the short term.
	Short Selling	Investment decision involving selling a security that is not held in a portfolio. In order to do this, the fund manager borrows the security from a third party. The objective of short selling is to take advantage of any fall in the value of the security.

Dedicated Short Bias	Strategy aimed at constructing a portfolio with a distinct short-selling slant. It is thus working on the assumption that prices of securities will fall by taking up short positions.
Long/Short Equity or Equity Arbitrage	Targets potential rises in some security prices, by taking up long positions, as well as falls in other security prices via short selling.
Equity Market Neutral	Invests in long and short positions in a portfolio of shares whilst avoiding the risk of taking up a directional market risk.
Event Driven	By adopting long and short positions, this strategy aims to exploit specific events (e.g. restructuring, change in management, etc.) that occur during a company's life-time.
Macro	Invests on the basis of macroeconomic data (top-down approach) and uses a wide variety of assets on different markets worldwide.
Distressed Securities	Invests in securities of companies in or facing bankruptcy or being restructured that are trading at deep discounts. The aim is to take advantage of the depressed prices to make a profit when the securities are sold.
Split-Strike Conversion	Strategy which seeks to replicate an index via a portfolio of securities whilst covering any risk of falls by using strategies involving derivatives (e.g. options).
Currency Trading	Aims to exploit upward and downward swings on currency markets.
Trend Following	Invests systematically (using mathematical models) or on a discretionary basis (fund managers' decisions) in futures contracts on commodities or in other financial contracts to exploit market movements.
Volatility Trading	Aims to exploit upward and downward shifts in volatility, chiefly on stock markets.
Credit Arbitrage	Strategy involving arbitrage operations aimed at taking advantage of positive or negative shifts in the creditworthiness of borrowers without any play being made on the direction of interest rates.

1.8 Investment process

The investment process stipulated for management of sub-funds in this fund makes it possible to ensure that there is consistency between BCV's strategic vision, the sub-funds' investment objectives and investment decisions.

Top-down approach

Fund managers define the allocation for sub-funds using alternative investment strategies with the aim of ensuring that there is consistency between BCV's assessment of macroeconomic conditions for conventional investments and the positioning of these sub-funds' investment strategies.

Selection and monitoring of fund managers (bottom-up/due diligence)

The procedures for selecting fund managers are of prime importance for the success of an alternative fund of funds. It is vital that the whole array of different investment strategies and the host of different fund managers, most of whom are working in the USA and the UK, are constantly being monitored as, unlike the case with more conventional investment vehicles, alternative investment instruments apply very diverse strategies and often resort to a broad range of financial tools and techniques. A carefully constructed selection process makes it possible to pinpoint potential risk factors. This due-diligence process is undertaken in three stages.

Stage One involves collating general information about every company or undertaking active in managing alternative investments. In particular, the investigation assesses reputation, organisation, auditors, shareholders, fund managers' particular skills, their integrity, their management style, not to mention the degree of transparency and ability to communicate. All these factors must be reviewed on a regular basis.

Stage Two focuses on quantitative data, in particular performance analysis and risk assessment (especially, an analysis of the volatility of returns and an analysis of correlation data). Fund portfolios are analysed using a number of measures so as to pinpoint those factors that have exerted a positive or negative influence on returns, and to discern any change in management style, a greater concentration of positions or too powerful leverage. The risk-adjusted return is calculated, generally speaking, on the basis of two ratios: firstly, the Sharpe ratio (the difference between the annualised return and the risk-free rate divided by the standard deviation) and, secondly, the Calmar ratio (annualised return divided by the maximum fall in value).

Stage Three involves visiting the fund managers in their offices so as to assess, through face-to-face contacts, their professional skills, the discipline of their investment decision-making and their operational set-up (handling of orders, counterparties, IT arrangements, security systems, etc.). Fund managers are

monitored on several levels. Firstly, fund managers are visited in their offices once or twice a year to ensure that no changes to their management styles have taken place. Secondly, monthly management reports drafted by fund managers are scrutinised and telephone contacts are established.

1.9 Key risk factors

The use of alternative funds as part of a strategy of managing a fund of funds involves a number of different types of risk that might entail the possible loss of part or even all of the capital. Over and above market and currency risks, the main risk factors are as follows:

Management-related risks: The success of any given investment strategy hinges on the correct forecasting of future movements in the financial vehicles or tools being employed, such as shares, bonds and derivatives. No guarantee can be made that a given strategy will be successful. Unexpected changes in a fund manager's conduct or behaviour cannot be legislated for either. However, the mutual fund company works in conjunction with management companies and fund managers of alternative funds that are well established and have lengthy professional experience in managing financial assets. Moreover, the underlying investment funds used are liable to employ investment techniques that are riskier than those used for conventional funds, such as leverage or short selling. Leveraged borrowing enables the underlying fund to borrow assets with the purpose of maximising its profits and it can lead to losses being incurred that are greater than the fund's total assets. Short selling makes it possible to take advantage of any falls in the price of the underlying asset, but, if the value of the asset sold short rises, the losses in theory can be limitless. As far as these two management techniques are concerned, the mutual fund company implements a policy of monitoring the borrowing/leverage levels of underlying funds and the short exposures to ensure that the set criteria are complied with.

Risks related to the marketability of fund units: The marketability of fund units is restricted by the fact that units in alternative investment funds are not frequently bought and sold on a daily basis, but rather on a monthly, quarterly or even annual basis. Furthermore, management companies of underlying alternative investment funds often reserve the right to limit the number of units being redeemed to a given date or even postpone redemptions in the event of *force majeure*. For the purposes of this fund, the mutual fund company endeavours to structure each sub-fund in a broadly diversified and balanced enough way to avoid, as far as possible, this type of problem, particularly by investing primarily in units of underlying investment funds with acceptable marketability. The mutual fund company has no decision-making role when it comes to temporary changes in the marketability of units in underlying investment funds.

Risks related to the liquidity of investments: Trading in any listed financial instrument may be suspended for a number of reasons. The sub-fund may thus find itself unable to liquidate positions. Other financial instruments may be illiquid, traded over the counter or difficult to value. The mutual fund company limits those investments that lack liquidity or are illiquid as well as those investments in markets that are less liquid than traditional markets. Moreover, this type of investment is monitored continually from the standpoints of liquidity and valuation. Investors' attention is, however, drawn to the fact that up to 20% of each sub-fund's assets may be invested in closed-ended investment funds that are not traded on stock exchanges or another regulated market open to the public.

Risks related to the impact of redemptions: Sizeable redemptions can have an impact on the value of investments held in units of underlying investment funds, thereby triggering the enforced sale of some investment positions. It is possible that a significant disparity can develop between the net asset value reported for the day on which the order to redeem units is sent to the mutual fund company and the net asset value on the valuation date when the redemption is made.

Risks related to the pricing of fund units: The net asset value of the sub-fund is calculated using the net asset value data provided by the custodian banks, administrators or fund managers of the relevant underlying investment funds. The mutual fund company cross-checks the plausibility of this NAV data; it does not, however, have the capability to check the accuracy of the prices used by the underlying investment funds. As a result, there is a chance that the net asset value calculated monthly might be under- or overestimated. Moreover, the mutual fund company strives to obtain the net asset value data from custodian banks, administrators or fund managers of the underlying investment funds as quickly as possible after the end of their respective accounting periods.

Risks related to service providers: The mutual fund company, together with the various management companies of the alternative funds, draw on the services of a number of establishments as service providers, such as auditors, custodians, administrators and brokers. Even though the mutual fund company is rigorous in its selection procedures, risks related to such intermediaries cannot be wholly ruled out.

Risks related to the lack of transparency: Alternative funds usually disclose less information about their business activities than traditional investment funds. This greater confidentiality is intended to avoid information made public being used to the detriment of investors in the relevant fund. The mutual fund company has included in its selection criteria a requirement as regards minimum transparency which works in investors' interests.

Legal risks: Underlying investment funds may not have auditors or be subject to a statutory supervisory body whose purpose is to protect investors or they may be subject to government-based supervision that is not comparable with that common in Switzerland or other European countries. Furthermore, some underlying umbrella funds stipulate that liability is spread out over the constituent sub-funds.

The mutual fund company cannot guarantee that the fund's investment objectives will be met. It cannot rule out the risk of some investments incurring a complete loss. The mutual fund company endeavours to minimise these risks by pursuing a strategy of broad diversification and the application of strict and disciplined selection and monitoring procedures.

1.10 Relevant tax considerations

Investment funds have no legal personality in Switzerland. They are liable to neither income tax nor capital gains tax.

Federal withholding tax deducted from Swiss revenues in the investment fund can be reclaimed in full by the mutual fund company.

Income and capital gains realised abroad may be subject to the relevant withholding tax deductions imposed by the country of investment. These taxes will, as far as

possible, be reclaimed by the mutual fund company on behalf of investors residing in Switzerland under the terms of double-taxation treaties or other such agreements between Switzerland and the country of investment.

Distribution of income from the fund (to investors resident in Switzerland and abroad) is, however, subject to Swiss Federal withholding tax at 35% deducted at source. Capital gains are not subject to withholding tax provided that they are distributed on a separate coupon.

Investors residing in Switzerland may reclaim Swiss withholding tax by declaring it in their tax returns or by making separate application for a refund to the Swiss tax authorities.

Foreign investors may claim back Swiss Federal withholding tax under the terms of any double-taxation treaties or other such agreements between Switzerland and their country of domicile. If no such double-taxation agreement exists, the withholding tax cannot be reclaimed.

In cases where at least 80% of the income arises from foreign sources, income will be distributed to investors resident abroad free of Swiss Federal withholding tax. In such cases, an affidavit or bank statement shall be drawn up, containing written confirmation from a bank that the share units in question are held in a safekeeping account of an investor resident abroad and that the income distributed is credited to the foreign investors' account. No guarantee can be made that income from the fund is derived at least 80% from foreign sources.

Should withholding tax be deducted from income distributed to a foreign investor because of a lack of a bank statement or affidavit, a claim for a direct refund, based on Swiss law, may be submitted to the Swiss Federal Tax authorities in Berne.

Income distributed and interest accrued on the sale or redemption of units are not subject in Switzerland to the EU savings tax regime.

The tax information stated above is based on the current legal situation and practice. The mutual fund company expressly reserves the right to amend this information in the event of changes to legislation, legal or fiscal practice.

Taxation and other fiscal implications for investors who hold, buy or sell fund units are defined by the taxation laws and regulations in the investor's place of residence.

2. Information on the mutual fund company

Gérifonds S.A., a limited company with its registered head office in Lausanne, is responsible for management of the fund. The mutual fund company has been active in administering and managing investment funds since it was set up in 1970. Its share capital amounts to CHF2.9m. The share capital is divided into registered shares and is fully paid up. Banque Cantonale Vaudoise (BCV) owns 100% of the share capital. Gérifonds S.A. manages 48 investment funds and sub-funds in Switzerland and Luxembourg; the aggregate assets under management totalled CHF 7 bn as of end-April 2007. Gérifonds S.A. also owns the majority of the share capital of Gérifonds (Luxembourg) S.A., management company for the AMC FUND investment fund from Luxembourg.

Gérifonds S.A.'s Board of Directors comprises:

Christopher Preston	Chairman, Chief Executive Officer, BCV
Christian Pella	Member, Chief Legal Officer, BCV
Jean-Daniel Jayet	Vice-Chairman, Senior Vice-President, BCV
Christian Beyeler	Member, Senior Vice-President, Gérifonds S.A.
Christian Carron	Member, First Vice-President, Gérifonds S.A.

Gérifonds S.A.'s executive management comprises:

Christian Beyeler	Senior Vice-President
Christian Carron	First Vice-President
Nicolas Biffiger	Vice-President
Bertrand Gillibert	Vice-President

3. Information on the custodian bank

The duties of the custodian bank are undertaken by BCV. The bank was incorporated in 1845 as a limited company. BCV is a universal bank. As at 31 December 2006, the BCV group's total consolidated balance-sheet assets amounted to CHF 36.5 bn on shareholders' equity of CHF 3.4 bn, with gross profits of CHF 536 m. The bank's staff numbered 2,390.

4. Information about the investment manager

Gérifonds S.A.'s Board of Directors has delegated management of this fund's sub-funds to Banque Cantonale Vaudoise (BCV), Lausanne. The precise details and conditions governing implementation of the investment management mandate are laid down in a contract agreed between Gérifonds S.A., as the mutual fund company, and BCV.

BCV has a team of specialists in the bank's Asset Management (AM) department, comprising:

Fernando Martins Da Silva: A chartered civil engineer from the Federal Polytechnic Institute of Lausanne and holder of an MBA from the Institut européen d'administration des affaires (INSEAD), Mr Martins Da Silva has been a financial analyst and fund manager at BCV since 1986, including for alternative fund strategies. He is currently a Senior Vice-President in charge of BCV's investment policy.

Fabio Alessandrini: Mr Alessandrini holds a PhD in economics from the University of Lausanne, and has extensive experience as a financial-market analyst and strategist. He has been with BCV since 2003. At BCV, he is an active participant in the various investment committee meetings, and helps develop the Bank's investment strategy. His current position is Vice President and Head of Alternative Management and Quantitative Research. He oversees the Bank's funds of hedge funds and commodities units. Mr Alessandrini also teaches at the University of Lausanne.

Miguel Tiedra: Having graduated in International Relations from the Graduate School of International Studies (IUHEI) in Geneva, Mr Tiedra has many years' experience as a sell-side analyst and portfolio manager. Before joining BCV in 2006, Miguel Tiedra was Vice President and Deputy Manager of the Hedge Fund Advisory unit at LODH & Cie, where he has been a senior hedge fund advisor since 2003. Since May 2006 Mr Tiedra has been co-manager of BCV's funds of hedge funds. He is in charge of fund-picking and fund analysis as well as selecting managers and follow-up. Miguel Tiedra is also a CFA Charterholder.

Josianne Nanchen: Having graduated in Business & Industrial Sciences from the University of Geneva, Mrs Nanchen, CFA & CAIA, has amassed a wealth of experience as a financial analyst and asset manager. She joined BCV in 1997, managing long-term investment and financial assets for the bank's Nostro account. Since BCV's hedge funds were first launched in June 2003, Mrs Nanchen has been joint fund manager, with responsibility for the analysis, selection and follow-up of hedge fund managers.

Didier Tosi: Having graduated in Economics from the University of Neuchâtel, Mr Tosi has been involved, as a financial analyst, in managing funds of hedge funds since April 2001 with Banque Piguet & Cie S.A. in Geneva where he is currently a Deputy Manager. In this position, he has specialised in selecting and monitoring hedge fund managers.

5. Information about the investment adviser

The investment advisor for the **AMC Directional Alternative Fund (CHF)** and **AMC Defensive Alternative Fund (CHF)** is Gottex Fund Management. Gottex Fund Management is based in Lausanne and was founded in 1992. This specialist fund manager offers recognised expertise in alternative investment strategies, with over CHF 9bn in assets under management. The firm has offices in London, New York, Boston and Hong Kong, and affiliate offices in Sydney and Montevideo.

Investment advisers to the **BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD)** sub-funds are Diapason Commodities Management S.A., Lausanne, whose principal is Lionel Motiere. This company employs ten or so specialists in commodities and hedge funds, and offers services in managing and promoting financial products based on the Rogers International Commodity Index® (RICISM). The shareholding belongs wholly to the company's management.

6. Information about the Supervisory Committee

Gérifonds' Board of Directors appoints the members of the fund's Supervisory Committee. This committee is responsible for supervising the investment manager of the sub-funds and monitors the investment manager's implementation of investment policy and compliance with the investment restrictions. At least two of the specialist managers listed in section 4 above attend the Supervisory Committee's meetings which are convened as often as it is deemed necessary, but, in principle, once a quarter.

The members of the Supervisory Committee are as follows:

Christian Carron Chairman of the Supervisory Committee

Having graduated in Economics from the University of Lausanne and been awarded Swiss Federal diplomas in Wealth Management & Financial Analysis and Specialist Expert in Finance & Investment, Mr Carron has been a financial analyst and fund manager since 1990. He is currently First Vice-President, Member of the Board and Chief Investment Officer of Gérifonds S.A., Lausanne.

Yasunobu Higuchi Vice-Chairman of the Supervisory Committee

Having graduated in Economics from the University of Geneva, Mr Higuchi has many years' experience as a financial analyst and fund manager at a variety of Swiss and foreign banking establishments. He is currently a Deputy Manager and Head of Research at Banque Piguet & Cie S.A. in Geneva where he has been an alternative funds analyst since 1997.

Christian Beyeler Member of the Supervisory Committee

Having graduated in Economics from the University of Lausanne, Mr Beyeler has worked for the BCV Group since 1978. He is currently a Director and Board Member of Gérifonds S.A., Lausanne, and has been administering alternative funds since 2002.

Nicolas Biffiger Member of the Supervisory Committee

Having graduated in Law from the University of Geneva and an accredited solicitor entitled to practise law in Geneva, Mr Biffiger has been lawyer specialising in banking and finance since 1990. He is at present an Assistant Director and Compliance Officer at Gérifonds S.A. Lausanne.

7. Information on third parties

7.1 Paying agents

The paying agent for the fund is:

Banque Cantonale Vaudoise, Place St-François 14, 1003 Lausanne

7.2 Selling agents

Those institutions appointed as selling and distribution agents for the fund are as follows:

Banque Cantonale Vaudoise, Lausanne
Banque Cantonale de Genève, Geneva
All other Swiss cantonal banks
Banque Coop SA, Bâle
Banque Franck, Galland & Cie SA, Geneva
Banque Heritage, Geneva
Banque Pasche SA, Geneva
Banque Piguet & Cie SA, Yverdon
Banque Sal. Oppenheim jr. & Cie (Suisse) SA, Zurich
Adler & Co Privatbank SA, Zurich
Anker Bank, Zurich
Bank Maerki Baumann & Co SA (InCore Bank Ltd), Zurich
Bearbull Degroof Banque Privée SA, Geneva
Clariden Leu SA, Zurich
Compagnie Bancaire Espirito Santo SA, Lausanne
Crédit Agricole (Suisse) SA, Geneva
HYPOSWISS Privatbank AG, Zurich
Hypothekbank Lenzburg, Lenzburg
Lienhardt & Partner Privatbank Zurich SA, Zurich
Privatbank Bellerive SA, Zurich
Privatbank Von Graffenried SA, Berne
ATAG Asset Management SA, Berne
Dynagest SA, Geneva
IFP Intermoney Financial Products SA, Pully
Synchrony Asset Management SA, Geneva

7.3 Auditors

8. Terms of the issue and redemption of units in the fund

Units in the sub-funds are issued or redeemed once a month (once a week in the case of the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds. Units will not be issued or redeemed if the exceptional circumstances as outlined in §17, point 6, of the fund regulations prevail.

Orders to subscribe to or buy units (given solely in sums quoted in Swiss francs and not in numbers of units) shall reach the custodian bank by, at the latest, 4 p.m. on the day at least 5 bank working days before the last calendar day of the month. Orders to sell units shall reach the custodian bank by, at the latest, 4 p.m. on the 15th day of the month (or the next bank working day if the 15th is not a bank working day) for the last calendar day of the following month. Orders to buy or sell units for the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds must reach the custodian bank by, at the latest, 11 a.m. on Monday or the last bank working day before then.

The value date is set as two bank working days from the date when the issue and redemption prices are officially published, with these being known at the latest 10 bank working days after the last calendar day of each month. Issue and redemption prices for units in the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds are published every Thursday or the first subsequent bank working day.

The issue and redemption prices are not, therefore, known at the time when the subscription or redemption orders are made.

The net asset value for a unit for a given class is calculated on the basis of the proportion of the market value of the sub-fund's assets relevant to that class less any liabilities incurred by the sub-fund relevant to that class, divided by the number of units of that class in circulation.

The issue and redemption prices for units, rounded to 0.10 of the relevant accounting currency for each sub-fund, correspond to the net asset value per share unit.

When units are issued, a sales commission fee, payable to selling agents, can be added to the issue price. When units are redeemed, no commission fee is levied.

For any switching from one sub-fund to another within the fund, the investor will be charged half (50%) the normal sales commission fee payable to selling agents on new share units bought up to the value of the units redeemed.

Additional charges related to selling or buying investments (brokerage fees in accordance with market practice, commissions, duties, etc.) incurred by the sub-fund as a result of investing a sum paid into the fund or selling investments to meet redemptions shall be charged against the sub-fund's assets.

In principle, units are not issued in the form of physical securities, but are book entries. Investors may, however, ask the custodian bank to deliver a physical certificate of ownership of units. The custodian bank will charge the investor a fee of CHF 250.- for each certificate delivered. There are no fractions of units. If unit certificates have been issued, they shall be surrendered when an application is made to redeem units.

Units may only be sold on the basis of a contract in writing (subscription agreement).

9. Valuation of assets and units

The market value of each sub-fund's assets shall be computed in the relevant unit of account at the end of the financial year as well as for each day on which units are issued or redeemed.

In the case of investments listed or traded on a regulated market open to the public, the market value shall correspond to current prices paid on the main relevant market. In all other cases for which no current price is available, the market value of an asset or a right shall correspond to the price that would probably be obtained in a diligent sale at the time of the appraisal. In order to determine the market value, the mutual fund company shall employ suitable valuation models and principles recognised as being good practice.

Units in underlying funds are valued at their last net asset value as published or notified to the mutual fund company by these funds for each valuation date. The value is confirmed by the custodian bank or the administrator of the underlying funds. If a net asset value is not available or is solely available on an estimated basis, the mutual fund company establishes the value as the probable price that could be obtained in a diligent sale at the time of valuation using 'fair value' valuation models and principles that are appropriate and customary. The value can be founded on data supplied by the custodian bank, administrator or fund manager of the underlying funds.

10. Commissions, fees and expenses

AMC Directional Alternative Fund (CHF) and

AMC Defensive Alternative Fund (CHF)

The mutual fund company, the custodian bank and the selling agents are entitled to the following remuneration:

- a) Payments to the mutual fund company
 - For managing and administering the sub-funds, the mutual fund company shall charge for each sub-fund a quarterly commission fee amounting to a maximum 0.625% of the sub-fund's net asset value at the end of each quarter of the fund's accounting year; the rate effectively applied shall be indicated in the fund's annual and half-year reports.
- b) Payments to the custodian bank
 - For the safekeeping of the assets, the handling of payments and the performance of other tasks listed under §4 of the fund regulations, the custodian bank shall charge a quarterly commission fee amounting to a maximum 0.0375% of the sub-fund's net asset value at the end of each calendar quarter; the rate effectively applied shall be indicated in the fund's annual and half-year reports;
 - For distributing annual income to investors, the custodian bank shall levy on each sub-fund a commission fee amounting to 0.5% of the gross sum distributed;

- For the distribution of liquidation proceeds in the event of a sub-fund being wound up, the custodian bank shall charge a commission fee of 0.5% of the net asset value of the sub-fund units.
- c) Payments to selling agents
 - When units are issued, a sales commission fee of a maximum of 5%, to be paid to selling agents, may be added to the issue price.
 - When units are redeemed, no commission fee is levied.
 - For any switching from one sub-fund to another within the fund, the investor will be charged half (50%) the normal sales commission fee paid to selling agents on new share units bought up to the value of the units redeemed.

The mutual fund company and custodian bank are entitled to be reimbursed for the following costs and expenses incurred during the course of executing the collective investment contract:

- annual fees levied by the supervisory authorities for investment funds in Switzerland;
- expenses incurred in the printing of annual and half-year reports;
- expenses incurred in publishing unit prices and providing information to investors in the fund's designated official publications;
- fees charged by the auditor for regular auditing of the fund;
- any costs stemming from any extraordinary measures in the interests of investors which may prove necessary.

In addition, the following costs may be charged against the sub-fund's assets:

- any fees incurred for translations into Switzerland's official languages;
- costs connected to the use of trade-marks for indices or benchmark for the AMC Directional Alternative (CHF) and AMC Defensive Alternative Fund (CHF) sub-funds.

BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD)

The mutual fund company, the custodian bank and the selling agents are entitled to the following remuneration:

- a) Payments to the mutual fund company
 - For managing, administering and distributing the fund and to cover the custodian bank's activities as stipulated in §4 of the fund regulations as well as any other fees incurred according to §19, points 1 and 2, the mutual fund company shall charge, at the end of each month, an overall flat-rate commission fee ('all-in fee') calculated on the basis of the sub-fund's net asset value at the end of each month. The rates effectively applied shall be indicated in the fund's annual and half-year reports. The maximum annual commission fee shall be:
 - Class A: 2.0%**
 - Class B: 1.5%**
 - Class C: 1.0%**
- b) Payments to the custodian bank
 - For distributing annual income to investors, the custodian bank shall levy on each sub-fund a commission fee amounting to 0.5% of the gross sum distributed;
 - For the distribution of liquidation proceeds in the event of a sub-fund being wound up, the custodian bank shall charge a commission fee of 0.5% of the net asset value of the sub-fund units.
- c) Payments to selling agents
 - When units are issued, a sales commission fee of a maximum of 5%, to be paid to selling agents, may be added to the issue price.
 - When units are redeemed, no commission fee is levied.
 - For any switching from one sub-fund to another within the fund, the investor will be charged half (50%) the normal sales commission fee paid to selling agents on new share units bought up to the value of the units redeemed.

The mutual fund company has not contracted any agreement involving the payment of 'soft commissions'.

Class A units are open to investment for investors who do not fulfil the accessibility criteria for Classes B or C. Class B units are open to investment for those investors who subscribe to and maintain at least CHF 5 m in the relevant sub-fund. Class C units are open to investment for those investors who subscribe to and maintain at least CHF30m in the sub-fund.

Investors who ask to be attributed, convert or keep their units in Classes B or C are required to provide all the necessary documentation and information to ensure that the relevant accessibility criteria are complied with. Reductions in the level of investment in the sub-fund resulting solely from swings in the market are not taken into account. The units of several institutional investors whose treasury funds are managed professionally and which are closely affiliated either legally or economically may be amalgamated to ensure that accessibility criteria for Classes B or C are met. Fund units owned by investors in a fund for which Gérifonds or a company affiliated to Gérifonds is the mutual fund company in Switzerland or abroad, and for which investment management or the role of investment advisers has been delegated to BCV, shall be aggregated under the terms of an asset management agreement or investment advisory mandate entrusted to BCV.

The mutual fund company may convert units of one class to those of another if the relevant criteria for that class are not complied with. This conversion is conducted with no fee being levied on the unit-holder.

The mutual fund company is entitled at all times to create further categories of unit, or may abolish and merge existing categories. Creating new categories of unit requires an official amendment to the fund regulations.

Additional expenses & charges

For all sub-funds, additional charges related to selling or buying investments (brokerage fees in accordance with market practice, commissions, duties, emoluments, etc.) incurred by the sub-fund as a result of investing a sum paid into the fund or selling investments to meet redemptions shall be charged against the sub-fund's assets.

11. Publications and official notices relating to the fund

Further information on the investment fund may be found in the latest annual or half-year report.

The prospectus including the fund regulations, together with the annual or half-year report, may be obtained free of charge from the mutual fund company, the custodian bank and selling agents.

Notification of any changes to fund regulations, a change of mutual fund company or custodian bank, as well as the merger or liquidation of the fund or sub-funds (in accordance with §24 of the fund regulations), shall be published by the mutual fund company in the *Swiss Commercial Gazette (Schweizerisches Handelsamtsblatt)* and the *24 Heures* daily newspaper.

Prices for all categories of unit shall be published on each day that units are issued or redeemed, but at least once a month in the following publications – *Le Temps*, *l'Agefi*, *Neue Zürcher Zeitung*, *Finanz und Wirtschaft*, *CASH* – and on the www.gerifonds.com Website, and, if deemed necessary, in other Swiss or foreign newspapers or electronic information media.

12. Sales restrictions

The issue and redemption of units of these sub-funds abroad are subject to the laws applicable in the country in which the transaction takes place.

No steps have been taken to register or seek authorisation for units of this fund in jurisdictions other than Switzerland. The sale of units in this fund may be restricted or banned by law in some territories. Those people in possession of this prospectus must ascertain for themselves information about the existence or not of any such limitations or bans in their place of jurisdiction and must comply with them. This prospectus does not constitute an offer or a tender to investors to buy units in this fund in any territory in which such an offer or a tender is illegal.

In particular, units in this fund have not been nor will be registered under the Securities Act of 1933 in the USA (hereinafter referred to as the 'Securities Act'). Units in this fund may be acquired neither by nor on behalf of investors of US nationality or resident in the USA, as defined in the Securities Act. Moreover, the offer or sale of units in this fund in the USA by a selling agent may constitute an infringement of the obligation about fund registration as stipulated in the Securities Act.

13. Detailed regulations

All further details on the investment fund and sub-funds, such as asset valuation methods, the payment of all fees charged to investors and the sub-funds, and the application of net income can be found in detail in the fund regulations.

14. Glossary of terms

Arbitrage	Investment management technique exploiting differences in the prices of financial instruments and geared towards lessening market exposure.
Correlation	Statistical measure determining the linear relationship between two variables. A positive correlation means that, if the value of one of the two variables rises, the other, on average, will react in the same way. By definition, the correlation can vary between +1 (perfectly positive) and -1 (perfectly negative). If the correlation is 0, no relationship exists between the two variables.
Futures contract	Standardised contract enabling a financial asset to be bought or sold in the future.
Due diligence	Detailed procedure involving the investigation, selection and monitoring of investments in a fund. It covers, among other aspects, assessment of the investment strategy being implemented, the team pursuing the strategy and the operational back-up for the fund.
Leverage	An effect stemming from financing investments via borrowing. The purpose behind using leverage is to boost potential returns on the fund's investments. On the other hand, leverage makes returns more volatile.
Fund of funds	Investment fund invested primarily in other mutual funds or hedge funds.
Closed-ended fund	Investment fund whose capital structure is fixed. No new units are issued once the initial subscription period has closed.
Open-ended fund	Investment fund with a variable capital structure in which units are constantly issued and redeemed.
Options	Contract between two parties entitling one of the parties to buy or sell an asset at a set price at a set time.
Short selling	Selling a security that is not held in a portfolio. In order to do this, the fund manager can borrow the security from a third party. The objective of short selling is to take advantage of any fall in the value of the security.
Standard deviation (volatility)	Frequency and extent of the swing in the price of a financial asset relative to its average. Volatility in the form of the standard deviation is the most frequently used measure of the risk of an investment.

PART II Fund regulations

I. Basics

§ 1 Name of fund, name and registered head office of mutual fund company and custodian bank

- Under the name of AMC ALTERNATIVE FUND, a fund of funds with special risk has been established under Swiss law in the form of an umbrella fund with special risk (hereinafter referred to as the 'fund'), in accordance with Articles 2 and 35, para. 6 of the Swiss Federal Law Governing Investment Funds of 18

March 1994 (IFL) as well as in conjunction with Article 7 of the investment fund ordinance of the Swiss Federal Council of 19 October 1994 (IFO).

- The fund is divided into the following sub-funds:
 - AMC Directional Alternative Fund (CHF)
 - AMC Defensive Alternative Fund (CHF)
 - BCV DIAPASON Commodity Fund (CHF)
 - BCV DIAPASON Commodity Fund (EUR)
 - BCV DIAPASON Commodity Fund (USD)
- The investment fund is managed by Gérifonds S.A., Lausanne, in its capacity as the mutual fund company for the fund (hereinafter referred to as 'the mutual fund company').
- The safekeeping of the sub-funds' assets is entrusted to Banque Cantonale Vaudoise (BCV), Lausanne, in its capacity as custodian bank.

II. Rights and obligations of parties to the contract

§ 2 Collective investment contract

The legal relationship between the investor, on the one hand, and the mutual fund company and the custodian bank, on the other, shall be governed by these fund regulations and the applicable legal provisions, in particular those concerning collective investment contracts as laid down in Art. 6ff IFL.

§ 3 Mutual fund company

- The mutual fund company shall manage the fund's sub-funds for the account and in the interests of the investors, independently and in its own name. It shall, in particular, make decisions relating to the issuance of units, investments and the proportion of liquid assets held. It shall calculate the net asset value as well as the issue price and redemption price of units, and shall also determine the annual distribution of income. The mutual fund company shall exercise and assert all the rights of the fund's sub-funds.
- The mutual fund company and its representatives act exclusively in the interests of the investors.
- The mutual fund company can delegate investment decisions as well as other specific investment-related tasks provided that it is in the interests of efficient management. The mutual fund company is liable for the actions of its representatives as if they were its own actions.
- The mutual fund company and the custodian bank may jointly apply to the supervisory authorities for amendments to be made to these fund regulations.
- The mutual fund company may wind up a sub-fund of the fund in accordance with §24 or create new sub-funds.
- The mutual fund company is entitled to receive the payments stipulated in §§18 and 19, to be released from liabilities assumed in the proper execution of the collective investment contract and to receive refunds for expenses defrayed in connection with its contractual obligations.

§ 4 Custodian bank

- The custodian bank acts as custodian of the sub-funds' assets.
- The custodian bank and its representatives act exclusively in the interests of the investors.
- The custodian bank may deposit sub-funds' assets with third parties in Switzerland or abroad. Should it do so, this will have not have the effect of discharging it from its liabilities.
- The custodian bank monitors the mutual fund company's compliance with the law and the fund regulations, notably with regard to investment decisions, the calculation of the value of units and the application of net income. The custodian bank is not responsible for the selection and choice of investments undertaken by the mutual fund company in compliance with the provisions governing investments nor for the safekeeping or checking of investments undertaken by the underlying funds under §8, for the calculation of the value of these units nor the distribution of their income.
- The custodian bank handles the issuance and redemption of sub-fund units as well as payments on behalf of the sub-funds.
- The custodian bank is entitled to receive the payments stipulated in §§18 and 19, to be released from liabilities assumed in the proper execution of the collective investment contract and to receive refunds for expenses defrayed in connection with its contractual obligations.

§ 5 Investors

- By remitting a payment to the fund, the investor acquires claims against the mutual fund company for a proportion of the assets and income of the sub-fund in which he has invested. The investor's claim is based on units in the sub-fund(s). Investors' rights and entitlement only extend to assets and income of the sub-fund in which he has invested. Liabilities contracted on behalf of a sub-fund are only covered by assets in that same sub-fund.
- The investor is only committed to paying in the value of the unit(s) to which he has subscribed in the sub-fund. The investor cannot be held personally liable for the fund's or sub-funds' liabilities.
- The investor may withdraw from the collective investment contract once a month in accordance with the information presented in the prospectus by requesting that his unit(s) in the investment fund be redeemed in cash. If certificates were issued, they must be returned.
- Investors may request that the mutual fund company supply them at any time with information regarding the basis on which the issue and redemption prices of sub-fund units in which he is invested are calculated. If the investor has a legitimate reason for requesting more detailed information on individual transactions in prior years, the mutual fund company must provide him with this relevant information at any time. In particular, investors are entitled to request information from either the mutual fund company or the fund manager about the underlying funds under the terms of §8 and their investment strategies.

§ 6 Units and categories of unit

- There is only one category of units for the AMC Directional Alternative Fund (CHF) and AMC Defensive Alternative Fund (CHF) sub-funds.

2. In the case of the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds, the following categories of unit exist:

Class A

Class A units are open for investment to those investors who do not fulfil the accessibility criteria for Classes B or C. The annual flat-rate overall ('all-in') fee to cover commission fees and administrative, management, distribution and the custodian bank's expenses is set at a maximum of 2.0%.

Class B

Class B units are open to investment for those investors who subscribe to and maintain at least CHF 5 m in the sub-fund. The annual flat-rate overall ('all-in') fee to cover commission fees and administrative, management, distribution and the custodian bank's expenses is 1.5% maximum.

Class C

Class C units are open to investment for those investors who subscribe to and maintain at least CHF 30 m in the sub-fund. The annual flat-rate overall ('all-in') fee to cover commission fees and administrative, management, distribution and the custodian bank's expenses is 1.0% maximum.

3. Investors who ask to be attributed, convert or keep their units in Classes B or C are required to provide all the necessary documentation and information to ensure that the relevant accessibility criteria are complied with. Reductions in the level of investment in the sub-fund resulting solely from swings in the market are not taken into account. The units of several institutional investors whose treasury funds are managed professionally and which are closely affiliated either legally or economically may be amalgamated to ensure that accessibility criteria for Classes B or C are met. Fund units owned by investors in a fund for which Gérifonds or a company affiliated to Gérifonds is the mutual fund company in Switzerland or abroad, and for which investment management or the role of investment advisers has been delegated to BCV, shall be aggregated under the terms of an asset management agreement or investment advisory mandate entrusted to BCV. The mutual fund company may convert units of one class to those of another if the relevant criteria for that class are not complied with. This conversion is conducted with no fee being levied on the unit-holder.
4. The mutual fund company is entitled at all times to create further categories of unit, or may abolish and merge existing categories. Creating new categories of unit requires an official amendment to the fund regulations.
5. In principle, units are not issued in the form of physical securities, but are book entries. There are no fractions of units. Investors may, however, ask for delivery of a bearer certificate at their own expense. They are not, however, entitled to demand that fractions of units be issued in the form of certificates.

III. Investment policy guidelines

A. Principles for investment

§ 7 Compliance with investment regulations

1. In selecting individual investments, the mutual fund company must adhere to the principle of risk diversification and comply with the percentage limits defined below. These restrictions relate to the total assets of each sub-fund estimated at market value, after deduction of any cash position, and must be complied with at all times. Any newly created sub-funds must comply with the investment restrictions within three months after the payment date of the initial issue. In the case of the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds, the three-month deadline is extended to six months.
2. If the limits are exceeded and/or not reached as a result of market-related changes or changes in the sub-fund's assets, the investments must be adjusted to the authorised level within a reasonable period, bearing the investors' interests in mind.

§ 8 Investment objectives and policies for the sub-funds

1. The investment objectives for the sub-funds are to achieve long-term growth and to control risks by a strict and disciplined due-diligence process of selecting, diversifying and monitoring underlying funds and their fund managers. No guarantee can be given that the investment objectives will be met.
2. Each sub-fund invests in investment funds (hereinafter referred to as 'underlying funds') of all types, established under Swiss or foreign law, open or closed-ended, which may or may not be traded on stock exchanges or other regulated markets that are open to the public, and these funds can take very different legal forms (collective investment contracts, collective investment funds, investment companies, limited partnerships, trusts, etc.).
3. The mutual fund company may invest in units of investment funds that are managed by itself or by a company closely affiliated to it. In the case of such investments, no commission fee or charge under the terms of §§18 and 19 may be levied against the sub-fund's assets. Moreover, the underlying fund may not levy an issuance or redemption fee.
4. The objective of AMC Directional Alternative Fund (CHF) is to achieve long-term growth and moderate volatility. It invests in underlying funds in accordance with directional and/or semi-directional investment strategies selected by BCV's Asset Management (AM) department, such as:
- Trend Following
 - Macro
 - Currency Trading
 - Short Selling
 - Volatility Trading
 - Long/Short Equity US, Europe, Asia or Global
 - Event Driven
 - Distressed Securities.

The sub-fund must invest in at least 4 different investment strategies.

5. The objective of AMC Defensive Alternative Fund (CHF) is to achieve long-term growth and low-volatility returns, with a low correlation to equity and bond markets. It invests in underlying funds in accordance with an array of

investment strategies selected by BCV's Asset Management (AM) department, such as:

- Convertible Bond Arbitrage
- Risk Arbitrage
- Fixed Income Arbitrage
- Equity Market Neutral
- Statistical Arbitrage
- Split-Strike Conversion
- Long/Short Equity US, Europe, Asia or Global
- Event Driven
- Distressed Securities.

The sub-fund must invest in at least 4 different investment strategies.

6. The objective of both the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds is to achieve long-term growth and controlled volatility, geared towards movements in the Rogers International Commodity Index® (RICISM) and the selection of underlying funds in the commodities and raw materials sector. These sub-funds invest up to a maximum of 30% of its assets in, at their discretion, the following four funds:

- Diapason Rogers Commodity Index Fund (which best replicates the RICISM);
- Diapason Rogers Commodity Index (Energy Segment) Fund (which best replicates the RICISM Energy sub-index);
- Diapason Rogers Commodity Index (Agriculture Segment) Fund (which best replicates the RICISM Agriculture sub-index);
- Diapason Rogers Commodity Index (Metals Segment) Fund (which best replicates the RICISM Metals sub-index).

Roughly 15% of these funds' assets are invested in futures contracts. These transactions are covered by the outstanding balance of the sub-funds' assets in the form of liquid assets (European or US Treasury notes). Costs associated with using the RICISM and its related sub-indices are included in these funds.

The BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds each invest up to a maximum of 70% of their assets in funds that are at least 95% invested in the commodities sector.

None of the underlying funds in which the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds are invested invests directly in commodities, but solely via financial derivatives.

The balance of the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds is invested, up to a maximum of 30%, in certificates on commodities/raw materials indices of one or more issuers (structured products that are traded on a stock exchange or another regulated market that is open to the public).

In the case of the BCV DIAPASON Commodity Fund (EUR) sub-fund, such certificates may also be issued on one or more commodities and be traded over the counter (OTC) or outside any other regulated market open to the public, in accordance with §12 of the fund regulations. These certificates comprise financial derivatives which, themselves, are listed on a stock exchange or another regulated market open to the public (futures). They thus incorporate a credit risk as regards the issuer.

The accounting currency for the BCV DIAPASON Commodity Fund (CHF) sub-fund is the Swiss franc (CHF).

The accounting currency for the BCV DIAPASON Commodity Fund (EUR) sub-fund is the euro (EUR).

The accounting currency for the BCV DIAPASON Commodity Fund (USD) sub-fund is the US dollar (USD).

§ 9 Cash/liquid assets

The mutual fund company may also hold liquid assets in an appropriate amount in each sub-fund's unit of account or in currencies in which the sub-funds are authorised to invest. Liquid assets are given to mean sight and time deposits at banks up to maturities of 12 months.

B. Investment techniques and instruments

§ 10 Securities lending

The mutual fund company does not lend securities.

§ 11 Repo and reverse repo transactions

The mutual fund company does not undertake repo and reverse repo transactions.

§ 12 Financial derivatives

1. The mutual fund company may use derivative financial instruments within the scope of the orderly management of sub-funds' assets as well as for the hedging of currency risks (forward currency contracts). It shall ensure that the use of derivatives does not, via its economic impact, including during exceptional market circumstances, result in any alteration to the investment features of the fund as specified in these regulations and the fund prospectus.
2. Investment restrictions shall also be complied with by taking due account of any derivatives being used (see §15 Risk diversification). Overall, recourse to derivative instruments must not leverage the sub-fund's assets nor be the equivalent to short-selling.
3. The mutual fund company may only undertake transactions in derivatives with banks or financial institutions specialised in such operations, which can be relied upon to ensure faultless execution of the transactions. If the other contracting party is not the custodian bank, the former must have been accorded the minimum credit rating as stipulated by the supervisory authorities.
4. The currency used for the derivatives contract shall be the same as for the underlying securities involved in the hedging operation. Transactions by way of a third currency (cross hedges) are authorised exceptionally in the form of futures or forward currency transactions, if the same purpose is served as in a direct hedge and provided that no additional costs are incurred overall compared with a direct hedge.

5. In the case of the **BCV DIAPASON Commodity Fund (EUR)** sub-fund, the mutual fund company may, moreover, make use of structured over-the-counter (OTC) products (certificates), in accordance with §8, point 6.

The mutual fund company may only undertake OTC transactions in derivatives with banks or financial institutions specialised in such operations, which can be relied upon to ensure faultless execution of the transactions. OTC derivatives must be valued reliably on a daily basis in a way that can be cross-checked. It must also be possible to realise, liquidate or wind up such derivatives at all times at fair value or be closed out with a counter-trade. If the other contracting party is not the custodian bank, the former counterparty must have been accorded the minimum credit rating as stipulated by the supervisory authorities. If no market price can be obtained for a traded OTC derivative, the price must be able to be cross-checked at all times via suitable valuation models and principles recognised as being good practice, on the basis of the fair value of underlying assets. Moreover, before the transaction has been completed, specific quotes must be sought from at least two potential and viable counterparties, and the most attractive offer from the standpoints of creditworthiness, risk diversification and the service offering provided by the counterparties must be taken. Conclusion of the transaction and the pricing must be documented.

§ 13 Taking up and extending loans

1. The mutual fund company may not grant loans from the investment fund's or sub-fund's account.
2. The mutual fund company may temporarily borrow sums equivalent to a maximum of 25% of a sub-fund's assets. It may only resort to this facility to meet demands for the redemption of units or for the purposes of bridge financing to cover the anticipated placement of issued units. The mutual fund company may not contract borrowings for any other investment purposes. In the case of the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds, it may only resort to this facility to meet demands for the redemption of units or for the purposes of financing (rollover credit, bridge financing) to cover the anticipated or additional investments or as part of a currency hedging operation. The mutual fund company may not contract borrowings for any other purposes.

§ 14 Encumbrance of the sub-funds' assets

1. The mutual fund company may encumber or pledge as security a sub-fund's assets only within the limits of prudent management. Neither the mutual fund company nor the custodian bank may, however, pledge or cede as collateral more than 40% of a sub-fund's assets. In the case of the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds, this limit is lifted to 100% in the case of borrowings under the terms of §13, point 2.
2. A sub-fund's assets may not be encumbered with guarantees.

C. Investment restrictions

§ 15 Risk diversification

1. The following should be covered by the provisions relating to risk diversification as stipulated in this section:
 - investments in accordance with §8;
 - cash and liquid assets not held on deposit with the custodian bank;
 - in the case of the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds: cash and liquid assets, including those held on deposit with the custodian bank;
 - financial derivatives;
 - credits in favour of contracting parties stemming from derivative transactions, subject to exceptions granted by the supervisory authorities.
2. The mutual fund company may not:
 - invest more than 30% of a sub-fund's assets in the same investment fund and in less than 5 different funds;
 - acquire more than 20% of units in a single investment fund;
 - invest more than 20% of a sub-fund's assets in closed-ended investment funds that are not traded on stock exchanges or another regulated market open to the public;
 - invest more than 30% of a sub-fund's assets in one or more investment funds managed by the same fund manager;
 - invest more than 50% of a sub-fund's assets in investment funds pursuing the same investment strategy; each investment strategy that accounts for more than 40% of a sub-fund's assets must be diversified in terms of its geographical, sectoral or market cap exposure; these restrictions do not apply to the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds;
 - invest directly in commodities contracts;
 - invest more than 40% of a sub-fund's assets in investment funds whose units cannot be redeemed at least once a month nor may it invest more than 30% of a sub-fund's assets in investment funds whose units cannot be redeemed at least once a quarter, with this particular restriction being included in the above-mentioned 40% limit;
 - in the case of the BCV DIAPASON Commodity Fund (CHF) and BCV DIAPASON Commodity Fund (USD) sub-funds, invest more than 45% of a sub-fund's assets in investment funds whose units cannot be redeemed at least once a week nor may it invest more than 10% of a sub-fund's assets in investment funds whose units cannot be redeemed at least once a month, with this particular restriction being included in the above-mentioned 45% limit;
 - buy units in a fund of funds or a real-estate/property fund;
 - undertake short selling;
 - make use of managed accounts or deposits;
 - make investments in precious metals, commodities, works of art, antiques, nor acquire units in investment funds that invest in such valuables or items apart from via financial derivatives.

3. The underlying funds in a sub-fund, as a whole, shall be pursuing at least 4 different investment strategies. The restrictions and ceilings cited above under point 2 apply to each sub-fund of the fund.
4. Underlying funds are subject to those investment restrictions as stipulated in their own prospectuses and/or fund regulations.
5. In the case of the BCV DIAPASON Commodity Fund (CHF) and BCV DIAPASON Commodity Fund (USD) sub-funds, the mutual fund company may invest up to a maximum of 20% of a sub-fund's total assets in bank credit balances at sight or on demand at a single bank. Companies that form a group on the basis of international standards relating to company reporting shall be regarded as a single borrower or issuer.

IV. Valuation of sub-funds' assets and units; calculation of issue and redemption prices of sub-fund units

§ 16 Valuation of the sub-funds' assets and units

1. The market value of each sub-fund's assets shall be computed in the relevant unit of account at the end of the financial year as well as for each day on which units are issued or redeemed.
2. In the case of investments listed or traded on a regulated market open to the public, the market value shall correspond to prices actually paid on the main relevant market. In all other cases for which no current price is available, the market value of an asset or a right shall correspond to the price that would probably be obtained in a diligent sale at the time of the appraisal. In order to determine the market value, the mutual fund company shall employ suitable valuation models and principles recognised as being good practice.
3. Units in underlying funds are valued at their last net asset value as published or notified to the mutual fund company by these funds for each valuation date. The value is confirmed by the custodian bank or the administrator of the underlying funds. If a net asset value is not available or is solely available on an estimated basis, the mutual fund company establishes the value as the probable price that could be obtained in a diligent sale at the time of valuation using 'fair value' valuation models and principles that are appropriate and customary. The value can be founded on data supplied by the custodian bank, administrator or fund manager of the underlying funds.
4. The net asset value for a sub-fund's unit is calculated on the basis of the market value of the sub-fund's assets less any liabilities incurred by the same sub-fund, divided by the number of units in circulation.

§ 17 Issue and redemption of units

1. Units in the sub-funds are issued or redeemed once a month according to the indications outlined in the prospectus [once a week in the case of the BCV DIAPASON Commodity Fund (CHF)/(EUR)/(USD) sub-funds. Units may only be sold on the basis of a contract in writing with the investor (subscription form)].
2. The issue and redemption prices for units in each sub-fund correspond to the net asset value per share unit as calculated in accordance with §16 of these fund regulations and rounded to 0.10 of each sub-fund's accounting currency.
3. When units are issued, a sales commission fee, payable to selling agents in accordance with §18 of these fund regulations, may be added to the issue price.
4. When units are redeemed, no commission fee is levied.
5. The mutual fund company may suspend the issue of units at all times.
6. The mutual fund company may temporarily and exceptionally suspend redemption of units in the interests of all investors under the following extraordinary circumstances:
 - a) if a market which forms the basis for the valuation of a significant proportion of a sub-fund's assets is closed or when trading on such a market is limited or suspended;
 - b) in the event of political, economic, military, monetary or other emergencies;
 - c) if, owing to exchange controls or restrictions on other asset transfers, the mutual fund company can no longer transact its business for sub-funds;
 - d) if massive requests for redemptions might materially damage investors' interests.
7. The mutual fund company shall immediately notify the auditor, the supervisory authorities and, in a suitable manner, investors of the decision to delay redemptions.
8. The issue of units shall be suspended for as long as the redemption of units is delayed under the terms of point 6, items a) to c) listed above.

V. Commissions, fees and expenses

§ 18 Commission fees

AMC Directional Alternative Fund (CHF) and AMC Defensive Alternative Fund (CHF)

The mutual fund company, the custodian bank and the selling agents are entitled to the following remuneration:

- a) Payments to the mutual fund company
 - For managing and administering the sub-funds, the mutual fund company shall charge for each sub-fund a quarterly commission fee amounting to a maximum 0.625% of the sub-fund's net asset value at the end of each quarter of the fund's accounting year; the rate effectively applied shall be indicated in the fund's annual and half-year reports.
- b) Payments to the custodian bank
 - For the safekeeping of the assets, the handling of payments and the performance of other tasks listed under §4, the custodian bank shall charge a quarterly commission fee amounting to a maximum 0.0375% of the sub-fund's net asset value at the end of each calendar quarter; the rate effectively applied shall be indicated in the fund's annual and half-year reports;

- For distributing annual income to investors, the custodian bank shall levy on each sub-fund a commission fee amounting to 0.5% of the gross sum distributed;
 - For the distribution of liquidation proceeds in the event of a sub-fund being wound up, the custodian bank shall charge a commission fee of 0.5% of the net asset value of the sub-fund units.
- c) Payments to selling agents
- When units are issued, a sales commission fee of a maximum of 5%, to be paid to selling agents, may be added to the issue price.
 - When units are redeemed, no commission fee is levied.
 - For any switching from one sub-fund to another within the fund, the investor will be charged half (50%) the normal sales commission fee paid to selling agents on new share units bought up to the value of the units redeemed.

The mutual fund company and custodian bank are entitled to be reimbursed for the following costs and expenses incurred during the course of executing the collective investment contract:

- annual fees levied by the supervisory authorities for investment funds in Switzerland;
- expenses incurred in the printing of annual and half-year reports;
- expenses incurred in publishing unit prices and providing information to investors in the fund's designated official publications;
- fees charged by the auditor for regular auditing of the fund;
- any costs stemming from any extraordinary measures in the interests of investors which may prove necessary.

In addition, the following costs may be charged against the sub-fund's assets:

- any fees incurred for translations into Switzerland's official languages;
- costs connected to the use of trade-marks for indices or benchmark for the AMC Directional Alternative (CHF) and AMC Defensive Alternative Fund (CHF) sub-funds.

BCV DIAPASON Commodity Fund (CHF)
BCV DIAPASON Commodity Fund (EUR) and
BCV DIAPASON Commodity Fund (USD)

The mutual fund company, the custodian bank and the selling agents are entitled to the following remuneration:

- a) Payments to the mutual fund company
- For managing, administering and distributing the fund and to cover the custodian bank's activities as stipulated in §4 as well as any other fees incurred according to §19, points 1 and 2, the mutual fund company shall charge, at the end of each month, an overall flat-rate commission fee calculated on the basis of the sub-fund's net asset value at the end of each month. The rates effectively applied shall be indicated in the fund's annual and half-year reports. The maximum annual commission fee shall be:
Class A: 2.0%
Class B: 1.5%
Class C: 1.0%
- b) Payments to the custodian bank
- For distributing annual income to investors, the custodian bank shall levy on each sub-fund a commission fee amounting to 0.5% of the gross sum distributed;
 - For the distribution of liquidation proceeds in the event of a sub-fund being wound up, the custodian bank shall charge a commission fee of 0.5% of the net asset value of the sub-fund units.
- c) Payments to selling agents
- When units are issued, a sales commission fee of a maximum of 5%, to be paid to selling agents, may be added to the issue price.
 - When units are redeemed, no commission fee is levied.
 - For any switching from one sub-fund to another within the fund, the investor will be charged half (50%) the normal sales commission fee paid to selling agents on new share units bought up to the value of the units redeemed.

§ 19 Expenses & charges

1. Payments may only be levied against the sub-fund for which a specific service or transaction is undertaken. Expenses that cannot be clearly levied on a particular sub-fund may be charged to the various sub-funds in proportion to their overall share of the fund's total assets.
2. Additional charges related to selling or buying investments (brokerage fees in accordance with market practice, commissions, duties, etc.) incurred by the sub-fund as a result of investing a sum paid into the fund or selling investments to meet redemptions shall be borne by that sub-fund. These expenses are charged directly against the acquisition cost or sale value of the relevant investments.

VI. Financial statements and auditing

§ 20 Financial statements

1. The accounting currency for each sub-fund is the Swiss franc (CHF).
The accounting currency for the fund BCV DIAPASON Commodity Fund (EUR) is the Euro (EUR).
The accounting currency for the fund BCV DIAPASON Commodity Fund (USD) is the US dollar (USD).
2. The accounting year for each sub-fund runs from 1 January to 31 December.
3. The mutual fund company shall publish an annual report for the fund within four months following the close of the accounting year.
4. The mutual fund company shall publish a half-year report for the fund within two months following the close of the first half of the financial year.
5. The investor's right to obtain information under §5, point 4, is reserved.

§ 21 Auditing

1. The auditors shall check each year that the mutual fund company and the custodian bank have complied with the provisions stipulated in the fund regulations, the Federal law governing investment funds (IFL), the investment fund ordinance (IFO) and the ordinance of the Swiss Federal Banking Commission on investment funds (Clause 66, para. 2, Cl. 67, para. 1, letter b, point 9 and letter e IFO-FBC). The auditors shall, in particular, assess the valuation methods applied for investments that are hard to value as well as developments as regards investment strategies. The annual report shall contain a short statement from the auditors about the published annual accounts.
2. The auditors shall undertake quarterly spot-checks without giving prior warning to the mutual fund company and the custodian bank during the first two accounting years for each sub-fund.

VII. Application of net income

§ 22

1. The net investment income of each sub-fund of the fund will be distributed annually in April to investors in the relevant sub-fund's unit of account provided that the net income per unit, plus any income carried forward, amounts to at least 0.30 of the relevant sub-fund's unit of account.
2. Up to 45% of the net investment income of each sub-fund may be carried forward to the following year.
3. Realised capital gains from the sale of assets and rights may be distributed by the mutual fund company or retained for reinvestment.

VIII. Publications and official notices relating to the fund

§ 23

1. Official notices regarding the fund shall be published in the *Swiss Commercial Gazette (Schweizerisches Handelsamtsblatt)* as well as in the *24 Heures* daily newspaper.
2. In particular, changes to fund regulations, in the mutual fund company and/or the custodian bank, as well as the merger and liquidation of a sub-fund in the fund, shall be published in the above publications.
3. The mutual fund company shall publish both the issue and redemption prices or the net asset value accompanied by the indication "Plus commission" at least once a month, at the latest 10 bank working days after the end of the month, in the following publications – *Le Temps*, *l'agefi*, *Neue Zürcher Zeitung*, *Finanz und Wirtschaft*, *CASH* – and on the *www.gerifonds.com* Website, and, at its discretion, in other newspapers or electronic information media.
4. The prospectus including the fund regulations, together with the annual or half-year report, may be obtained free of charge from the mutual fund company, the custodian bank and all selling agents.

IX. Winding-up sub-funds

§ 24 Life-time of the fund and reasons for winding up the fund by the mutual fund company and custodian bank

1. The fund has been established for an indefinite period.
2. Either the mutual fund company or the custodian bank may wind up a sub-fund by withdrawing from the collective investment contract subject to a period of notice of six months for the end of a half-year period. The mutual fund company shall announce the liquidation in the customary official publications.
3. Once the collective investment contract has been revoked, the mutual fund company may liquidate the wound-up sub-fund's assets forthwith. The custodian bank is responsible for payment of liquidation proceeds to the investors. If the liquidation proceedings are protracted, payment may be made in instalments. Prior to final payment, the mutual fund company must obtain the supervisory authorities' approval.

X. Amendments to regulations, changes in the mutual fund company or custodian bank

§ 25

If these regulations have to be amended or it is planned to change the mutual fund company or the custodian bank, investors may file any objections with the supervisory authorities within 30 days following the last publication of the relevant notice or may insist on being paid in cash for their units.

XI. Applicable law & jurisdiction

§ 26

1. The fund is subject to Swiss law, in particular the Swiss Federal Law Governing Investment Funds of 18 March 1994 (IFL).
2. The court of jurisdiction is the relevant court for the mutual fund company's registered office.
3. For the interpretation of these fund regulations, the French original version is legally binding.
4. These regulations cancel and replace the previous version dated as of 6 February 2006 and become effective on the date on which they were approved by the Swiss Federal Banking Commission.

Approved by the Federal Banking Commission on 15 June 2006.

Mutual fund company	Custodian bank
GÉRIFONDS S.A.	BANQUE CANTONALE VAUDOISE

AMC ALTERNATIVE FUND

Fund of funds with special risk incorporated under Swiss law

SUBSCRIPTION FORM/BUY ORDER

AMC ALTERNATIVE FUND, a fund of funds with special risk incorporated under Swiss law, is an umbrella fund in which the sub-funds are invested in underlying alternative funds that employ investment techniques where the risks involved cannot be compared with those associated with funds invested in traditional securities. The underlying funds are of all types, open- or closed-ended, which may or may not be traded on stock exchanges or other regulated markets that are open to the public, and these funds can take very different legal forms. Investors must be aware of the greater degree of risk associated with investing in such funds, especially as regards the possibility that a significant portion of their assets might be partly or even fully lost. In order to mitigate the risk of such losses being incurred, the mutual fund company undertakes a rigorous due-diligence procedure for choosing and monitoring underlying funds and fund managers as well as diversifying the investment strategies pursued. Over and above customary market and currency risks, investors' attention is drawn to the risks related to the investment management approach, the marketability of fund units, the liquidity of investments, the impact of redemptions, the pricing of fund units, service providers, shortcomings in transparency and legal risks. These risks are explained in detail in the prospectus. Acquisition of units in the fund is conditional on the subscription form being duly signed.

A. Details about the person or legal entity placing the order

1. Name (and first name for individuals)

2. Address

3. Country

B. Order

For the initial subscription to a sub-fund of the fund, a minimum of 5 units must be acquired.

Please buy (once the deadline of the initial subscription period has passed) at the price on the day

On my/our behalf and for an amount of

CHF _____, units and/or fractions of units in the **AMC Directional Alternative Fund (CHF)** sub-fund
Securities No.1.622.773

CHF _____, units and/or fractions of units in the **AMC Defensive Alternative Fund (CHF)** sub-fund
Securities No.1.622.795

CHF _____, units and/or fractions of units in the **BCV DIAPASON Commodity Fund (CHF) A** sub-fund
Securities No.2.463.440

CHF _____, units and/or fractions of units in the **BCV DIAPASON Commodity Fund (CHF) B** sub-fund
Securities No.2.463.696

CHF _____, units and/or fractions of units in the **BCV DIAPASON Commodity Fund (CHF) C** sub-fund
Securities No.2.463.718

USD _____, units and/or fractions of units in the **BCV DIAPASON Commodity Fund (USD) A** sub-fund
Securities No.2.463.471

USD _____, units and/or fractions of units in the **BCV DIAPASON Commodity Fund (USD) B** sub-fund
Securities No.2.463.727

USD _____, units and/or fractions of units in the **BCV DIAPASON Commodity Fund (USD) C** sub-fund
Securities No.2.463.742

EUR _____, units and/or fractions of units in the **BCV DIAPASON Commodity Fund (EUR) A** sub-fund
Securities No.2.607.339

EUR _____, units and/or fractions of units in the **BCV DIAPASON Commodity Fund (EUR) B** sub-fund
Securities No.2.607.351

EUR _____, units and/or fractions of units in the **BCV DIAPASON Commodity Fund (EUR) C** sub-fund
Securities No.2.607.356

C. Order execution

Please pass this order to:

Name and address of the bank:

D. Securities

to be placed in Account No. : _____

with payment debited from Account No. : _____

E. Statement

I/we declare that I/we have taken due note of the contents of the prospectus and the fund regulations, and hereby declare that we accept the major risks associated with this type of fund.

I/we declare that I/we have taken due note of the fact that units in the AMC ALTERNATIVE FUND may not be offered for sale, sold or delivered to the USA or to any person of US nationality or resident in the USA.

If instructions or requests are not followed up, especially as regards late payments, I/we pledge to reimburse any related costs (interest charges, etc.) immediately. This also applies to any or all subsequent subscriptions.

I/we authorise you to accept further subscription on my/our behalf or from my/our appointed representative by telephone or by mail without having to notify me/us again about the special risks associated with this fund.

I/we declare that we have notified the bank responsible for managing my/our account(s) and subscription deposits.

By virtue of my/our signature(s) below, I/we acknowledge the court of jurisdiction as being the relevant court for the head office of the mutual fund company and the fact that Swiss law is applicable.

Place and date

Signature

TO BE COMPLETED SOLELY BY THE BANK

to be sent or faxed to (with a copy of the money transfer order for the subscription amount):

BANQUE CANTONALE VAUDOISE
P.O. Box 300
CH-1001 Lausanne
Fax: +41 21 212 16 56

We instruct you to subscribe to units in the investment fund cited below:

AMC ALTERNATIVE FUND units

Subscription amount

CHF _____	AMC Directional Alternative Fund (CHF) Securities No.: 1.622.773
CHF _____	AMC Defensive Alternative Fund (CHF) Securities No.: 1.622.795
CHF _____	BCV DIAPASON Commodity Fund (CHF) A Securities No.: 2.463.440
CHF _____	BCV DIAPASON Commodity Fund (CHF) B Securities No.: 2.463.696
CHF _____	BCV DIAPASON Commodity Fund (CHF) C Securities No.: 2.463.718
USD _____	BCV DIAPASON Commodity Fund (USD) A Securities No.: 2.463.471
USD _____	BCV DIAPASON Commodity Fund (USD) B Securities No.: 2.463.727
USD _____	BCV DIAPASON Commodity Fund (USD) C Securities No.: 2.463.742
EUR _____	BCV DIAPASON Commodity Fund (EUR) A Securities No.: 2.607.339
EUR _____	BCV DIAPASON Commodity Fund (EUR) B Securities No.: 2.607.351
EUR _____	BCV DIAPASON Commodity Fund (EUR) C Securities No.: 2.607.356

We hereby undertake to pay you the subscription amount to the account(s) stipulated below at Banque Cantonale Vaudoise in Lausanne, at the latest 5 bank working days before the last day of the calendar month:

AMC Directional Alternative Fund (CHF)
Account No.: 5065.62.27

AMC Defensive Alternative Fund (CHF)
Account No.: 5065.62.38

We hereby undertake to pay you the subscription amount to the account(s) stipulated below at Banque Cantonale Vaudoise in Lausanne, at the latest on Monday before 11 o'clock or the last day of the calendar month:

BCV DIAPASON Commodity Fund (CHF) A
Account No.: 5119.96.09
BCV DIAPASON Commodity Fund (CHF) B
Account No.: 5119.96.09
BCV DIAPASON Commodity Fund (CHF) C
Account No.: 5119.96.09

BCV DIAPASON Commodity Fund (USD) A
Account No.: 5119.96.25
BCV DIAPASON Commodity Fund (USD) B
Account No.: 5119.96.25
BCV DIAPASON Commodity Fund (USD) C
Account No.: 5119.96.25

BCV DIAPASON Commodity Fund (EUR) A
Account No.: 5125.01.25
BCV DIAPASON Commodity Fund (EUR) B
Account No.: 5125.01.25
BCV DIAPASON Commodity Fund (EUR) C
Account No.: 5125.01.25

Name of the bank : _____

Address : _____

Details of contact person : _____

Authorised signature(s) for the bank : _____