

# Gottex Fund Management Holdings Limited

## Listing of up to 100,000,000 ordinary shares of nominal value of CHF 1 each

This offering and listing prospectus (the **Prospectus**) relates to (i) the listing of up to 100,000,000 ordinary shares of Gottex Fund Management Holdings Limited, a company with liability limited by shares incorporated under the laws of Guernsey (the **Company, Gottex or we**, and together with its subsidiaries collectively, the **Group**), with a nominal value of CHF 1 each (the **Issued Shares**) and (ii) the formal listing of a yet to be determined number of ordinary shares of the Company with a nominal value of CHF 1 each (the **Additional Shares**) that may be issued by the Company in connection with the conversion of a convertible loan granted to the Company by a lender as described below. For the purposes of this Prospectus, the Issued Shares and, if and when issued, the Additional Shares shall be referred to as the **New Shares**; and the New Shares and all other registered shares of the Company shall be referred to as the **Shares**),

At the Company's annual shareholders' meeting on 22 June 2016, the Company's shareholders will be asked to grant to the board of directors of the Company (the **Board**) the authority to issue the New Shares (the **Capital Increase**). The Board intends to use this authority and to issue the New Shares as follows:

(1) Existing shareholders will be given the opportunity to subscribe for Issued Shares pro-rata to their existing holdings of shares in the Company (the **Pool 1 Shares**), subject to restrictions under applicable securities laws and regulations (the **Pre-emption Offer**). Holders of existing Shares who are resident in a jurisdiction where the Pre-emption Offer is not unlawful pursuant to applicable securities laws and regulations will be invited to exercise their pre-emption rights (the **Rights**) presumably between 24 June and 4 July 12 noon (CET) (the **Rights Exercise Period**). Rights which have not been validly exercised during the Rights Exercise Period will expire and become null and void. The exercise of Rights is irrevocable and may not be cancelled, modified, rescinded or withdrawn. The Company has received commitments from investors (the **Investors**) who are willing to subscribe for Issued Shares in an aggregate amount of CHF 6,750,000. Pool 1 Shares for which the existing shareholders have not validly exercised their Rights during the Rights Exercise Period (the **Remaining Shares**) will be allocated to the Investors up to their commitments and, to the extent any Remaining Shares are not so allocated, to any third party investors who may commit to purchase Issued Shares, if any.

(2) A portion of the New Shares (the **Pool 2 Shares**) will not be offered pursuant to the Pre-emption Offer. The Pool 2 Shares will be used for the following purposes: (a) a number of Pool 2 Shares in an amount of CHF 4,701,582 (plus accrued interest) will be purchased by one of the Company's main shareholders, Rozel Trustees (Channel Islands) Limited, by way of setting off its existing loans granted to the Company against the aggregate Issue Price for such New Shares; and (b) a number of Pool 2 Shares in an amount equal to USD 800,000 will be allocated to two claimants, who had initiated arbitration proceedings against the Company, as part of the settlement agreed with them.

(3) One additional investor has, on the basis of a non-binding term sheet and subject to completion of due diligence, agreed to provide, in one or several instalments, a convertible loan in an aggregate amount of USD 6,000,000 to the Company (the **Convertible Loan**). The Additional Shares will, at the Company's discretion, be used to convert the Convertible Loan at its maturity date, which is expected to be 12 months after the date of entering into legally binding agreements setting out the terms of the Convertible Loan. The

Company intends to source the Additional Shares from Pool 2 Shares. Consequently, such number of Pool 2 Shares as is necessary to convert the Convertible Loan will be reserved to the lender of the Convertible Loan. The Additional Shares will be issued to the lender of the Convertible Loan at a discount which is expected to be 10% to market price of the shares at the date of conversion.

The price at which each of the Issued Shares will be issued (the **Issue Price**) will be equal to the 60-day volume weighted average price of the Shares on the SIX Swiss Exchange Ltd (**SIX**) for the period ending on 21 June 2016, subject to a 10% discount. The Issue Price and number of New Shares allocated as Pool 1 Shares and Pool 2 Shares will be published on the Company's website ([www.gottexholdings.com](http://www.gottexholdings.com)) and by press release on or around 22 June 2016. The Company expects to publish the final number of Issued Shares on the Company's website ([www.gottexholdings.com](http://www.gottexholdings.com)), by press release and in a supplement to this Prospectus on or around 6 July 2016. This Prospectus and the supplement will constitute the final listing prospectus.

The New Shares will rank *pari passu* in all respects with the existing ordinary shares with a nominal value of CHF 1 each of the Company.

Application has been made to, and approval has been given by, SIX to list the Issued Shares and to formally list the Additional Shares on the International Reporting Standard of the SIX (the **Listing**). The Listing will become effective, and trading of the Issued Shares on the International Reporting Standard of the SIX is expected to commence, on 6 July 2016 (the **First Trading Day**), under the symbol GFMN.

The Company has not and will not take any action to register the Shares, to permit a public offering of the Shares, to enable a public or private trading of the Shares or to permit the possession or distribution of this Prospectus or any other material in connection with the Capital Increase, in any country or jurisdiction where further action for these purposes is required. In particular, the Shares are not, and will not be, registered under the United States Securities Act of 1933, as amended, or with any securities regulators of any state or other jurisdiction in the United States.

Investing in the Shares involves risks. For a discussion of certain factors that should be considered in deciding whether to invest in the Shares, see "*Risk Factors*" beginning on page 5.

The distribution of this Prospectus may be restricted by law in certain jurisdictions. Persons in possession of this Prospectus are required to inform themselves of and observe such restrictions. The Company does not accept any responsibility for any violation by any person of any such restrictions.

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## 1. Risk Factors

Before purchasing any Shares, prospective shareholders should consider carefully the specific risk factors set out below, and the other information contained in this Prospectus. Any of the following risks, as well as other influences beyond our control, may adversely affect our financial condition and results of operations and may impact our ability to achieve our strategic objectives.

### 1.1 Risks Related to Our Business

**Although our financial statements have been prepared on a going concern basis, there are uncertainties about our ability to continue as a going concern and we cannot exclude that we must seek additional financing to fund our operations in order to continue as a going concern.**

We have incurred significant operating losses and negative cash flows from operating activities in the periods covered by the financial statements incorporated into this Prospectus by reference (see section 2.7 below). In order to attain profitability and positive cash flows, our business plan assumes growth in the areas of alternative risk premia solutions and independent risk services. To achieve this strategy, we depend, inter alia, on our clients buying our risk premia products and on these products performing well. It is uncertain whether we can achieve our strategy. This uncertainty casts doubt upon our ability to continue as a going concern.

Although we expect net proceeds from the Capital Increase which will cover our working capital and investment requirements in the near future, we cannot exclude that we will need to raise additional capital to fund our operations. To address our financing requirements, we may seek financing through debt and equity financings, asset sales and other sources of financing. The outcome of these efforts cannot be predicted at this time and depends, inter alia, on the successful implementation of our growth strategy in the areas of alternative risk premia solutions and independent risk services. Should we fail to obtain such financing, this could have a material adverse effect on our business, financial condition, results of operations, prospect, share price as well as our ability to continue as a going concern.

At the date of this Prospectus, the investor has not yet signed legally binding agreements regarding the Convertible Loan as it is still completing its due diligence on the Company. There is no guarantee that the lender will enter into a legally binding agreement with the Company. In the event that the lender does not enter into the Convertible Loan, the Company will urgently need to find alternative sources of funding in order to cover its working capital requirements. There is no guarantee that such alternative sources of funding will be found. Should we fail to obtain such sources in time, this could have a material adverse effect on our business, financial condition, results of operations, prospect, share price as well as our ability to continue as a going concern.

**There may be a decline in our fee-earning assets or we may fail to attract growth in our fee-earning assets**

Our revenue is predominantly derived from two branches of activities. Firstly, we derive revenue from management fees and performance fees based on the net asset value and the investment performance of each of the funds we put together (**Our Funds**). Secondly we receive revenue through management fees and performance fees based on the net asset value and the investment performance of accounts managed by us and other services offered by us, such as hedge fund investment solutions, alternative risk premia solutions and independent risk reporting services, comprising discretionary investment management, active management, and advisory services. A decline in the value of our fee-earning assets resulting in a reduction in fees received, for whatever reason, could have a material adverse effect on our business, growth prospects, revenue results of operations and financial condition. In addition, our ability to achieve growth in our profits substantially depends on an increase of our fee-earning assets. If we do not increase our fee-earning assets, our business growth may be materially impaired.

#### **The investment performance of Our Funds may be unsatisfactory**

If the investment performance of any of Our Funds is unsatisfactory, existing clients may decide to reduce or redeem or sell their investments or to transfer mandates to other investment managers. If the performance of Our Funds or managed accounts were to remain unsatisfactory for a prolonged period of time, we may be unable to win new business and to increase or maintain our fee-earning assets. As our revenues are largely based on the value of our fee-earning assets, poor investment performance on our part may lead to lower revenues and profits. Performance fees are typically not payable if we do not meet high water marks and, in certain circumstances, if certain pre-agreed targets are not met. In addition, poor investment performance may reduce the fees that our clients are willing to pay, also reducing our revenues. Consequently, poor performance by one of Our Funds would reduce the corresponding performance fee income which we would expect to receive. Such investment underperformance could have a material adverse effect on our business, growth prospects, revenues, results of operations and financial condition.

The success of the investment strategies which we select for Our Funds or of any underlying funds which we select for investment by Our Funds depends, in part, upon our ability and the ability of underlying fund managers to interpret market data and other information correctly, to conduct or obtain useful investment research, and to analyse and predict market conditions and developments. Failure to do so could result in a failure or a reduction in the effectiveness of our investment strategies. This could have a material adverse effect on the performance of Our Funds. It is not certain that investment objectives will be achieved or that our asset allocation policies will result in any investment returns to Our Funds and, ultimately, to us by way of fees. The return on investments of Our Funds may be adversely affected in the event of significant or sustained changes in market returns or interest rates or volatility or if certain market conditions persist over the longer term or in any of the other circumstances set out herein. This risk is increased for any leveraged share classes of Our Funds. Any failure to achieve the investment objectives of Our Funds could have a material adverse effect on our business, results of operations and financial condition.

The performance of Our Funds can depend on the performance of underlying products, which is dependent on the investment management decisions of the individual managers of the underlying funds in which we invest. The investment performance of Our Funds and managed accounts may be adversely affected by poor investment performance, the need to comply with investment management restrictions and liquidity requirements in a changing market, fraud or lack of due diligence on the individual underlying funds in which we invest.

**Implementing our strategy of growing our presence in the alternative risk premia solutions business and complementary product lines may lead to increased costs and lower profitability**

An important strategy contemplates increasing our fee-earning assets and revenues by growing our presence in the alternative risk premia solutions business and complementary product lines. Implementing this strategy will entail significant challenges and costs, including the overheads and logistical costs of further developing an investment, IT, risk management, and compliance infrastructure to accommodate this business. As our operations expand, we may become subject to regulations to which we are not currently subject or from which we are currently exempt, which may lead to higher compliance costs. Our expected growth may also lead to organisational and cultural challenges as we strive to integrate our newly acquired resources and to implement adequate controls and supervisory procedures.

Unless our expanded operations are able to generate sufficient additional fees, our results of operations will be adversely affected by higher costs.

**We rely significantly on data processing systems, and any failure of such systems or associated back-up facilities could have a material adverse effect on our business**

Our business is highly dependent on our communications and information systems (and those of our key service providers and of the underlying funds in which Our Funds invest) for implementing financial controls, monitoring investment performance, forecasting liquidity requirements and making important investment decisions. Any failure or interruption of such systems could have a material adverse effect on our business and our results of operations.

Risks arise in particular from mistakes made in the confirmation or settlement of transactions or from the improper recording or accounting of transactions. We rely heavily on our financial, accounting and other data processing systems and those of Our Funds' administrator and custodian and of the underlying funds in which we invest. If any of these do not function properly, we could suffer financial loss, business disruption, liability to clients, regulatory intervention or damage to our reputation. If our systems are unable to accommodate an increasing volume of transactions, our ability to expand could be affected. Although we have backup systems and a disaster recovery plan in place, we cannot be sure that these systems or the plan will not fail or will be adequate in the face of a disaster.

We are dependent on the effectiveness of our information security policies, procedures and capabilities to protect our computer and telecommunications systems and the data such sys-

tems contain or transmit. An external information security breach, such as a hacker attack, a virus or worm, or an internal problem with information protection, such as failure to control access to sensitive systems, could materially interrupt our business operations or cause disclosure or modification of sensitive or confidential information. Such a failure could result in material financial loss, regulatory actions, breach of client contracts, reputational harm or legal liability. This could have a material adverse effect on our business, results of operations and financial condition.

**Investors in Our Funds can redeem their investments in such funds and investment managers may terminate management agreements**

Investors in Our Funds may generally redeem their investments daily, weekly, monthly or quarterly with, depending on the product, daily, weekly, monthly, quarterly or semi-annual notice periods. Investors may reduce the aggregate amount of their investment in Our Funds, or transfer their investment to other funds with different fee rate arrangements, for any number of reasons, including investment performance, changes in prevailing interest rates, implementing changes in their portfolio weightings to other asset classes, and market performance. Since our management fees depend on the amount of investments in Our Funds, the redemption of investments will lead to a decrease in our fees.

The management agreements to which we are party are also generally terminable with short periods of notice. Certain advisory agreements to which we are party are also subject to annual approval; such approval may not be granted. Institutional and individual clients, and firms and agencies with which we have strategic alliances or joint ventures, may terminate their relationship with us for various reasons, including unsatisfactory investment performance, and market performance. Termination of these relationships could have a material adverse effect on our business, results of operations and financial condition.

**A significant proportion of the revenues of certain of Our Funds are generated from a limited number of investors**

At 31 December 2015, the top investor by fee-earning assets accounted for 14.8% of our total fee-earning assets. The top investor has provided notice that it intends to redeem approximately 27% of its investment with the Company by the end of June 2016 and further redemptions are possible in the future. The loss of all or a substantial portion of the business provided by our top investor will have an adverse effect on our business, results of operations and financial condition.

**Valuation of Our Funds and managed accounts may be affected by limited liquidity**

The notice period for redemptions in certain of Our Funds may be shorter than that of the underlying funds in which those funds are invested. Redemptions of investments in Our Funds could also take place more quickly than assets may be sold for the account of those funds and managed accounts to meet the value of such redemptions. Relatively illiquid assets may be difficult to realise or difficult to realise at their recorded value. Accordingly, depending on the

extent of redemptions from Our Funds, Our Funds might be forced to sell such assets at a loss in certain conditions. Some of Our Funds have entered into liquidity facilities with various financial institutions making funding available to bridge the gap between redemption of the investments in the underlying funds in which Our Funds invest and the redemption of investments in Our Funds. However, these facilities are short term in nature and limited to a percentage of the assets of the relevant fund. If our clients seek to redeem their investments in Our Funds and the assets or funds in which Our Funds are invested cannot be liquidated, or cannot be liquidated within the same time frame, our liquidity facilities may not be sufficient in amount or duration to cover the redemption prices, which could result in the relevant funds being in breach of applicable legal, regulatory and liquidity arrangements and other contractual requirements in relation to such redemptions. In addition, there can be no assurance that such liquidity facilities will be renewed by the relevant lenders or that suitable replacement facilities will be available. These limitations on the liquidity of Our Funds and managed accounts could have a material adverse effect on our business, results of operations and financial condition.

**Valuation methodologies for certain assets in Our Funds, underlying funds and assets subject to our advisory mandates can be subject to significant subjectivity**

When calculating the net asset values of Our Funds, underlying funds and assets subject to our advisory mandates, the relevant administrators or custodians may rely on a range of methodologies. Such methodologies are generally not verified in advance by any third party. The nature of some of the funds' investments is such that, despite the fact that we and our underlying fund managers have internal procedures for developing such methodologies, the methodologies may be subject to significant subjectivity and little verification or other due diligence and may not comply with generally accepted accounting practices or other valuation principles. Any allegation or finding that such methodologies are or have become, in whole or in part, incorrect or misleading could have a material adverse effect on the valuation of the relevant funds and accordingly on the management fees and any performance fees which we may receive.

**Loss of distribution channels, or failure to acquire new distribution channels, may damage our ability to retain clients and obtain new clients and may adversely affect our fee-earning assets**

We sell a significant portion of our services through third party distribution channels, partners and intermediaries and financial institutions. Existing distribution channels may no longer be able or willing to offer our services for a variety of reasons including, without limitation, conflicts of interests, poor performance on our part or a dispute between the distributor and us. Several of our distribution channels are intermediaries or financial institutions that may, in the future, develop their own products and customer offerings and, accordingly, may no longer be interested in distributing our products or using our services. Distribution channels could also use information and experience acquired while collaborating with us to replicate some of the services and products we offer. In addition, our strategy of growing our presence in the alternative risk premia solutions business and other complementary product lines will require additional distribution capabilities.

If we fail to maintain the relationship with our existing distribution channels or to find appropriate distribution channels to support our growth strategy, our fee-earning assets and our ability to implement our strategy will be adversely affected.

**Increasing competition from existing asset managers and new entrants in the alternative investment and alternative risk premia solutions markets may adversely affect our profitability**

We compete with the alternative investment and alternative risk premia solutions businesses of a number of large international financial institutions as well as with established local and regional competitors based in Europe, North America and Asia, including managers offering these and other investment products in which we are active.

Because the alternative investment and alternative risk premia solutions markets are growing and continue to offer positive margins, there has been, and we expect there will continue to be, a rapid influx of new managers offering the type of products and services that we offer.

Many of our competitors form part of larger financial services companies and attract business through their client relationships in the numerous other areas in which they operate. A number of our competitors have a stronger global brand, greater local recognition, longer history, wider geographic reach and greater resources than we have.

Increased competition in the alternative investments and alternative risk premia solutions industries generally and any competition for investors on the basis of price might lead to pressure on margins or make it difficult for us to maintain our current fee structure. As certain products and services we offer become more widely available in the market and are replicated by our competitors, part of our business may be increasingly perceived as a commodity service, which could result in a lower fee structure and pressure to provide larger rebates on fees to our clients.

To the extent we do not successfully compete in terms of continuing to develop and expand our client base, offer innovative products, provide good performance or customer service, and in pricing, our ability to grow or maintain our fee-earning assets will suffer and our results of operations will be adversely affected. In addition, the development of competition may lead to a decrease in fees across the industry for certain or all segments of our product offering and also with respect to Our Funds and advisory services.

**Investors could invest in alternative investment funds directly or through investments in index linked products instead of through fund of hedge fund products, which could have a material adverse effect on our business**

Our revenues are dependent on our fee earning assets. To the extent that investors are able to invest in alternative investment strategies directly or through products other than those offered by us, our ability to grow or maintain our fee earning assets may suffer and this could have a

material adverse effect on our business. In addition, such a development may lead to a reduction in fees across the industry for certain or all segments of our product offering.

**Failure to recruit or retain professionals and other staff could lead to a loss of clients, the inability to implement our expansion strategy and a decline in our revenues**

We rely on professionals to attract and retain clients and to manage and advise on client funds successfully. As a result, our ability to attract and retain qualified professionals is central to our ability to maintain and grow our fee-earning assets and revenues. In addition, because individual professionals often maintain personal relationships with our clients that are based on our clients' trust in the investment professional, the departure of key members of our staff could cause significant damage to client relationships.

Our policy has been to provide our professionals with compensation and benefits that we believe are attractive in the industry. However, the market for experienced professionals is competitive and, consequently, we may not be successful in our efforts to recruit and retain the required personnel.

In addition, high turnover of staff or failure to recruit and retain high quality staff could result in disruptions or inefficiencies and limit our ability to grow our fee-earning assets and implement our expansion strategy, either of which could adversely affect our business and our results of operations.

**Resignation or loss of any members of our senior management could adversely affect our profitability**

The members of our senior management are instrumental in managing our group. Their continued service is critical to our overall management as well as to our firm culture and strategy direction. We may not be able to retain all the members of our senior management. The loss of any of the members of our current senior management could adversely affect our ability to implement our strategies and may, as a result, adversely affect our ability to grow and implement our strategy. In addition, the loss of members of our management team with strong client relationships could cause the loss of clients and have a negative impact on our ability to maintain or increase our fee-earning assets and, as a result, could adversely affect our business.

**We devote significant time and resources to developing complex investment products that may not be successful**

Our investment professionals devote significant time and effort devising new products and solutions (including advisory services) that are aimed at meeting the varied needs of our existing and potential new clients. These new products, however, may not be successful. If we decide to abandon a product before launch for any reason, the time and effort that have been devoted to the developing of that product may be lost. In addition, if we launch a product that does not sell successfully, we may also incur losses arising from the marketing activities in connection with the launch, as well as suffer reputational damage. If we devote significant resources to develop-

ing a product that proves successful, competitors may seek to duplicate the structure and use their product to compete with us.

**Increased allocations to alternative investment strategies in general could diminish investment returns for alternative investment managers, which could have a material adverse effect on our business**

Increased allocations to specific alternative investment strategies may result in a decrease in the absolute risk-adjusted returns from those strategies. This may result in those of Our Funds that are invested in strategies for which there is increasing demand being unable to achieve their investment objectives and may also result in a decrease in Our Funds' performance and returns, which may have an adverse effect on our business. Increased competition for investee assets may result in less suitable assets being available for investment. If returns were to decline this might result in a reduction in our fee-earning assets and fee revenues.

**Lack of transparency regarding investments made by the underlying funds in which we invest and in their investment processes could lead to Our Funds being improperly diversified, more volatile and subject to increased risk of losses**

Whilst we conduct a structured due diligence process in relation to the underlying funds in which we invest, we are dependent on the managers of those funds for information and reporting and we may not have full transparency as to those managers' investment decisions. Our due diligence process may not uncover all relevant information about an underlying fund or may uncover relevant information too late to allow an investment in an underlying fund to be redeemed prior to loss in value.

**For certain of the hedge funds we invest in, we depend on third party investment managers to manage the underlying funds in which we invest, and their actions could have a material adverse effect on our business**

The success of the underlying funds depends to a large extent on the judgments and abilities of their investment managers. Since we are not in a position to monitor the activities of the investment managers of the underlying funds on a day-to-day basis, it is difficult, and often impossible, for us to protect Our Funds from the resulting risks, including in particular the risk of:

- investment manager fraud (either by an investment manager or its personnel);
- insolvency or bankruptcy of the investment managers or the underlying funds they manage;
- intentional or inadvertent deviation from stated investment strategies (including excessive concentration, unhedged investing outside of predefined ranges, excessive leverage and trading in new capital markets);
- intentional or inadvertent mispricing of the value of underlying funds;

- human or systems error; and
- poor judgment.

**Our Funds are dependent on the performance of third parties. Managers of underlying funds are generally also similarly reliant on outsourcing arrangements**

We rely on outsourcing arrangements for custodian, distribution, marketing, consulting, administration and other services for Our Funds. In relying on such third parties, we are exposed to the risk that those third parties fail to comply with their legal and contractual obligations as a result of insolvency or otherwise. We also rely on third parties having sufficient capacity and the technical ability to discharge their contractual obligations to us.

Managers of underlying funds are generally also similarly reliant on outsourcing arrangements. Any failure by a third party to comply with those legal or contractual obligations could result in financial losses, liability to clients, damage to our reputation, a decline in our revenues and redemptions from our fee-earning assets.

**We depend on third parties for the provision of leverage and liquidity facilities to Our Funds**

We have relied on third party financial institutions for the provision of liquidity and leverage facilities to Our Funds and we may rely on these arrangements in the future. In the event that the funds were to be in breach of the covenants in any such facilities, the lenders might terminate these facilities and may be entitled to enforce security over assets of the funds. There can be no assurance that such facilities will be renewed or will continue to be available on reasonable terms. This may result in Our Funds becoming less attractive and result in a decrease in fee-earning assets.

**Defaults by counterparties or market participants may adversely affect our operations and reputation**

Our business is exposed to the risk that third parties may default on their obligations to us and to Our Funds. If our counterparties, Our Funds' counterparties or market participants, such as our hedge providers, default on their obligations to us, Our Funds or the market, we could incur losses (unless there is any collateral posted in respect of those obligations which is sufficient to cover the shortfall). In addition, the performance of the assets we manage may be affected by such third party default risks. Serious liquidity problems caused by the default of one or more market participants may spread widely through the system, which is sometimes referred to as "systemic risk".

As a result of these different types of credit risk, we may suffer adverse consequences in the performance of the assets that we manage and in our own results of operations if the default relates to money owed to us or to a fund in which we have invested.

**Our risk management strategies and procedures may leave us exposed to unidentified or unanticipated risks**

We have developed, and continue to update, structured risk control processes and procedures specific to our business for managing risks, which include investment selection risk, portfolio construction risk, fund manager risk, market risk, liquidity risk, operational risk and reputational risk. Management of these risks can be very complex, given the highly complex nature of many of our products and other operations. Our structured risk control processes and procedures may fail under some circumstances, particularly if we are confronted with risks that we have underestimated or not identified.

There can be no assurance that despite these processes and procedures an operational error or series of errors will not be made which could result in losses to clients, redemption of fee-earning assets and a decline in revenues, defaults under our contractual obligations or breach of regulatory requirements, any of which may result in losses, redemptions of fee-earning assets, declines in revenues and reputational damage.

In addition, some of our methods for managing the risk related to our clients' investments are based upon observations of historical market behaviour. Statistical techniques are applied to these observations in order to quantify some of our risk exposures. These statistical methods may not accurately quantify our risk exposure if circumstances arise which were not observed in our historical data. In particular, as we enter new lines of business, our historical data may be unrepresentative.

If the measures used to assess and mitigate risk prove insufficient, that may lead to material unanticipated losses and may have a material adverse effect on the performance of our products, resulting in adverse effects on our operations and on our ability to retain and grow our fee-earning assets. If our operations experience a risk management failure, our business, results of operations and financial condition may be adversely affected.

**Our ability to maintain financial control and provide high quality service depends on the adequacy of our systems and controls and our ability to keep up with rapid technological, market and infrastructure changes**

While we believe we have appropriate financial and management controls in place, some of our systems and processes will require further development in order to address appropriately our changing fee-earning assets and transactional requirements, market changes and legal and regulatory changes. Any disruption in the development of these systems or processes, or issues that emerge in relation to their implementation, may result in additional costs and may negatively impact our ability to execute our strategy and to analyse in a timely and efficient manner our financial and other business information, and may ultimately have a material adverse effect on our business, growth prospects, revenues, results of operations and financial condition.

We also continue to develop our systems and infrastructure in response to expected growth and increased sophistication in the investment management market, as well as legal and regulatory changes. However, the business area in which we operate is characterised by rapid changes in technology, infrastructure, law and regulation, and client requirements, frequent product and service developments employing new technologies and the emergence of new industry standards and practices that could render our existing technology and systems obsolete. There is no certainty that we will be able to anticipate and respond to the demand for new services, products, technologies, infrastructure and/or to changes in law and regulation in a timely and cost-effective manner, to adapt to technological advancements and changing standards or to retain our existing clients and attract new clients. Our failure in respect of any of these requirements could have a material adverse effect on our business, results of operations and financial condition.

**We are exposed to the risk of losses as a result of employee fraud, misconduct or improper practice**

Fraud, misconduct or improper practice by any of our employees, or of the underlying funds in which we invest, could expose us to the risk of direct and indirect financial loss and damage to our reputation. Such fraud, misconduct or improper practice can be particularly detrimental in the provision of financial services and could involve, among others, fraudulent transactions entered into for a client's account, diversion of funds, the intentional or inadvertent release of confidential information or the failure to follow internal procedures. For example, in December 2015, in the course of tightening our financial controls, we detected an isolated instance of improper business conduct that involved the misappropriation of corporate assets by a former employee. The incident occurred in one of our U.S. subsidiaries between 2011 and 2015 and the sum involved was approximately USD 3.4 million. Although in this particular incident no client assets were involved, we cannot exclude that such actions by employees could expose us to financial losses resulting from the need to reimburse customers or other business partners or as a result of fines or other regulatory sanctions, and may damage our reputation.

Our insurance may not necessarily cover claims that customers or others may bring against us or may not be adequate to protect us from all losses and against all liability that may be imposed.

**We are exposed to reputational risks related to our operations and to our industry and to the risk that litigation, misconduct, operational failures, negative publicity and press speculation will expose us to financial losses**

Asset and investment managers and advisors depend on the trust and confidence of their clients to succeed in their business. We are exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not valid, will harm our reputation and expose us to financial losses resulting from the need to reimburse customers or other business partners or as a result of fines or other regulatory sanctions or rulings of courts or arbitral tribunals. Such negative publicity and negative financial consequences could be based, for example, on allegations that we do not fully comply with applicable laws and regulations or

agreements to which an entity of the Group is a party or news that a regulator is conducting an investigation into, or involving, our affairs. Our reputation could also be adversely affected if investments or financial products we recommend do not perform as expected.

In addition, our reputation may be adversely affected by the conduct of third parties over whom we have no control, including clients, Our Funds' administrators or custodians, or managers of the underlying funds in which Our Funds invest. Moreover, if one of our investments becomes associated with financial scandals or widely publicised improper behaviour, our own reputation may be affected.

We are also exposed to adverse publicity relating to the industry as a whole. Financial scandals unrelated to us or questionable ethical conduct by a competitor may taint the reputation of the industry as a whole and affect the perception of investors, public opinion and the attitude of regulators.

Any damage to our reputation, or to the reputation of the industry, could cause existing clients to withdraw their business and lead potential clients to be reluctant to do business with us. Furthermore, negative publicity may result in greater regulatory scrutiny of our operations and of the industry generally. Any of these negative effects could adversely affect our business, results of operations and financial condition.

## 1.2 Risks Related to the Markets

**Underperformance of underlying fund returns compared to past performance and to the bond and equity markets generally may lead to a significant outflow of investments from the market, decrease our fee-earning assets and lead to pressure on fees**

A decline in underlying fund returns can be the result of a variety of factors, including the levels of volatility in the markets, the increasing number of active hedge fund managers and the higher amount of funds allocated to any asset class. It may continue to be difficult for hedge fund managers to achieve returns comparable to those achieved in the past because, among other reasons, the investment and trading strategies that proved successful in the past are now replicated across the hedge fund industry and certain market inefficiencies which provide opportunities for gain are corrected over time, including as a result of the hedge funds' trades. In pursuit of higher returns, underlying fund managers may pursue different strategies or investment opportunities with which they are less familiar, and these strategies or investments may prove unsuccessful and may limit the availability of underlying funds with investment strategies in which Our Funds are interested in investing.

Investor dissatisfaction with returns in the hedge fund industry or the broader alternative funds industry for a sufficiently long period of time may result in negative cash flows from the hedge fund market and other alternative fund markets. In addition, lower returns would put pressure on the fees our clients are willing to pay us as fund of hedge fund and alternative fund managers as well as the fees we are able to negotiate with managers of the underlying funds in which

we invest. These developments could have an adverse impact on our fee-earning assets and on our results of operations.

**Adverse economic or political conditions could cause underlying funds to decline in value, which could lead to a decline in fee-earning assets and revenues**

There could be certain market conditions in which underlying funds and investments may not be profitable. All investments in securities and other financial instruments involve substantial risk of volatility (potentially resulting in rapid changes in market prices and significant losses) arising from any number of general economic conditions that are beyond our control and the control of investment managers of the underlying funds, including:

- changing market sentiment;
- changes in inflation, exchange or interest rates;
- changes in industrial conditions, competition and technology;
- changing economic or political conditions or events; and
- changes in tax laws and regulation.

Such volatility may cause the underlying funds to be unprofitable and decline in value, or cause our products to be less attractive, which could lead to a decline in our fee-earning assets and revenues. These economic conditions may have differential impact on our different funds and on the different share classes of Our Funds depending on their leverage.

**Fluctuations in markets could result in a reduction in the value of the assets we manage**

Fluctuations in markets could result in a reduction in the value of the assets we manage. Such reductions in value of assets or volatility may, if they occur, have a material adverse effect on our business, results of operations and financial condition.

**The fee-earning assets in Our Funds are subject to currency-related risks that could adversely affect fee-earning assets growth and revenues**

We are exposed to foreign currency fluctuations. Our fee-earning assets may be denominated in many different currencies, although we measure our fee-earning assets for fee purposes in U.S. dollars. Accordingly, our fee-earning assets growth and fee revenues would suffer if the currencies in which our fee-earning assets are denominated weaken relative to the U.S. dollar. Our business may be subject to the effect of exchange rate fluctuations with respect to any fee-earning assets measurements, which could affect our fee revenue.

### 1.3 Risks Relating to Accounting, Fiscal, Regulatory and Legal Matters

**We are subject to the risk that tax, accounting and regulatory changes will make the markets in which we operate, or the products that we offer, less attractive to clients and negatively impact our results**

We are exposed to the risk that one or more jurisdictions in which we operate, or into which we expand our business, may become a less attractive location for our clients to hold their assets. In particular, regulatory, accounting or tax changes in either the jurisdiction where the assets are held or in the jurisdiction where the assets are domiciled might cause clients to shift their assets away from, or toward, particular jurisdictions. We are particularly sensitive to regulatory changes in the United States, Europe and Asia. In addition, several of our product offerings are targeted to meet the varied requirements of our clients. Changes in tax, accounting or regulatory regimes, however, may change the requirements of our clients and make our product offerings less attractive.

We cannot predict the impact of future changes made to accounting principles or tax laws or interpretations thereof on our business nor can we predict the impact of future changes made to accounting principles or tax laws or interpretations thereof on the attractiveness of our products. Amendments to existing tax laws (particularly if there is a withdrawal of any available tax relief or an increase in tax rates) or the introduction of new rules may affect the decisions of either existing or potential clients. Changes from time to time in the interpretation of existing tax laws, amendments to existing tax rates or the introduction of new tax legislation could have a material adverse effect on our business, results of operations and financial condition.

IFRS as well as the interpretations thereof are likely to continue to change. We cannot predict the impact of future changes in tax legislation or accounting requirements on our business, results of operations and financial condition.

#### **Our tax position might change as a result of a change in tax laws**

Since we operate our business in a number of jurisdictions around the world, we are subject to many different tax laws. Tax laws (and the interpretations of, and the practice relating to, tax laws by taxing authorities) are subject to frequent change, sometimes retroactively. There can be no assurance that any such changes in the tax laws applicable to us will not adversely affect our tax position.

**The asset management industry is increasingly subject to regulation in the United States, Europe and Asia and other markets in which we operate. Regulation of the industry is increasing and likely to continue to increase, and compliance with laws or regulations and changes in the current laws or regulations governing our business could force us to introduce changes in our structure, products and operations, and will likely increase our compliance costs. Governmental enforcement actions or investigations in our industry could have the same effect and also lead to sanctions**

The nature of our business constitutes in providing management services to a range of funds and managed accounts, structuring innovative complementary investment products and providing related investment advisory services. Our focus is on the institutional investor and wholesale market rather than on the retail market. In addition to a number of our products and our financial services in the United Kingdom, the United States, Japan and the European Union, our business is subject to financial services or fund regulation in Switzerland and may become subject to financial services or fund regulation in the other jurisdictions in which we are based or operate. Such regulation may change or become stricter over time, in particular with respect to the European Union.

The competent authorities may question our business activities or the structure of the Company and its subsidiaries, may claim that our business is not compliant with applicable regulation or the interpretation thereof, and may ask us to take remedial steps or otherwise to take all action required to become compliant. Competent authorities in the jurisdictions in which we do business could also determine that our activities could cause one or more of the regulatory exemptions upon which we rely no longer to be available to us.

Regulation of the industry in which we operate is increasing and likely to continue to increase, and changes in the laws or regulations governing our business, the adoption of new laws or regulations or changes in the interpretation of current or future laws or regulations could force us to introduce changes in our products and operations. A more stringent regulatory regime may also result in substantially higher compliance costs that would affect our profitability. Governmental enforcement actions or investigations in our industry could have the same effect and we and our directors and officers may be exposed to regulatory sanctions (including fines). Tougher regulations may lead to a potential change in the structure of the Group and could effectively preclude us from offering certain products or operating in certain jurisdictions. To the extent that existing regulations are amended or future regulations are adopted that impose restrictions on our business (such as, for example, minimum standard conditions for our products) or the structure of the Group, or negatively affect the investment performance of the products we offer, our fee-earning assets and our revenues could be adversely affected.

If we fail to comply with existing or future regulatory requirements, enforcement measures may be taken against us. Our compliance efforts are designed to ensure that we comply with applicable laws and regulations on the provision of financial services and the distribution of products in all jurisdictions in which we operate. Nevertheless, we cannot completely exclude the risk that we will be held to be in violation of relevant laws or regulations. There is a risk that severe or repeated violations of the regulatory requirements in any jurisdiction could result in the suspension or expulsion of our business or key personnel from a particular jurisdiction or market, the imposition of fines and censures on our employees or us and the imposition of additional regulation and harm to our reputation.

In addition, we rely on our distribution partners to a significant degree for compliance with the regulations applicable to, among other things, the distribution of our products. If the compliance procedures of these partners are insufficient or otherwise inadequate, we may be subject to

adverse legal and regulatory consequences that could adversely affect our financial position and results of operations and harm our reputation.

**We are subject to anti-money laundering and other regulations and exposed to the risks arising from any non-compliance with these regulations and to the risk that more stringent rules will impose high costs and restrictions on our business**

Monitoring compliance with ever more stringent anti-money laundering rules places a significant financial burden on us and poses technical problems. We believe that our current anti-money laundering policies and procedures are sufficient to ensure compliance with the applicable laws in the jurisdictions in which we operate. We cannot, however, guarantee that our anti-money laundering standards are being consistently applied by all of our employees in all circumstances. Any violation of anti-money laundering rules or even the suggestion of such violations may have severe legal and reputational consequences for us and may adversely affect our business, results of operations and financial condition.

**We operate in a highly regulated environment and are exposed to the risks arising from any non-compliance**

We operate in a complex and highly regulated environment and significantly rely on regulatory safe harbour provisions. While we have implemented risk management and operational procedures that we believe are robust, there cannot be any assurance that we will succeed in complying with all applicable laws and regulations, including those of any stock exchange on which Our Funds are listed or of any regulator in a jurisdiction in which our companies are domiciled or Our Funds are offered. In the event that we fail to comply with such laws and regulations, we are exposed to the risk of resulting legal, regulatory and reputational consequences on our business, results of operations, reputation and financial condition.

**We are exposed to significant legal risks that may arise in the conduct of our business and the outcome of related legal claims may be difficult to predict**

Although we are not currently a party to any litigation relating to investments, it is possible that we and our officers and directors may face legal claims with respect to past investments made for investment funds that we manage. Any such claims could lead to the expenditure by us of legal fees in defending against any such claims and potentially the payment of settlement amounts and/or monetary judgments.

The extent and complexity of the legal and regulatory environment in which we operate and the products and services we offer mean that we face significant legal risks. Any such proceedings brought in the future could have a material adverse effect on our business, results of operations and financial condition. We could also potentially face liability for claims of negligence and violation of securities laws. Both the volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services providers are increasing. These risks could potentially involve disputes over the terms of transactions in which we act as principal, intermediary or otherwise.

The obligations arising from our products' contractual provisions are highly complex and require a significant ongoing compliance effort. Failure to comply may give rise to contractual disputes. Companies in our industry are increasingly exposed to claims (with or without merit) for recommending investments that are not consistent with a client's investment objectives or engaging in unauthorised or excessive trading. During a prolonged capital markets downturn, these claims could increase.

In addition, many of our products' structures are intended to ensure a favourable tax treatment for our clients. While we have structured those products based on professional advice, certain of these structures have already been subject to investigation by the competent tax authorities. Although we believe that those structures will withstand scrutiny by the relevant tax authorities, an adverse decision by a court or tax authority with respect to one or more of our products' tax structures may lead to litigation against us from clients and other parties, which may lead to reputational and financial losses.

Although our activities are conducted through an appropriately structured group of limited liability subsidiaries, it is possible that an adverse court ruling may ignore our corporate structures and impute liability to a parent company. Such a ruling would increase our potential liability for damages. Where we act as a general partner of a partnership, we could be liable for debts and obligations of the limited partnership if it becomes insolvent. Although we establish new management vehicles from time to time to serve as general partners to mitigate this risk, we cannot fully protect ourselves from potential claims that may arise in the bankruptcy of a limited partnership.

As with other investment firms, Gottex' investments were exposed to fraudulent investment schemes, such as the fraud schemes known as Madoff or Petters. We cannot exclude that third parties will bring claims against Gottex and that Gottex will be held liable in connection with investments in such fraudulent schemes. For example, in 2012, a former client, who had suffered losses after investing in fraudulent investment schemes, approached Gottex alleging inadequate due diligence activities when advising this party on investment opportunities between 2007 and 2009. In 2016, the same party approached Gottex with certain disclosure requests. Although no court proceedings have so far been initiated, we cannot exclude that this party or other parties will bring claims against Gottex in connection with fraudulent investment schemes.

We are also exposed to potential claims from our employees arising under employment law and related legal areas of the various jurisdictions in which we operate, including, for example, claims for unfair dismissal, or claims of our business partners under the business arrangements we have with them. For example, in December 2015, an arbitrator in Switzerland issued a ruling in favour of two former third-party marketers who had filed an arbitration claim in 2007 relating to the calculation of commission payments due to the third party marketers. The arbitration award amounted to USD 3.3 million plus costs and interest (in 2016, the Company and the third-party marketers entered into a settlement agreement which concluded the arbitration proceedings, see section 2.3.6 below). There is no assurance that additional claims such as this one and others arising under employment and related laws may not be brought in the future.

Our insurance may not necessarily cover claims that clients or others may bring against us or may not be adequate to protect us against all liability that may be imposed.

**The cost of compliance with international employment, labour, benefits and tax regulations may adversely increase our costs, affect our revenue and impede our ability to expand internationally**

Since we operate our business internationally, we are, in each country in which we operate, subject to many different employment, labour and benefit laws, including laws and regulations affecting employment practices. If we are required to comply with new regulations or new or different interpretations of existing regulations, or if we are unable to comply with these regulations or interpretations, our business could be adversely affected, or the cost of compliance may make it difficult to expand into new international markets, or we may be liable for additional costs, such as social security or social insurance, which may be substantial.

In addition, we have legal entities and operating presence in different jurisdictions, each of which has different tax regimes. We are exposed to contingent liabilities relating to various different taxes. It is possible that the tax authorities in any jurisdiction may make assessments contrary to the tax position we have taken. Agreement with the tax authorities in such a situation would then be subject to negotiation based on the facts, circumstances and applicable tax law, as a result of which we may agree to renounce some contingent tax assets and/or pay additional taxes. The possible assessment of the various tax authorities is largely uncertain and it is not possible to quantify the likely outcome of any subsequent negotiations or the timing of any related settlements.

## **1.4 Risks Related to Our Shareholding and Corporate Structure**

**Public shareholders, in general, will not be able to affect the outcome of any shareholder vote**

Upon completion of the Capital Increase, a large percentage of the shares in the Company will be held by a small number of large shareholders. Effectively, these shareholders together will have the voting majority at the Company's shareholders' meetings and, therefore, will be able to direct the election of the Board and to determine the outcome of other important matters submitted to the vote of the shareholders, including the ability to control certain corporate actions such as the payment of dividends, mergers and other extraordinary transactions, as well as the amendment of the Company's memorandum of incorporation (the **Memorandum**) and articles of incorporation (the **Articles**) or alteration of our capital structure, including authorising the issue of new shares or the buy-back of existing shares. Those shareholders will also have the power to prevent or cause a change in control, and (subject to lawful corporate governance protections) could take other actions that might not be favourable to all shareholders. The substantial ownership of Shares by the largest shareholders will also generally enable them to block the adoption of shareholder resolutions they do not favour.

### **Rights of shareholders in the Company may differ from rights of shareholders in a corporation organised in Switzerland or other jurisdictions**

The Company is a limited liability company incorporated under the laws of Guernsey. The rights of the Company's shareholders are governed by the Memorandum and the Articles, which seek to replicate some of the provisions of Swiss corporate law and best practice on corporate governance in Switzerland, and by Guernsey law. These rights may differ in some respects from the rights of shareholders in corporations organised in jurisdictions other than Guernsey or from the rights of shareholders in other companies incorporated in Guernsey. In addition, it may be difficult for shareholders to enforce the securities laws of other jurisdictions, or to prevail in a claim against the Company based on those laws.

## **1.5 Risks Related to the Listing of the New Shares**

### **Market conditions may cause the market price of the Shares to fluctuate substantially**

The market price of the Shares may experience high volatility. The value of the Shares may go down as well as up and investments may realise less than the original sum invested. The price that shareholders may realise for their holding of Shares, when they are able to do so, may be influenced by a large number of factors which are generally associated with exposure to the financial markets and some which are specific to the Company. These include changes in economic and political conditions, concerns about terrorism and war, other developments affecting us or our competitors and our interim and year-end operating results.

### **Adverse events or regulations could depress the price of the Shares**

Any negative developments affecting our reputation or business relationships could cause existing clients to withdraw their business from us, and potential clients to be reluctant to do business with us. In addition, as a manager of alternative and multi-asset investments, we could be subjected to greater regulatory scrutiny. Damage to our reputation or increased regulation could adversely affect our business, results of operations and financial condition, lowering profitability and depressing the price of the Shares.

### **Future sales or distributions of the Shares by shareholders could depress the market price of the Shares**

Our principal shareholders may sell all or part of the Shares they own. The directors, the managers and other employees may acquire further shares through incentive plans and exercise of options, and they may sell all or part of the shares so acquired. Sales by our principal shareholders of substantial amounts of the Shares in the public market could adversely affect prevailing market prices for the Shares, and we are unable to predict when and if substantial numbers of Shares will be sold. Any such sales, or the perception that they may occur, may be interpreted by the market as a negative signal with respect to such shareholders' beliefs in the future prospects of our business. That interpretation, whether accurate or not, may adversely affect the market price of the Shares.

### **Our ability to pay dividends to our shareholders is uncertain**

The Company may decide not to, or be unable to, pay any dividends. Under Guernsey law, the Company will only be able to make a distribution to its shareholders if it follows a specific statutory process which includes a requirement that it satisfies a statutory solvency test (which has balance sheet and cash flow requirements, both of which must be satisfied) and complies with the provisions in the Articles. Even if there are sufficient funds available, we may not pay a dividend for a variety of reasons. Payment of future dividends will depend on our earnings, strategy, future outlook, financial condition and other factors, including regulatory and liquidity requirements, as well as tax and other legal considerations.

### **Certain shareholders may not be able to exercise pre-emption rights**

If our issued share capital is increased, holders of the Shares are generally entitled to certain pre-emption rights, unless our shareholders or the Board restrict or eliminate these rights for valid business reasons in the best interests of the Company. However, the Articles allow for certain share issuances without pre-emption rights.

U.S. shareholders or shareholders resident or based in other jurisdictions where restrictions exist may not be able to exercise pre-emption rights unless a registration statement under the United States Securities Act of 1933, as amended, or a similar statement under the laws of the relevant jurisdiction is declared effective with respect to the shares issuable for exercise of such rights or an exemption from the registration requirements is available. No assurance can be given that any registration statement would be filed or that any exemption from registration would be available to enable the exercise of such shareholders' pre-emption rights.

### **We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial and other obligations**

We are a holding company and have no significant assets other than the equity interests in our subsidiaries. Our subsidiaries own all the rights to our revenue streams. As a result, our ability to pay dividends depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of a subsidiary to make these distributions could be affected by a claim or other action by a third party, including a creditor, or by laws which regulate the payment of dividends by companies. If we are unable to obtain funds from our subsidiaries, we will not be able to pay dividends unless we obtain funds from other sources, which we may not be able to do.

## **2. Information about the Issuer**

### **2.1 General Information**

#### **2.1.1 Name, Registered Office, Location**

The issuer's name is Gottex Fund Management Holdings Limited.

The registered and head office of the Company is at Redwood House, St. Julian's Avenue, St. Peter Port, Guernsey.

### **2.1.2 Incorporation, Duration**

The Company was incorporated on 15 August 2007.

The duration of the Company is unlimited.

### **2.1.3 System of Law, Legal Form**

The Company was incorporated under the laws of Guernsey and is a limited liability company for the purposes of the Companies (Guernsey) Law, 2008, as amended.

### **2.1.4 Purpose**

The Company's principal activity is to be the ultimate parent company of the Group.

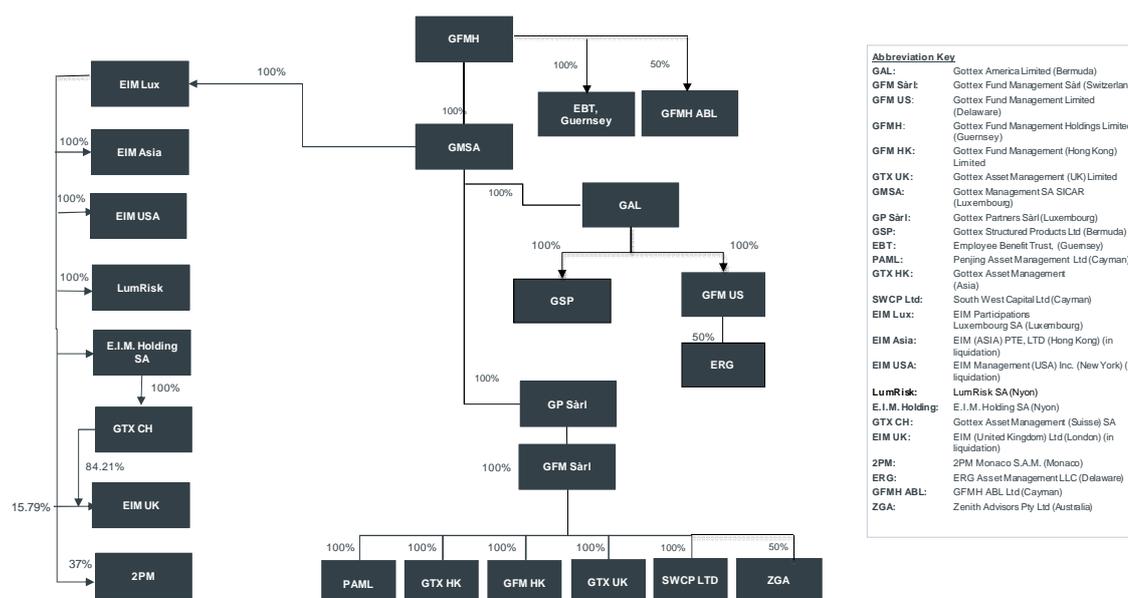
The Group's activities include (a) to acquire, hold and manage participations in corporate entities, including in fund management companies and in investment companies; (b) to carry on business as a general commercial company; (c) to carry on business as an investment company, including the provision of investment services and investment advice; (d) to own assets comprising any property whether real or personal, immovable or movable, corporeal or incorporeal, and including money, securities, things in action, intellectual property and other intangible objects; (e) to borrow or raise money in any currency and in any manner and to secure or discharge any debt or obligation of the Company in any way as the Board from time to time may think fit including, but without limitation, by assigning, mortgaging or charging the undertaking and all or any of the property and assets of the Company, present and future; (f) to guarantee in any manner, or to enter into any indemnity or other arrangement in relation to the discharge, observance or performance of, any liabilities of any person, including any subsidiary or other affiliate of the Company, and to secure any such guarantee, indemnity or arrangement or the discharge, observance and performance of any liabilities of any person, including any subsidiary or other affiliate of the Company, by any assignment, mortgage, charge, pledge, lien or other security of any kind over the whole or any part of the undertaking and assets of the Company, provided, however, that any such arrangement or security, to the extent not entered into or provided for a subsidiary of the Company, shall be entered into or provided on arms' length terms; (g) to do all such things as the Board considers incidental and conducive to any of the objects of the Company; (h) to set up branches and subsidiaries in Guernsey and abroad; and (i) to do all such things as the Board considers to be desirable or for the benefit of the Company;

### **2.1.5 Register**

The Company is registered in the register of companies incorporated in Guernsey with a registered number 47547.

## 2.1.6 Group

The structure of the Group at the time of this Prospectus is set out in the table below. The Company is the holding company of the Group.



## 2.2 Board of Directors and Executive Management

### 2.2.1 Composition

At the date of this Prospectus, the Board consists of seven members, four of whom are non-executive directors. Subject to certain non-delegable powers and duties of the Board, the Board has delegated the management and the operative and administrative day-to-day business of the Company and its subsidiaries to the Executive Management Committee (**EMC**) which, at the date of this Prospectus, consists of seven members. The scope of delegation comprises all powers which are not reserved to the Board by Guernsey law, the Memorandum, the Articles or the organizational regulations of the Board. The members of the EMC are appointed by the Board upon recommendation of the Company's Nomination and Compensation Committee. The EMC reports directly to the Board.

The following overview sets forth the names, the position and the business address of each Board member:

- **Arpad Busson**, Executive Chairman of the Board, 5 Savile Row, London, W1S 3PD, UK;
- **Christopher Preston**, non-executive Board member, c/o Gottex Fund Management Holdings Limited, Redwood House, St Peter Port, Guernsey;

- **David Staples**, non-executive Board member, c/o Gottex Fund Management Holdings Limited, Redwood House, St Peter Port, Guernsey;
- **Michael Garrett**, non-executive Board member, c/o Gottex Fund Management Holdings Limited, Redwood House, St Peter Port, Guernsey;
- **Tiberto Ruy Brandolini d'Adda**, non-Executive Board member, c/o Gottex Fund Management Holdings Limited, Redwood House, St Peter Port, Guernsey;
- **Eric Bissonnier**, Board member and senior managing director, co-chief investment officer, Chantavril 1, 1260 Nyon, Switzerland; and
- **Kevin Maloney**, Board member and senior managing director, co-chief investment officer, 750 Lexington Avenue, New York, NY 10022, USA.

The following overview sets forth the names, the position and the business address of each EMC member:

- **Arpad Busson**, see above;
- **Eric Bissonnier**, see above;
- **Kevin Maloney**, see above;
- **Marc Fisher**, managing director and head of global marketing, Suite 2602, Henley Building, 5 Queen's Road, Central Hong Kong, China.
- **William Woolverton**, senior managing director and group general counsel, 750 Lexington Avenue, New York, NY 10022, USA;
- **Pierre Udriot**, senior managing director and chief financial officer, Chantavril 1, 1260 Nyon, Switzerland;
- **Hywel Evans**, managing director and deputy general counsel, 5 Savile Row, London, W1S 3PD, UK.

### 2.2.2 Position and Activities

The following provides for a brief description of each Board and EMC member's business experience, education and activities:

**Arpad Busson:** Mr. Busson is a French citizen and the executive chairman of the Company. In the 1980s, Mr. Busson began raising assets for a number of hedge fund managers who have since risen to global prominence. In 1992, Mr. Busson founded the EIM Group in order to provide tailor made solutions to the growing institutional market for hedge funds and built the EIM

Group into one of the leading players in the industry. Mr. Busson has served as an industry expert on a number of panels for French, Swiss, German and US regulatory bodies, and is a founding member of the Alternative Investment Management Association. Mr. Busson is also actively engaged in extensive charitable work.

**Christopher Preston:** Mr. Preston is a non-executive Board member. Following a 30 year career in banking and investment management, of which more than half on the executive board, with institutions in the UK, Switzerland, and Germany, Mr. Preston is a principal of Preston Capital Partners, providing consultancy services to private and institutional clients. His previous executive posts include Country Manager for Bank of America, CFO for Rothschilds Bank Zurich, Division Executive for Citigroup Private Bank, Division Executive for the Banque Cantonale Vaudoise, and CEO for Piquet Galland & Cie. He holds, or has held, a number of non-executive positions including as chairman, Swisscanto Holding AG, G rifonds S.A, Rothschild Fund Management AG, Banque Piquet S.A., Rothschild Bank Switzerland (C.I.) Ltd, and Citigroup Switzerland S.A. He holds a degree in Law from Southampton University and a joint MBA from Cranfield Institute of Technology and INSEAD.

**David Staples:** Mr. Staples is a non-executive Board member. Mr. Staples was a partner in PricewaterhouseCoopers LLP (PwC) from 1990 to 2003 and Head of Tax for the south-east region of the UK. Prior to that he was Head of Tax Training and worked in both the Audit and Financial Services teams. Since leaving PwC, Mr. Staples has joined the boards of a number of listed companies. He currently is a member of the board of MedicX Fund Limited (as chairman), Aberdeen Private Equity Fund Limited, Henderson Far East Income Limited, Duet Real Estate Finance Limited (as chairman) and is also a non-executive director of Global Fixed Income Realisation Limited. He is also on the board of directors of five private equity funds advised by Apax LLP and HSBC Private Bank (C.I.) Limited. He is a Fellow of the Institute of Chartered Accountants in England and Wales and an Associate of the Chartered Institute of Taxation. He holds the Institute of Directors' Diploma in Company Direction and has a BSc in Business Economics and Accounting from the University of Southampton.

**Michael Garrett:** Mr. Garrett is a non-executive Board member. Mr. Garrett began his 44 year career with Nestl  in 1961 and has worked in Switzerland, Australia, the U.K. and Japan. In 1974, Mr. Garrett headed Nestl 's confectionery business in the U.K. before taking a position in Australia, first as Marketing Director and subsequently as Managing Director of Nestl  Australia Ltd. Mr. Garrett was assigned to Japan as Head of Market between 1990 and 1993 before being appointed as Zone Director and Member of the Executive Board of Nestl  S.A., responsible for Asia and Oceania in March 1993. In July 1996, Mr. Garrett's responsibilities were expanded to include Africa and the Middle East. Mr. Garrett sat on the World Trade Organization Business Advisory Council in Switzerland between 2002 and 2005 and was also a member of the Lausanne/Tokyo Business Leaders Club and a visiting International Fellow of the Sir William Tyree Foundation of the Australia Industry Association. Mr. Garrett graduated from the IMD Business School in Lausanne, Switzerland.

**Tiberto Ruy Brandolini d'Adda:** Mr. Brandolini d'Adda is a non-executive Board member. He currently serves as Chairman of Exor S.A. (Luxembourg) and is also a member of the board of

directors of YAFA S.p.A. He is a General Partner of Giovanni Agnelli e C. S.a.p.az. and Vice Chairman of Exor S.p.A., the company formed through the merger between IFI and IFIL Investments. He has been a member of the Board of Directors of Fiat S.p.A. for 10 years and now is a member of the Board of FCA (Fiat Chrysler Automobiles N.V.). Mr. Brandolini d'Adda is a graduate in commercial law from the University of Parma. He gained his initial work experience in the international department of Fiat S.p.A. and then at Lazard Bank in London. He subsequently was appointed Assistant to the Director General for Enterprise Policy at the European Economic Commission in Brussels. He also served as Managing Director and Vice Chairman of the Exor Group (formerly Ifint). Mr. Brandolini d'Adda has served as a main board director for companies including Le Continent, Bolloré Investissement, Société Foncière Lyonnaise, Safic Alcan, Château Margaux and as an Advisory member of the European Board of Blackstone. He also served as Director and then as Chairman of the Conseil de Surveillance of Club Méditerranée. Mr. Brandolini d'Adda has also served as Chairman of the Conseil de Surveillance and Deputy Chairman of Worms & Cie, as Chairman and Chief Executive Officer of Sequana Capital (formerly Worms & Cie), and as Chairman of the Board of Sequana. He is a former member of the board of Vittoria Assicurazioni S.p.A. and a member of the Board of Société Générale de Surveillance (SGS). Mr. Brandolini d'Adda is Officier de la Légion d'Honneur.

**Eric Bissonnier:** Mr. Bissonnier is an executive Board member and Co-Chief Investment Officer of the Company. Mr. Bissonnier holds an MSc in Economics from the University of Geneva (Switzerland) and is a CFA Charter Holder. He began his professional career as an MIS Analyst at Chase Private Bank in Geneva where he subsequently managed discretionary multi-asset class and multi-currency portfolios. In 1998, E.I.M. S.A. (now known as Gottex Asset Management (Suisse) SA) recruited Mr. Bissonnier as Hedge Fund Portfolio Manager and Research Analyst. In 2003 he was appointed Chief Investment Officer for Europe and Asia and Head of Portfolio Management and Research. Mr. Bissonnier was President of EIM's Executive Committee and Chairman of the Global Investment Committee. He is currently Co-CIO, Alternative Solutions for the Gottex Group and member of the EMC. He is a frequent speaker on alternative strategies, asset allocation and risk management at investment conferences worldwide.

**Kevin Maloney:** Dr. Maloney is an executive Board member and Co-Chief Investment Officer of the Company and member of the EMC. Dr. Maloney, a US citizen, joined Gottex in September 2003. From 1995 to 2003, Dr. Maloney worked for Putnam Investments, where he was a Managing Director. From 2002 to 2003, he managed the Product Design Team and worked with the equity and fixed income portfolio management teams to design and position products to meet client objectives for risk, return and style positioning. From 1998 to 2001, he was the Director of the Financial Engineering at Putnam, where his team drove the development of risk systems, portfolio construction tools, and derivatives analytics and infrastructure. From 1995 to 1998, he was the Director of Quantitative Research in Fixed Income. Dr. Maloney was a professor of finance and economics at the Amos Tuck School of Business at Dartmouth College from 1983 - 1995. He has an MA and PhD in Finance and Economics from Washington University and a BA in Economics from Trinity College. Dr. Maloney has published a number of articles in academic and professional journals.

**Pierre Udriot**, Senior Managing Director, Chief Financial Officer and member of the EMC. He joined the Group in November 2015. Mr. Udriot started his career at EY in 2005 as an auditor specialized in the banking and asset management industries and has been working for EY in Switzerland and Singapore. Mr. Udriot was accredited by the Swiss Financial Supervisory Authority FINMA as lead auditor for banks and securities dealers in 2014. Mr Udriot holds a degree in management from HEC at the University of Lausanne and is a Swiss certified accountant since 2008.

**William Woolverton**, Senior Managing Director, Group General Counsel of the Company and member of the EMC. He joined the Group in October 2005 to serve as General Counsel, and he is a member of the Gottex Executive Management Committee. Mr. Woolverton has extensive experience as a senior legal, regulatory and compliance executive in the investment management industry and with major global law firms. Prior to joining Gottex, Mr. Woolverton was a senior member of the Financial Services Group of Dechert LLP, an international law firm. From 1988 until 2004, he was Managing Director and General Counsel of Putnam Investments where he was a member of the Partners and Executive Committees. Prior to joining Putnam, Mr. Woolverton was Senior Counsel of Alliance Capital Management Corporation and an attorney at the global law firm of Clifford Chance Rogers & Wells. Mr. Woolverton is a *magna cum laude* graduate of Amherst College, where he was elected to Phi Beta Kappa. He attended King's College, Cambridge University as a Keasbey Fellow, where he was awarded a BA (Honours) and MA degrees. Mr. Woolverton was awarded a JD degree from the Columbia University School of Law. Earlier in his career, Mr. Woolverton was a staff member of the Committee on the Judiciary of the United States Senate in Washington, DC. Mr. Woolverton is an independent trustee of the Thomas White Mutual Funds based in Chicago, USA.

**Hywel Evans**, Managing Director, Deputy General Counsel of the Group and member of the EMC. He joined EIM Group in April 2011 to focus on developing EIM's managed account platform and became General Counsel in the following year. Prior to joining EIM, Mr. Evans spent nearly ten years at Man Group Plc as senior in-house counsel working in the Product Legal and Structuring Group. Between 1997 and 1999, Mr. Evans completed his legal training with Pinsent Masons law firm in London and, upon qualification as a Solicitor in 1999, joined their Corporate Finance department. Mr. Evans holds a BSc (Honours) degree in Business Administration and a LL.B Law degree, both from Cardiff University. Mr. Evans joined Gottex with the completion of the merger of the two firms in 2014.

**Marc Fisher**, Managing Director and member of the EMC. He runs Gottex's Alternative Risk Premia Product Development, and also oversees the Asia Pacific and Middle East businesses. Mr. Fisher joined Gottex from FRM in Hong Kong (now Man Group PLCs multi-manager business) where he was a Management Committee member and Chairman of their Asia Pacific business excluding Japan & Korea. Additionally, Mr. Fisher ran FRM's Private client product range and served as Product Head for their Managed Futures fund. Previously, he was a Managing Director at Citigroup in London, where he founded and managed a global fund-linked product development and marketing business. Prior to Citigroup, he started his career at Deutsche Bank in London, where he held a number of trading, marketing and product develop-

ment positions with an emphasis on multi asset class derivatives. Mr. Fisher holds a Bachelor of Veterinary Medicine (BVSc) (Hons) degree from Bristol University.

### 2.2.3 Legal Proceedings and Convictions

There have been no convictions against any of the members of the Board or of the EMC for finance or business-related crimes in the last five years and no legal proceedings against any member of the Board or of the EMC by statutory or regulatory authorities (including designated professional associations) are ongoing or have been concluded with a sanction.

### 2.2.4 Securities and Option Rights

The table below sets forth the number of shares and percentage of voting rights in the Company as well as option rights and share awards held by the members of the Board and the EMC as of 31 December 2015. Members of the Board or the EMC not listed in the table below do not hold shares, options rights or share awards. The percentage of voting rights is based on the 48,502,184 issued Shares of the Company as per the date of this Prospectus.

	Shares held	% of Voting Rights	Share Options	Outstanding Share Awards <sup>1</sup>
Arpad Busson <sup>2</sup>	14,040,000	28.95%	-	-
David Staples	47,066	0.09%	-	-
Michael W.O. Garrett	88,855	0.18%	-	-
Eric Bissonnier	127,827	0.15%	-	250,000
Kevin Maloney	937,016	1.93%	-	-
Pierre Udriot	-	-	-	50,000
William Woolverton	10,000	0.02%	14,476 <sup>3</sup>	-
Hywel Evans	-	-	-	50,000
Marc Fisher	-	-	-	150,000

<sup>1</sup> The share awards typically are restricted and will vest over a period of time in accordance with the terms of the employee's employment contract. The shares are held by the Employee Benefit Trust and, upon vesting, are transferred to the employee.

<sup>2</sup> Mr Busson holds these Shares through Rozel Trustees (Channel Islands) Limited, which is acting in its capacity as trustee of the Albion Trust, of which members of the Busson family are beneficiaries.

<sup>3</sup> Each option entitles Mr. Woolverton to buy one Share. The exercise price of these options is USD 53.98 per option.

### 2.2.5 Employee Participation

The Company has various employee share option and employee share plans (the **Employee Share Ownership Plans**) in place in which all employees of the Group are eligible to participate. The current Articles authorise the Board to issue a maximum of 3,024,800 shares in total in connection with awards granted under the Company's employee benefit plan, of which 300,000 shares have been issued to the Employee Benefit Trust in prior years, leaving a re-

maining 2,724,800 shares to be issued. The Employee Benefit Trust is a vehicle that holds shares designated for the benefit of specific employees who have received awards of shares.

### **2.2.6 Auditors**

The audited consolidated financial statements of the last three business years, which ended 31 December 2015, 2014 and 2013 for the Company have been audited by Ernst & Young SA, Route de Chancy 59, 1213 Geneva.

## **2.3 Business Activities**

### **2.3.1 Principal Activities**

The principal activity of the Company is to be the ultimate parent company of the Group.

Gottex Fund Management Holdings Limited is a leading independent global provider of predominantly multi-manager alternative investment solutions and related advisory and risk management services. Gottex offers a full range of products and services primarily centered on alternative investments. Gottex manages both tailored and commingled alternative programs investing in classic alternative strategies as well as in the rapidly growing area of liquid Alternative Risk Premia (ARP). Gottex also offers long-only multi-manager UCITS products. Gottex's LumRisk subsidiary provides highly innovative risk management services to institutional clients and its LumX managed account platform allows investors to access leading alternative managers in different strategies in an environment of tight fiduciary controls.

Gottex's clients are primarily institutional, with sovereign investors, government agencies, public and corporate pension funds, banks, insurance companies, and endowments representing 69% of fee-earning assets as at 31 December 2015.

The section "This is Gottex" of the Group's Annual Report 2015 provides for an overview on the Group's products and services. The Group's Annual Report can be downloaded at [www.gottexholdings.com](http://www.gottexholdings.com).

### **2.3.2 Net Turnover**

As per 31 December 2015, all fee-earnings assets which were managed on behalf of the Group's clients in its funds of hedge funds and managed accounts or as to which the Group provides investment advice pursuant to advisory mandates amounted to USD 7,360 million (31 December 2014: USD 8,200 million, 31 December 2013: USD 5,293 million).

### **2.3.3 Location and Real Estate Ownership**

The Company does not own real estate which is of material importance for business activities.

### 2.3.4 Patents and Licences

Gottex is not dependent on patents or licenses, industrial, commercial or financing contracts or new manufacturing processes.

### 2.3.5 Research and Development

Gottex has not initiated nor concluded any research and development projects.

### 2.3.6 Court, Arbitral and Administrative Proceedings

In late 2015, an arbitrator in Switzerland issued a ruling in favour of two former third-party marketers who filed an arbitration claim against Gottex fund management Sàrl (**GFM Sàrl**), a Group subsidiary, in 2007. The arbitration award amounted to USD 3.3 million plus costs and interest. In 2016, Gottex and the two third-party marketers agreed on a payment schedule and the payment will be divided between USD 4.7 million in cash and USD 800,000 in Shares. In order to satisfy the share portion of the settlement, Gottex will allocate such a number of Pool 2 Shares as is equal to an amount of USD 800,000 at the time of issue to the third-party marketers.

Under a facility agreement dated 30 March 2015, amended as of 18 June 2015, Joachim Gottschalk & Associates, Ltd., granted Gottex a loan in the amount of USD 750,000. Joachim Gottschalk & Associates, Ltd., claims that events of default under the facility agreement have occurred and that, therefore, the outstanding sum be immediately due and payable. Gottex is of the view that no events of default are ongoing and intends to repay the outstanding loan on 1 November 2016, as provided for under the facility agreement.

### 2.3.7 Number of Employees

As of December 31, 2015, the Group employed 92 full time equivalent employees, including 34 investment professionals. As of 31 December 2014, the Group employed 133 full time equivalent employees and as of 31 December 2013, the number of full time equivalent employees employed by the Group was 110.

## 2.4 Investments

### 2.4.1 Investments Made

#### Year ended 31 December 2015

Other than investments in Gottex's technology platform and several key hires to strengthen our research, quantitative and investment teams, Gottex has not made any significant investments in the period between 1 January to 31 December 2015.

### Year ended 31 December 2014

In September 2014, the Company and Rozel Trustees (Channel Islands) Limited, a company incorporated in Jersey, completed a transaction agreement relating to the acquisition by the Company of the business of the EIM group of companies held by EIM Participations Luxembourg SA, a company incorporated in Luxembourg. The transaction was based on an exchange of shares where the shareholder of the EIM Group, Rozel Trustees (Channel Islands) Limited, received a total of 14,000,000 newly created shares in two tranches. The transaction was approved by the Financial Conduct Authority in the UK on 13 March 2014 and by the Swiss Financial Market Supervisory Authority FINMA on 28 July 2014.

The Group incurred costs in respect of the transaction of USD 0.2 million in the year ended 31 December 2013 and incurred a further cost of USD 0.6 million in the year ended 31 December 2014.

### Year ended 31 December 2013

On 30 September 2013, following the execution of a shareholders' agreement in relation to HS Group Limited (**HSL**), GFM Sàrl invested in 10,980 'A' voting shares and 200 'B' non-voting shares in HSL at a total nominal value of USD 1,118, which gave GFM Sàrl 18% of voting rights and 12.5% of equity rights. HSL was incorporated in the Cayman Islands on 21 May 2013. HSL's purpose is to provide strategic capital and institutional guidance to hedge fund managers in Asia. In addition, the Group had made a working capital advance of USD 0.4 million to HSL. The repayment of the advance triggered the conversion of GFM Sàrl's 'A' voting shares into non-voting 'B' shares.

In July 2013, GFM Sàrl entered into a venture with Z Alternatives Pty Ltd. and Orchard Advisors Pty Ltd., both of Australia, to establish a new company to provide hedge fund advisory and hedge fund investment solutions to clients in Australia and New Zealand and ZG Advisors Pty Ltd. (**ZGA**) was incorporated on 26 July 2013 in Victoria, Australia. The authorised share capital of ZGA is AUD\$ 550,000, consisting of 500,000 ordinary shares at AUD 1 per share and consisting of 50,000 'A' shares at AUD 1 per share. GFM Sàrl invested in 125,000 shares at par value, which gives the Group 50% of the equity and voting rights of ZGA.

On 4 July 2013, the Group acquired the majority of the share capital of Frontier Investment Management (Jersey) Limited and its subsidiaries, Frontier Investment Services Limited and Frontier Investment Management LLP (together known as **Frontier**). Frontier is one of the leading multi-asset investment management firms in the UK. The total consideration was comprised of a combination of cash and shares in the Company. At completion, an initial cash amount of USD 5.2 million was paid and the initial number of shares issued was 103,393 at a fair value of USD 0.2 million. Further cash consideration of USD 3.2 million and 203,340 shares was delivered in the first year following completion (2014). The transaction costs related to the acquisition were USD 0.2 million. In March 2016, the Company entered into an agreement with Mike Azlen, a former executive of the Company, whereby Mr. Azlen agreed to purchase the Frontier business from the Company. Under the terms of the buy-back the Company will continue to provide

compliance and operational support to the Frontier business and will receive a service fee for the provision of such services. Frontier will operate as an Appointed Representative of Gottex Asset Management (UK) Limited until such time as Frontier receives its FCA licence.

On 23 June 2013, GFM Sàrl invested in 70,000 shares of Gottex Staples Rodway Funds Limited (**GSR Funds**), a company incorporated under the New Zealand Companies Act 1993 on 20 April 2011, for a consideration of USD 60,000. GSR Funds' purpose is to provide multi-asset investment solutions to New Zealand Investors. GSR Funds has 210,000 issued shares in total. GFM Sàrl has control over one third of them. The other two shareholders are non-related parties. The three shareholders of GSR Funds have equal shareholding of that entity and a shareholders' agreement exists setting out the terms under which the shareholders in GSR Funds have agreed to operate the company. In April 2015, a subsidiary of the Company terminated a Sub-Management Agreement pursuant to which it had provided services with respect to the SFR International Capital Growth Fund, a fund sponsored by the Staples Rodway organization.

On 14 June 2013, GFM Sàrl entered into a venture with Total Delight Holdings Limited (**TDHL**) to launch Gottex Asia Multi-Family Offices Ltd. (**Asia MFO**), a fund to support multi-asset investing for family offices. Asia MFO was incorporated in the Cayman Islands on 25 April 2013 with authorised share capital of USD 110,000, consisting of 30,000 A shares and 80,000 B shares. The initial share capital issued was USD 50,000, consisting of 30,000 A shares and 20,000 B shares. GFM Sàrl has invested in 30,000 A shares at nominal value for USD 30,000 which carry 60% voting and equity rights and TDHL have invested in 6,600 B shares with equity rights vesting over four years. The remaining 13,400 shares issued will be accounted for as treasury shares.

#### **2.4.2 Current Investments**

Other than described in the previous section, the Company does not have any current investment projects.

#### **2.4.3 Investments Already Approved**

Other than described in section 2.4.1, there are no future investments that have already been firmly decided upon by the management bodies of the issuer and for which legally binding undertakings have been entered into.

### **2.5 Capital and Voting Rights**

#### **2.5.1 Capital Structure**

As per 31 December 2015 until the date of this Prospectus, the Company's issued share capital was CHF 48,502,184 divided into 48,502,184 shares with a nominal value of CHF 1 per share.

At the Company's annual shareholders' meeting on 22 June 2016, the Company's shareholders will be asked to grant to the Board the authority to issue up to 100,000,000 shares in the Com-

pany with a nominal value of CHF 1 per share. Based on this authority, the Board intends to issue such number of Pool 1 Shares and Pool 2 Shares as are required to eliminate outstanding payables, provide sufficient working capital and fund investments required to realize the Company's strategy of growing its presence in the alternative risk premia solutions business and complementary product lines.

In September 2014, the Company issued 14,000,000 shares in respect of the acquisition of the EIM Group. 8,100,000 of these shares were delivered to Rozel Trustees (Channel Islands) Limited (the seller of the EIM Group) on issue and 5,900,000 shares were held in escrow at Bank Morgan Stanley AG, Bahnhofstrasse 92, 8001 Zurich, Switzerland until 15 January 2015, when they were delivered to Rozel Trustees (Channel Islands) Limited.

## 2.5.2 Voting Rights

At the Company's shareholders' meetings, resolutions can be passed on a show of hands or, where requested, by a poll of shareholders present or represented by proxy. If a vote is made by show of hands, each shareholder present or represented by a proxy has one vote. If a poll is called, each shareholder present or represented by proxy has one vote for every Share they represent.

Under Guernsey law and the Articles, the Company can only recognise as shareholders persons that are recorded as shareholders in the register of members.

Except as required by Guernsey law, the Company does not recognise any person as shareholder if holding any share upon any trust and (except as otherwise provided under the Articles) the Company is not bound by and does not recognise (even when having notice thereof) any interest in any share except an absolute right to the entirety thereof in the holder.

The Company shall be notified within three business days of any sale of all or part of its Shares. Upon receipt of such notification, the Company shall amend the register of members accordingly. Until the acquirer has been notified to the Company, the Shares sold shall be held by SIS SegalInterSettle AG (**SIS**) and shall be recorded in the register of members in the default nominee account of SIS, and the Shares shall carry neither voting rights nor the right to request that the Board call a shareholders' meeting, the right to put a matter on the agenda for a shareholders' meeting, or the right to participate, be represented or speak at the shareholders' meetings. The Shares recorded in the default nominee account of SIS are held for the benefit of the beneficial owners of the Shares

In addition, the Board is entitled, subject to Guernsey law, to deny or withdraw voting rights if:

1. an acquirer of Shares has neither explicitly declared that it has purchased the Shares in its own name and for its own account nor acknowledged the right of the Company to receive information relating to the beneficial owner of the Shares upon request, including the beneficial owner's name, address (and, if applicable, place of incorporation) and existing shareholdings in the Company;

2. a person (directly, indirectly or acting in concert with third parties) acquires Shares and thereby exceeds the threshold of 3% of the issued shares of the Company (as disclosed in its last annual or interim report approved by the Board); the Board may, however, grant exceptions to the limitation of 3%, in particular with respect to members who either (i) explicitly declare they have acquired the shares in their own name and at their own account or (ii) have acknowledged the right of the Company to receive information relating to the beneficial owner(s) of the shares upon request and to make public such information;
3. a person who (directly, indirectly or acting in concert with third parties) acquires or disposes of Shares or rights to acquire or sell Shares for its own account and thereby reaches, exceeds or falls below the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 33 $\frac{1}{3}$ %, 50%, 66 $\frac{2}{3}$ % of the issued shares of the Company (as disclosed in its last annual or interim report approved by the Board) does not, within four business days of entering into the agreement that gives rise to the reaching of such threshold, notify the Company thereof; or
4. a person whom the Board know to be, or has reasonable cause to believe is, interested (directly, indirectly or acting in concert with third parties) in any Shares of the Company (including rights to acquire or sell such Shares) does not, upon request by the Board, give particulars of their own interest in any Shares of the Company or disclose the identity of any other person who has a present interest in the Shares held by them.

### **2.5.3 Authorised and Conditional Capital**

The Company is incorporated under the laws of Guernsey. It does not have an authorised and a conditional share capital as these terms are understood under Swiss law. However, the Articles provide for the following scenarios under which new shares may be issued without any requirement for additional approval of a shareholders' meeting:

At the Company's annual shareholders' meeting on 22 June 2016, the Company's shareholders will be asked to grant to the Board the authority to issue up to 100,000,000 shares in the Company. It is expected that the Board will resolve to issue the Issued Shares pursuant to this authority on or around 5 July 2016 and the Additional Shares. In respect of any shares issued under this authority, the Board may decide to restrict or exclude the pre-emption rights of the existing shareholders provided that such a decision is taken for valid business reasons in the best interests of the Company and does not result in an undue advantage or disadvantage to individual shareholders that is unjustifiable in the particular circumstances. The Articles contain a non-exhaustive list of valid business reasons. The Board intends to restrict the pre-emption rights of the existing shareholders with respect to the Pool 2 Shares.

If approved by the annual shareholders' meeting on 22 June 2016, the Board further intends to issue the Additional Shares on the basis of the authority granted to it. The Additional Shares are expected to be issued in satisfaction of the Convertible Loan at the time of conversion of the Convertible Loan, which is expected to be 12 months after the date of entering into a legally binding agreement setting out the terms of the Convertible Loan.

The Board may issue in aggregate a current remaining maximum of 2,724,800 shares of CHF 1 each following due exercise of any options granted to the employees of the Company or its subsidiaries in accordance with and as further set out in the Employee Share Ownership Plans. At present, some options granted to employees of the Company or its subsidiaries have strike prices in excess of the current price of the Shares. See section 2.2.5 for a discussion of shares issued and available for issue under the Employee Benefit Trust.

#### **2.5.4 Unit or Profit-Sharing Certificates**

The Company has not issued any non-voting equity securities, such as participation certificates or profit sharing certificates.

#### **2.5.5 Outstanding Conversion and Option Rights, Bonds, Loans and Contingent Liabilities**

An investor has agreed, on the basis of a non-binding term sheet and subject to completion of due diligence, to provide, in one or several instalments, a convertible loan in an aggregate amount of USD 6,000,000 to the Company (the **Convertible Loan**). The Convertible Loan which will be converted into the Additional Shares in the Company at its maturity date which is expected to be 12 months after the date of entering into legally binding agreement setting out the terms of the Convertible Loan. The conversion price will be subject to a discount which is expected to be 10% to the market price of the Shares as at the date of conversion. The Company is expected to provide security and guarantees in relation to the Convertible Loan. It is foreseen that interest of 10% per annum will be payable to the lender. The Company is expected to give customary indemnities, representations and warranties to the lender.

There are no outstanding convertible bonds or options over the Company's shares other than the Convertible Loan and the employee options discussed in section 2.2.5.

As at the date of this Prospectus, the Company has loans from two major shareholders outstanding. The loans from Rozel Trustees (Channel Islands) Limited in the amount of CHF 4,701,582 (plus accrued interest), will be set off in connection with the Capital Increase by issuing such number of Pool 2 Shares to Rozel Trustees (Channel Islands) Limited as equals the outstanding amount owed under the loans. The other loans in an outstanding aggregate amount of USD 3,981,514 were granted to the Company by Joachim Gottschalk & Associates (and by entities related to that shareholder, respectively). The loans must be repaid as follows: USD 1,950,000 must be repaid on 1 November 2016 and USD 2,031,514 must be repaid on 31 March 2017. In addition, in May and June 2016, the Company has obtained two bridge facilities in the amount of CHF 500,000 each in order to provide for short-term financing until the Company receives the proceeds from the Capital Increase. The Company must repay these facilities (including interest of 5% per annum) by no later than 31 July 2016. All loans are unsecured. The Group currently has no other borrowing or similar financial liabilities or guaranteed, non-guaranteed, secured or unsecured debt.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend

payments to shareholders, return capital to shareholders, issue new shares or purchase its own shares on the market.

The Group classifies capital, for capital management purposes, as equity plus net debt. Net debt comprises loans and borrowings, trade and other payables, less cash and cash equivalents. The Group has no long term interest bearing debt other than from related parties:

The capital structure as at 31 December 2015 was as follows (in thousand USD):

<b>Total assets</b>	<b>46,337</b>
Current liabilities	20,875
Of which guaranteed/secured	-
Non-current liabilities	7,314
Of which guaranteed/secured	-
<b>Total liabilities</b>	<b>28,189</b>
Share capital	44,948
Treasury shares	(17,014)
Other Reserves	32,898
Retained deficit	(42,828)
Non-controlling interest	144
<b>Total equity</b>	<b>18,148</b>
<b>Total capitalization</b>	<b>46,337</b>

## 2.5.6 Clauses in the Articles that Differ from the Legal Provisions

Guernsey law and the Articles provide a default position of one vote for each Share subject to the provisions of the Articles. The voting rights of Shares in the Company may be limited in certain circumstances pursuant to the Articles. See section 2.5.2 above for further details.

In addition, Guernsey law and the Articles permit the Company by ordinary resolution to alter its share capital as follows:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum;
- (c) cancel any shares which at the date of passing of the resolution have not been taken up or agreed to be taken up by any person and diminish the amount of its share capital by the amount of the shares so cancelled;

- (d) convert all or any of its shares, the nominal amount of which is expressed in a particular currency or former currency, into shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than three significant figures) current on the date of the resolution or on such other dates as may be specified therein;
- (e) where its share capital is expressed in a particular currency or former currency, denominate or re-denominate it, whether by expressing its amount in units or subdivisions of that currency or former currency, or otherwise;
- (f) purchase its shares on-market in accordance with the Company (Guernsey) Law, 2008 as amended.

### **2.5.7 Inclusion in the Agenda**

Any shareholders' meeting has to be called by at least fourteen days' notice (such period commencing on the day following the deemed receipt of notice by the shareholders pursuant to the Articles). The notice has to provide the agenda. Resolutions may only be passed on matters which have been put on the agenda of, and have been duly recorded in the notice to, the meeting.

Shareholders holding 5% (other than shareholders whose voting rights have been denied pursuant to the Articles, see section 2.5.2.) or more of the issued Shares between them have the right to require the Board to call a general meeting or to put an item on the agenda of a shareholders' meeting; provided that such request is lodged with the Company no later than 45 days prior the date of the shareholders' meeting.

### **2.5.8 Own Equity Securities**

As of the date of this Prospectus, the total number of own securities held by the Group, i.e. by the Company and the GFMH Employee Benefit Trust, is 2,554,009 Shares.

### **2.5.9 Significant Shareholders**

The following table contains information on shareholders of the Company holding more than 3% of the issued and outstanding share capital of the Company expressed in number of Shares and as a percentage of the 48,502,184 Shares of the Company outstanding at the date of this Prospectus.

The information regarding the shareholdings is based on notifications the Company received from the relevant existing shareholders prior to the date of this Prospectus or as reflected in the records of the Disclosure Office of the SIX. The number of Shares held by the relevant shareholder may have changed since the date of such shareholder's notification. The information given includes Issued Shares to the extent investors have committed to purchase such Shares in connection with the Capital Increase. The information assumes that such Issued Shares will

be issued at an issue price of CHF 0.43 per Issued Share, which corresponds to the closing price of the Shares on the SIX on the trading day before the date of this Prospectus. Readers should be aware that the Issue Price may be different and that, therefore, the numbers in the following table may change.

At the Company's shareholders' meetings, resolutions can be passed on a show of hands or, where requested, by a poll of shareholders present or represented by proxy. If a vote is made by show of hands, each shareholder present or represented by a proxy has one vote. If a poll is called, each shareholder present or represented by proxy has one vote for every Share they represent.

Name of Holder	Shares held	Options held	Total shares and options	Sales Positions	% of voting rights
Rozel Trustees <sup>1</sup>	14,040,000		14,040,000	2,200,000 <sup>2</sup>	28.95
Joachim Gottschalk & Associates Ltd. <sup>3</sup>	9,062,823	2,200,000 <sup>2</sup>	11,262,823		23.22
Alexandre Keusseoglou <sup>4</sup>	6,976,744		6,976,744		14.38
Artemis Alpha Trust plc <sup>5</sup>	4,651,162		4,651,162		9.59
Arpad Busson <sup>6</sup>	3,488,372		3,488,372		7.19

<sup>1</sup> Rozel Trustees (Channel Islands) Limited, St. Helier, Jersey, is holding these Shares in their capacity as trustee of the Albion Trust, St. Helier, Jersey. The beneficiaries of the Albion Trust are members of the Busson family, including Arpad Busson, who is the chairman of the Board. Rozel Trustees (Channel Islands) Limited exercises the voting rights.

<sup>2</sup> Under an option agreement between Rozel Trustees (Channel Islands) Limited and Joachim Gottschalk & Associates Ltd dated 15 December 2013, Rozel Trustees (Channel Islands) Limited granted Joachim Gottschalk & Associates the option to purchase from Rozel Trustees (Channel Islands) Limited (a) 1,500,000 Shares at a price of CHF 2.25 per Share and (b) 700,000 Shares at a price of CHF 3.76 per Share. The exercise period for both options ends on 29 September 2017. Both options can be exercised in one exercise or in multiple exercises, whereby a minimum of 250,000 Shares must be acquired per exercise. The option agreement provides for actual delivery of Shares.

<sup>3</sup> Joachim Gottschalk & Associates Ltd, Hamilton, Bermuda, is holding these Shares on behalf of the Gottschalk Family Trust, a Guernsey trust whose beneficiaries are members of the Gottschalk family. Joachim Gottschalk & Associates Ltd exercises the voting rights.

<sup>4</sup> On 16 June 2016, Mr Keusseoglou, Monaco, committed to purchase Issued Shares in the amount of up to CHF 3,000,000 in the Capital Increase. The disclosed number of Shares assumes that the annual shareholders' meeting on 22 June 2016 approves the Capital Increase, that the Issued Shares will be issued at an Issue Price of CHF 0.43 per Issued Share and that a sufficient number of Pool 1 Shares can be allocated to Mr Keusseoglou in connection with the Capital Increase, which depends on the number of Rights exercised by the holders of existing Shares. Provided that these conditions are met, the disclosed number of Shares is expected to be delivered to Mr Keusseoglou on 6 July 2016.

<sup>5</sup> On 16 June 2016, Artemis Alpha Trust plc, London, United Kingdom, committed to purchase Issued Shares in the amount of up to CHF 2,000,000 in the Capital Increase. The disclosed number of Shares assumes that the annual shareholders' meeting on 22 June 2016 approves the Capital Increase, that the Issued Shares will be issued at an Issue Price of CHF 0.43 per Issued Share and that a sufficient number of Pool 1 Shares can be allocated to Artemis Alpha Trust plc in connection with the Capital Increase, which depends on the number of Rights exercised by the holders of existing Shares. Provided that these conditions are met, the disclosed number of Shares is expected to be delivered to Artemis Alpha Trust plc on 6 July 2016. All voting rights of Artemis Alpha Trust plc are managed and controlled by Artemis Investment Management LLP, London, United Kingdom.

<sup>6</sup> On 16 June 2016, Mr Busson, London, United Kingdom, committed, subject to certain conditions, to purchase Issued Shares in the amount of up to CHF 1,500,000 in the Capital Increase. The disclosed number of Shares assumes that the annual shareholders' meeting on 22 June 2016 approves the Capital Increase, that the Issued Shares will be issued at an Issue Price of CHF 0.43 per Issued Share and that a sufficient number of Pool 1 Shares can be allocated to Mr Busson in connection with (forts.)

RBC cees Trustee Limited and RBC cees Nominees Limited <sup>7</sup>	2,673,954	2,673,954	5.51
John Paul Bailey <sup>8</sup>	2'235'210	2'235'210	4.61
Guido Sturzenegger and Harel van Dijk <sup>9</sup>	1,788,093	1,788,093	3.69
Peter William Bennett <sup>10</sup>	1,664,762	1,664,762	3.43

Neue Helvetische Bank AG, Seefeldstrasse 215, 8008 Zurich, Switzerland, has agreed, subject to certain conditions, to assist in the creation of, act as first holder of and deliver the Issued Shares on the date of closing of the Capital Increase to the respective shareholders or investors against payment of the Issue Price. The Issued Shares are expected to be issued to Neue Helvetische Bank AG on 5 July 2016 and are expected to be delivered to the respective shareholders or investors on 6 July 2016. Assuming that the maximum number of 100,000,000 Shares would be created in connection with the Capital Increase (however, the actual number will be lower than that), Neue Helvetische Bank AG would, for a period of one day, hold 206.18% of the share capital of the Company on the basis of the 48,502,184 Shares of the Company outstanding at the date of this Prospectus and 67.34% of the share capital of the Company on the basis of the share capital of the Company outstanding after the completion of the Capital Increase (again assuming that the maximum number of 100,000,000 Shares would be created).

## 2.5.10 Cross-Shareholdings

As of the date of this Prospectus, the Company is not aware of cross-shareholdings exceeding 5% of the capital or voting rights on both sides.

the Capital Increase, which depends on the number of Rights exercised by the holders of existing Shares. Provided that these and other conditions are met, the disclosed number of Shares is expected to be delivered to Mr Busson on 6 July 2016.

<sup>7</sup> RBC cees Trustee Limited and RBC cees Nominees Limited, St. Helier, Jersey, are the trustees of the Gottex Employee Benefit Trust, St. Helier, Jersey and of Gottex Fund Management Employee Nominee Facility, St. Helier, Jersey. Gottex Employee Benefit Trust and Gottex Fund Management Employee Nominee Facility are the direct owners of the Shares. The beneficiaries of the Gottex Employee Benefit Trust and Gottex Fund Management Employee Nominee Facility are the officers and employees of the Gottex group. RBC cees Trustee Limited and RBC cees Nominees Limited exercise the voting rights.

<sup>8</sup> John Paul Bailey, Geneva, Switzerland, holds these Shares through Opal Fortune Inc., Geneva, Switzerland, which is the direct owner of the Shares.

<sup>9</sup> On 28/29 April 2016, Guido Sturzenegger, Buchs SG, Switzerland, and Harel van Dijk, London, United Kingdom, entered into a settlement agreement with Gottex to settle an arbitration they had initiated in 2007. Under the settlement agreement, Messrs Sturzenegger and van Dijk agreed to a settlement payment which will be partially paid in an amount of USD 800,000 in Shares. In order to satisfy the share portion of the settlement, Gottex will allocate such a number of Pool 2 Shares as is equal to an amount of USD 800,000 to Messrs Sturzenegger and van Dijk upon the closing day of the Capital Increase, which is expected to be 6 July 2016. The disclosed number of Shares assumes that the annual shareholders' meeting on 22 June 2016 approves the Capital Increase, that the Issued Shares will be issued at an Issue Price of CHF 0.43 per Issued Share and that the amount of USD 800,000 equals CHF 768,880, which is calculated on the basis of the USD/CHF exchange rate on the business day before the date of this Prospectus. The Shares to be allocated to Messrs Sturzenegger and van Dijk will be locked up for a period of 90 calendar days following their issuance. The representative of the group between Messrs Sturzenegger and van Dijk is Guido Sturzenegger, Buchs SG, Switzerland.

<sup>10</sup> Peter William Bennett, Hang Lok guen, Tai po, Hong Kong.

### **2.5.11 Public Purchase Offers**

The Articles contain the following opting-out provision: "A person who (directly, indirectly or acting in concert with third parties) acquires Shares and thereby exceeds 33⅓% of the issued shares of the Company (as disclosed in its last annual or interim report approved by the Board), shall not be required to make a public takeover offer for all the issued shares of the Company."

### **2.5.12 Dividend Entitlement**

The New Shares are entitled to dividends from the date of issue.

## **2.6 Information Policy**

In accordance with the Articles, the Company's communication to its shareholders is either made personally, by sending it by post in a prepaid envelope addressed to the shareholder at its registered address, by leaving it at that address, by transmitting it by facsimile to the facsimile number last notified to the Company by the shareholder, by sending it by electronic means to such electronic address from time to time held by the Company for that shareholder or by means of a website in accordance with laws and regulations applicable to the Company (unless a shareholder notifies the Company that it does not want to receive communication by electronic means or by means of a website) or, if service of the communication cannot be effected in accordance with any of the means listed above, in any other manner permitted by laws and regulations applicable to the Company.

The Issue Price of the Shares will be announced through the electronic media in Switzerland, including by publishing details on the Company's website ([www.gottexholdings.com](http://www.gottexholdings.com)) and published in electronic form on the website of the SIX in the form of an official notice. Such notice will form an integral part of this Prospectus.

The notice of a shareholders' meeting must also be given by way of an announcement appearing once in a German language newspaper and a French language newspaper in Switzerland at least 21 days prior to the meeting.

The Company's website is [www.gottexholdings.com](http://www.gottexholdings.com).

## **2.7 Financial Information and Recent Developments**

### **2.7.1 Annual and Interim Financial Statements, Audit Reports**

The audited consolidated and statutory financial statements of the Company as at and for the financial years ended 31 December 2015, 31 December 2014 and 31 December 2013 (in each case including (i) the independent auditor's report, (ii) the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity, each for the financial year ended on the respective date, (iii) the consolidated statement of financial position as at the respective date and

(iv) the notes to the consolidated financial statements following financial information) have previously been published and filed with the SIX and shall be incorporated into, and form a part of, this Prospectus.

Copies of these documents incorporated by reference into this Prospectus are available on the Company's website at [www.gottexholdings.com](http://www.gottexholdings.com).

### **2.7.2 Recent Developments**

In December 2015, an arbitrator in Switzerland issued a ruling in favour of two former third-party marketers who filed an arbitration claim in 2007. The arbitration award amounted to USD 3.3 million plus costs and interest. In 2016, Gottex and the two third-party marketers agreed on a payment schedule and the payment will be divided between USD 4.7 million in cash and USD 800,000 in Shares. In order to satisfy the share portion of the settlement, Gottex will allocate such a number of Pool 2 Shares as is equal to an amount of USD 800,000 to the third-party marketers upon the closing day of the Capital Increase. The remainder of the awarded sum will be paid in cash over the next three years.

In March 2016, the Company entered into an agreement with Mike Azlen, a former executive of the Company, whereby Mr. Azlen agreed to purchase the Frontier business from the Company. Under the terms of the purchase agreement, the Company will continue to provide compliance and operational support to the Frontier business and will receive a service fee for the provision of such services. Frontier will operate as an Appointed Representative of Gottex Asset Management (UK) Limited until such time as Frontier receives its FCA licence.

In connection with the Capital Increase, one of the Company's two major shareholders, Rozel Trustees (Channel Islands) Limited, decided to convert its outstanding loans in the amount of CHF 4,701,582 (plus accrued interest) into equity. For this purpose, the Company will issue Pool 2 Shares to Rozel Trustees (Channel Islands) Limited.

In May and June 2016, the Company obtained two bridge facilities in the amount of CHF 500,000 each in order to provide for short-term financing until the Company receives the proceeds from the Capital Increase, scheduled to occur on 6 July 2016. The Company must repay these facilities (including interest of 5% per annum) by no later than 31 July 2016.

## **2.8 Dividends and Financial Results**

The Company's policy on dividend distributions is to pay dividends equal to 50% to 75% of the Group's audited annual net profits, subject to any strategic, legal and capital requirements.

The Company has not declared or paid dividends in the past three financial years.

All issued Shares have the same dividend rights.

Dividends may be paid only if the Company is able to satisfy a statutory solvency test and complies with the provisions of its Articles. Any final dividend proposed to be declared by the Company will be subject to approval by the Company's shareholders in a shareholders' meeting but no dividend may exceed the amount recommended by the Board. Interim dividends may be paid with the approval of the Board. Unclaimed dividends will be held by the Company on behalf of the relevant shareholders for a period of up to five years, after which they will be forfeited and will cease to remain owing by the Company if the Board so resolves.

Any proposal by the Board to declare a dividend, if any, will depend on the Company's results of operations, financial condition, cash requirements, future prospects and other relevant factors, including tax and other considerations. The Company's ability to pay dividends to its shareholders is uncertain. The Company can provide no assurances that it will declare and pay any dividends in the future or that, if paid, the dividends will correspond to the policy described above. Payment of any dividends on the Shares will be denominated in Swiss francs.

### **3. Information on the New Shares**

#### **3.1 Legal Foundation**

At the annual shareholders' meeting on 22 June 2016, the Company's shareholders will be asked to grant to the Board the authority to issue up to 100,000,000 New Shares. The actual creation and issue of the New Shares will occur by way of Board resolution as described in section 3.2.

#### **3.2 Nature of Issue**

The annual shareholders' meeting of the Company on 22 June 2016 is expected to resolve to grant the Board the authority to issue up to 100,000,000 new ordinary shares. The Board intends to use this authority and to issue New Shares as follows:

- (1) Existing shareholders will be given the opportunity to take up the Pool 1 Shares in the Pre-emption Offer. The existing shareholders resident in a jurisdiction where the Pre-emption Offer is not unlawful pursuant to applicable securities laws and regulations will be invited to exercise their pre-emption rights during the Rights Exercise Period. Pool 1 Shares for which the existing shareholders have not validly exercised their pre-emption rights during the Rights Exercise Period will be allocated to the Investors up to their commitments and any of such Remaining Shares as are not so allocated will be allocated to third party investors, if any, who may commit to purchase New Shares.
- (2) The Pool 2 Shares will not be offered pursuant to the Pre-emption Offer, but will be used for the following purposes: (a) a number of Pool 2 Shares in an amount equal to up to CHF 4,701,582 (plus accrued interest) will be purchased by one of the Company's main shareholders, Rozel Trustees (Channel Islands) Limited by way of setting off its existing loans granted to the Company against the aggregate Issue Price for such New Shares; and (b) a number of Pool 2 Shares in an amount equal to the amount of USD 800,000 at

the time of issue will be Issued Shares and will be allocated to two claimants who initiated arbitration proceedings against the Company as part of the settlement agreed with them.

- (3) The Company intends to source from the Pool 2 Shares the Additional Shares which are required to convert the Convertible Loan into Shares.

### **3.3 Number, Type and Par Value of the Securities**

The Issued Shares that the Company will list and the Additional Shares that the Company will formally list are ordinary shares with a nominal value of CHF 1 each.

### **3.4 New Securities from Capital Transactions**

The New Shares will be created and used as described sections 3.1 and 3.2 above.

### **3.5 Rights**

The New Shares will rank *pari passu* in all respects with the existing Shares.

Each Share (including the New Shares) carries one vote. For details on the voting rights attached to the Shares, please see Section 2.5.2.

For information on dividend entitlement relating to the New Shares, please see Section 2.5.12.

The Articles contain pre-emption rights requiring any new shares to be offered to existing shareholders in proportion to their holdings but such rights may be excluded by shareholders' or Board resolution in certain circumstances. The Board intends to exclude the pre-emption rights of the existing shareholders in relation to the Pool 2 Shares in accordance with the Articles.

If the Company is wound up, the Company may, with the sanction of a special resolution and any other sanction required by the law, divide the whole or any part of the assets of the Company among the shareholders, and the liquidator or, where there is no liquidator, the members of the Board, may for that purpose value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders and, with the like sanction, may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as they may determine, but no shareholder can be compelled to accept any assets upon which there is a liability.

### **3.6 Restrictions**

#### **3.6.1 Restrictions on Transferability**

The Company must be notified within three business days of any sale of all or part of its Shares. Upon receipt of such notification, the Company will amend the register of shareholders accordingly. Until the acquirer has been notified to the Company, the sold Shares are held by SIS and are recorded in the register of shareholders in the default nominee account of SIS. Such Shares

carry neither voting rights, the right to request that the Board call a shareholders' meeting, the right to put a matter on the agenda for a shareholders' meeting nor the right to participate, be represented or speak at the shareholders' meetings. The Shares recorded in the default nominee account of SIS are held for the benefit of the beneficial owners of the Shares.

The Board or a person designated by the Board may withdraw the voting rights attaching to Shares of an acquirer if the acquirer has neither explicitly declared to have acquired the Shares in their own name and at their own account nor acknowledged the right of the Company to receive information relating to the beneficial owner of the Shares upon request, including the beneficial owner's name, address (and, if applicable, place of incorporation) as well as the beneficial owner's existing shareholdings in the Company. In addition, the Board or a person designated by the Board may refuse to register an acquirer as shareholder with voting right if the acquirer (directly, indirectly or acting in concert with third parties) would exceed the threshold of 3% of the issued Shares of the Company (as disclosed in its last annual or interim report approved by the Board). However, the Board grants exceptions to the limitation of 3%, in particular with respect to members who either (i) explicitly declare they have acquired the shares in their own name and at their own account or (ii) have acknowledged the right of the Company to receive information relating to the beneficial owner(s) of the shares upon request and to make public such information.

If the Board withdraws voting rights in respect of certain transferred Shares, the Board must, within 20 days after the date on which the application for registration was lodged with the Company, send to the acquirer notice of the withdrawal and the acquirer will be registered in the register of members as a shareholder without voting rights in respect of those transferred Shares. If such notice of withdrawal is not sent within 20 days, the acquirer must be registered in the register of shareholder as a shareholder with voting rights in respect of the transferred Shares.

These limitations on registration also apply to shares acquired or subscribed for by the exercise of subscription, option or conversion rights.

Prior to a shareholders' meeting, the registration of transfers of Shares may be suspended by giving such notice in the form as required by applicable rules and regulations and in a German language newspaper and a French language newspaper in Switzerland at such times and for such periods (not exceeding thirty days in any year) as the Board may determine.

### **3.6.2 Restrictions on Tradability**

Other than in connection with the Listing on the SIX and updating the Company's register of members, the Company has not and will not take any action to register the Shares, to permit a public offering of the Shares, to enable a public or private trading of the Shares or to permit the possession or distribution of this Prospectus or any other material in connection with the Capital Increase, in any country or jurisdiction where further action for these purposes is required. In particular, the Shares are not, and will not be, registered under the United States Securities Act

of 1933, as amended, or with any securities regulators of any state or other jurisdiction in the United States.

Other than in connection with government sanctions imposed in any relevant jurisdiction (which in Guernsey include the EU, OFAC and UN sanctions lists as extended to Guernsey from time to time and in Switzerland sanctions imposed on certain persons from the Republic of Iraq, the Islamic Republic of Iran, Lebanon, Yemen, Liberia, Libya, Ivory Coast, Sudan, the Republic of South Sudan, the Democratic Republic of Congo, Somalia, Guinea-Bissau, Eritrea, Syria, Myanmar (Burma), Zimbabwe, Belarus, Guinea, the Democratic People's Republic of Korea (North Korea) and the Central African Republic, persons and organisations with connections to the late Osama bin Laden, the "Al-Qaeda" group or the Taliban, certain persons in connection with the assassination of Rafik Hariri, and certain measures in connection with the prevention of circumvention of international sanctions in connection with the situation in the Ukraine), there are currently no government laws, decrees or regulations in Guernsey or Switzerland that restrict the export or import of capital, including, but not limited to, foreign exchange controls on the payment of dividends, interest or liquidation proceeds, if any, to non-resident holders of the Shares.

### **3.7 Private Placement of the Newly Created Shares**

The New Shares will be allocated as set out in section 3.2.

### **3.8 Paying Agent**

Zürcher Kantonalbank, Bahnhofstrasse 9, Zürich, serves as paying agent (*Hauptzahlstelle*) for cash dividend payments of the Company.

### **3.9 Net Proceeds**

The Company expects gross proceeds from Investors purchasing Issued Shares in the amount of CHF 6,750,000 and additional gross proceeds depending on the number of Issued Shares that will be purchased by existing shareholders in the Pre-emption Offer. One additional investor has agreed to provide a convertible loan in an aggregate amount of USD 6,000,000 to the Company, on the basis of a non-binding term sheet and subject to completion of due diligence. The gross proceeds resulting from these transactions will be reduced by transaction costs in the amount of approximately CHF 250,000. The net proceeds from these transactions will be used to eliminate outstanding payables and provide sufficient working capital. A part of the net proceeds will be used for investments required to realize the Company's strategy of growing its presence in the alternative risk premia solutions business and complementary product lines.

### **3.10 Public Purchase or Exchange Offers**

In the prior and the current financial year, there have been no public purchase or exchange offers made by third parties for the Company's securities and no public exchange offers made by the Company for the securities of another company.

### **3.11 Form of the New Shares**

The New Shares (as well as the existing Shares) are uncertificated securities (*Wertrechte* within the meaning of art. 973 CO). The New Shares will be registered in the main register (*Hauptregister*) maintained by SIS and credited to the securities account of each purchaser, and thus will become book entry securities (*Bucheffekten* within the meaning of FISA). Shareholders may request from the Company a confirmation relating to their shareholdings in the Company.

### **3.12 Publication**

In accordance with the Articles, notices about the securities and the Company as well as other communication by the Company to its shareholders is either made personally, by sending it by post in a prepaid envelope addressed to the shareholder at its registered address, by leaving it at that address, by transmitting it by facsimile to the facsimile number last notified to the Company by the shareholder, by sending it by electronic means to such electronic address from time to time held by the Company for that shareholder or by means of a website in accordance with laws and regulations applicable to the Company (unless a shareholder notifies the Company that it does not want to receive communication by electronic means or by means of a website) or, if service of the communication cannot be effected in accordance with any of the means listed above, in any other manner permitted by laws and regulations applicable to the Company.

The Issue Price of the Shares will be announced through the electronic media in Switzerland, including by publishing details on the Company's website ([www.gottexholdings.com](http://www.gottexholdings.com)) and published in electronic form on the website of the SIX in the form of an official notice. Such notice will form an integral part of this Prospectus.

The Company's website is [www.gottexholdings.com](http://www.gottexholdings.com).

### **3.13 Price Performance of the Securities**

For the year 2015 ended 31 December 2015, the closing price of the Shares was CHF 0.54 and the highest and lowest prices during the year were CHF 1.47 and CHF 0.47, respectively.

For the year ended 31 December 2014, the closing price of the Shares was CHF 1.45 and the highest and lowest prices during the year were CHF 2.70 and CHF 1.13, respectively.

For the year ended 31 December 2013, the closing price of the Shares was CHF 2.34 and the highest and lowest prices during the year were CHF 3.07 and CHF 1.45, respectively.

### **3.14 Security Number and ISIN**

The Swiss security number of the shares is 3 381 261 and the ISIN is GG00B247Y973.

### **3.15 Representative**

Homburger AG is acting as recognised representative of the Company for the listing of the New Shares on the SIX according to the International Reporting Standard within the meaning of article 43 of the Listing Rules.

### **3.16 Amendments and Changes**

The Issue Price of the Shares, the details of the Pre-emption Offer, any notices containing or announcing amendments or changes to the terms of the Listing or to this Prospectus will be announced through the electronic media in Switzerland, including by publishing details on the Company's website ([www.gottexholdings.com](http://www.gottexholdings.com)) and, to the extent required, published in electronic form on the website of the SIX in the form of an official notice. Such notice will form an integral part of this Prospectus.

## **4. Responsibility for the Prospectus**

The Company assumes responsibility for the completeness and accuracy of this Prospectus pursuant to Art. 27 of the Listing Rules and section 4 of Scheme A thereunder. The Company confirms that, to the best of its knowledge, the information contained in this Prospectus is correct and that no material facts or circumstances have been omitted therefrom.