

**OFFERING MEMORANDUM IN RELATION TO THE COMMODITY DISCOVERY FUND  
A MUTUAL FUND (*FONDS VOOR GEMENE REKENING*) UNDER THE LAWS OF THE NETHERLANDS**  
Updated 30 May 2023



Manager

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Depositary

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1101 EE Amsterdam, The Netherlands

Legal Owner

Stichting Legal Owner CDFund  
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1075 HJ Amsterdam, The Netherlands

Administrator

Bolder Fund Services (Netherlands) B.V.  
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Bank

ABN AMRO Bank (Nederland) N.V.  
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Custodian

CACEIS Bank, Netherlands Branch  
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Legal and Tax Advisor

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External Oversight Entity

Compliance Advies Financiële ondernemingen  
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Auditor

Ernst & Young Accountants LLP  
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Auditor of the Manager

Crowe Foederer  
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1105 BH Amsterdam, The Netherlands,

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Annex I Terms & Conditions of Management and Legal Ownership

Annex II Registration Document

## 1. Definitions

Capitalised terms used in this Offering Memorandum shall have the following meanings:

<b>Administration Agreement</b>	the administration agreement, dated on or about 23 June 2008, including the associated addenda between the Administrator and the Manager in its capacity as manager ( <i>beheerder</i> ) of the Fund, as amended from time to time;
<b>Administration Charge</b>	the administration charge due by the Fund to the Administrator pursuant to the Administration Agreement, as described in chapter 7 paragraph 7.2.2, page 34 hereof;
<b>Administrator</b>	Bolder Fund Services (Netherlands) B.V., a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) established under the laws of the Netherlands;
<b>AFM</b>	the Netherlands Authority for the Financial Markets ( <i>Stichting Autoriteit Financiële Markten</i> );
<b>AFS</b>	the Netherlands Act of Financial Supervision ( <i>Wet op het financieel toezicht</i> );
<b>AML Act</b>	the Netherlands Act on the Prevention of Money Laundering and Terrorist Financing ( <i>Wet ter voorkoming van witwassen en financieren van terrorisme</i> );
<b>Annual Accounts</b>	the balance sheet, the profit and loss account and the explanatory notes thereto;
<b>Annual Reports</b>	The Managers report, the Annual Report and other data;
<b>ASX</b>	Australian Securities Exchange
<b>Auditor</b>	Ernst & Young LLP., a limited liability partnership established under the laws of the United Kingdom;
<b>Auditor of the Manager</b>	Crowe Foederer, a company established under the laws of the Netherlands;
<b>Bank</b>	ABN AMRO Bank (Nederland) N.V., a public company ( <i>naamloze vennootschap</i> ) established under the laws of the Netherlands;
<b>Benchmark</b>	The measure that the Fund uses to compare its overall performance. This measure consists of a weighting of 50% HUI index and 50% TSX-V index (including reinvested returns, in EUR). It is not the investment objective of the Fund to track these indices or the Benchmark;
<b>BGfo</b>	Decree on Conduct of Business Supervision of Financial Undertakings Wft. ( <i>Besluit Gedragstoezicht financiële ondernemingen Wft.</i> );
<b>Board of Advisors</b>	the board of advisors of the Manager;
<b>Code of Conduct</b>	A Code of Conduct addressed to the persons involved with the Manager, containing rules and regulations with respect to private investment transactions;
<b>Compliance Costs</b>	the yearly costs charged by the AFM and the External Oversight Entity, as described in chapter 7, paragraph 7.2.5, page 35 hereof;
<b>CRS</b>	The “Organisation for Economic Co-operation and Development Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard”;
<b>Custodian</b>	CACEIS Bank, Netherlands Branch, a public company ( <i>naamloze vennootschap</i> ) established under the laws of the Netherlands;
<b>Dealing Date</b>	the first NL Business Day of each calendar month;
<b>Depository</b>	CACEIS Bank, Netherlands Branch, a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) established under the laws of the Netherlands;
<b>Depository Agreement</b>	the depository agreement, dated 15 March 2018, between the Depository, the Manager and the Legal Owner, as amended from time to time

<b>Depository Charge</b>	the fee due by the Fund to the Depository pursuant to the Depository Agreement between the Depository, the Manager and the Legal Owner, as described in chapter 7 paragraph 7.2.4, page 35 hereof;
<b>Dutch GAAP</b>	Dutch General Accepted Accounting Standards
<b>Encumbrance</b>	any mortgage, pledge, usufruct, option, restriction, right of pre-emption, claim, third party right or interest or other encumbrance or security interest of any kind, or any type of preferential agreement (including, without limitation, title transfer and retention arrangements) having a similar effect;
<b>ETC</b>	"Exchange Traded Commodity", an ETF which invests in commodities (which may include precious metals);
<b>ETF</b>	"Exchange Traded Fund", also called an "index tracker", a mutual fund that is traded on the stock exchange and which has a specific investment objective such as following a stock market index or a specific sector;
<b>EUR</b>	euro, the official currency of the European Union;
<b>Euronext Amsterdam</b>	Euronext Amsterdam by NYSE Euronext (Holding) N.V., a public company ( <i>naamloze vennootschap</i> ) established under the laws of the Netherlands;
<b>External Oversight Entity</b>	Compliance Advies Financiële Ondernemingen, independent compliance entity that monitors the Manager's compliance to laws and regulations;
<b>FATCA</b>	The (U.S.) Foreign Account Tax Compliance Act;
<b>Fund</b>	Commodity Discovery Fund, a mutual fund ( <i>fonds voor gemene rekening</i> ) established under the laws of the Netherlands;
<b>Fund Assets</b>	the assets of the Fund from time to time held by the Legal Owner in its capacity as legal owner ( <i>juridisch eigenaar</i> ) thereof;
<b>Fund Documents</b>	the Offering Memorandum and the Terms and Conditions;
<b>High Watermark</b>	the high watermark principle entailing that no Performance Fee shall be payable until any previous losses experienced by the Fund are recouped, as described in chapter 7 paragraph 7.1.3, page 33 hereof;
<b>HUI Index</b>	an index of the fifteen largest listed gold mining companies;
<b>Hurdle</b>	the result of the application of the Hurdle Rate for a particular year, as described in chapter 7 paragraph 7.1.3, page 33 hereof;
<b>Hurdle Rate</b>	the hurdle rate of 1.5% per quarter year in respect of the Performance Fee, as described in chapter 7 paragraph 7.1.3, page 33 hereof;
<b>Investment Costs</b>	the costs involved with the execution of the investment policy of the Fund, such as -but not limited to- brokerage commissions and transaction costs (including transfer taxes, stamp duties, financing and securities borrowing costs), as described in 7 paragraph 7.2.1, page 34 hereof;
<b>Key Information Document (KID, Essentiële Informatiedocument)</b>	the Key Information Document (KID, <i>Essentiële Informatiedocument</i> ), with respect to the Fund as published on the Website;
<b>Legal Owner</b>	Stichting Legal Owner CDFund, a foundation ( <i>stichting</i> ) established under the laws of the Netherlands, which functions as the legal owner ( <i>juridisch eigenaar</i> ) of the Fund Assets and liabilities;
<b>Legal Ownership Charge</b>	the fee due by the Fund to the Legal Owner pursuant to the Management and Legal Ownership Agreement
<b>Listed Companies</b>	companies whose shares are traded on any stock exchange as approved by the Manager;
<b>Manager</b>	Commodity Discovery Management B.V., a private company with limited liability ( <i>besloten vennootschap met beperkte aansprakelijkheid</i> ) established under the laws of the Netherlands;
<b>Managing Directors</b>	the managing directors of the Manager;

<b>Management and Legal Ownership Agreement</b>	the management and legal ownership agreement ( <i>overeenkomst van beheer en juridisch eigendom</i> ), effective 8 August 2019, between the Manager and the Legal Owner, as amended from time to time;
<b>Management Fee</b>	the management fee due to the Manager, equalling to 1.8% (1.5% with respect to every Subscription of EUR 1,000,000 or more) per annum of the Net Asset Value of the Fund, as described in chapter 7 paragraph 7.1.1, page 32 hereof;
<b>Meeting of Participants</b>	a meeting of Participants in accordance with the Fund Documents;
<b>Monthly Report</b>	the report made available to the Participants on a monthly basis, containing the information and data as set out in chapter 8 paragraph 8.2, page 38 hereof;
<b>New Asset Class (NAC)</b>	separate class within the fund with an investment from 1 million Euros upwards, with an associated fee structure;
<b>Net Asset Value or NAV</b>	the intrinsic value ( <i>intrinsieke waarde</i> ) of the Fund Assets and liabilities as per the close of business on the Valuation Date from time to time calculated by or on behalf of the Manager in accordance with the Valuation Methods;
<b>NL Business Day</b>	Every official Dutch business day;
<b>Offering Memorandum</b>	this offering memorandum, including its annexes that form an integral part thereof, as amended or supplemented from time to time;
<b>Operating Expenses</b>	the operating expenses that are payable by the Fund as described in chapter 7 paragraph 7.2.1, page 34 hereof;
<b>Order Execution Policy</b>	The order execution policy of the Manager, as further described in chapter 5, paragraph 5.7, page 28 hereof;
<b>Participant(s)</b>	the recorded owner(s) of one or more Participations that have been subscribed for in accordance with the Fund Documents;
<b>Participation(s)</b>	the participation interest(s) in the Fund reflecting the beneficial interest of a Participant in the Fund Assets and liabilities where different classes of participations exist;
<b>Performance Fee</b>	the performance fee due to the Manager, equalling 20% (15% with respect to every Subscription of EUR 1,000,000 or more) of any increase in the Net Asset Value of the Fund (including net realised gains), in excess of the Hurdle, as described in chapter 7 paragraph 7.1.3, page 33 hereof;
<b>Principles of Fund Governance</b>	the principles of fund governance of the Fund, in accordance with the model of the Dutch Fund and Asset Management Association;
<b>Redemption</b>	a redemption ( <i>inkoop</i> ) of a Participation by the Fund;
<b>Redemption Amount</b>	the amount due by the Fund to a Participant in respect of a Redemption as described in chapter 4, paragraph 4.11.3, page 23 hereof;
<b>Redemption Charge</b>	the charge of 0.5% to be calculated over the Net Asset Value of a Participation that may be due by a Participant to the Fund in respect of a Redemption, as described in chapter 4 paragraph 4.11, page 22 hereof;
<b>Redemption Form</b>	the form to be used by a Participants in order to apply for a Redemption;
<b>Register</b>	the register of Participants as maintained by the Administrator;
<b>Registration Document</b>	the registration document with respect to the Fund, the Manager and the Depositary, as published on the Website;
<b>Relevant Business Day</b>	Every official business day that pertains to the market opening for the specified financial instrument
<b>SFDR</b>	Sustainable Finance Disclosure Regulation. Concerns a European directive (2019/2088) on disclosure of information with regard to sustainability, which has been applicable since March 10, 2021;
<b>Standard Class</b>	The regular class within the Fund for participation from EUR 50,000 with an associated fee structure;
<b>Subscription</b>	an issue ( <i>emissie</i> ) of a Participation by the Fund;
<b>Subscription Amount</b>	the amount which a newly admitted Participant invests in the Fund, with a minimum of EUR 50,000 and any further applications by a Participant for

	Participations, in one or more multiples of EUR 5,000 as described in chapter 4, paragraph 4.10.2 page 21 hereof;
<b>Subscription Charge</b>	the subscription charge of 0.5% to be calculated over the Subscription Amount, that may be due by a Participant to the Fund in respect of a Subscription, as described in chapter 4 paragraph 4.10, page 21 hereof;
<b>Subscription Form</b>	the form to be used by a Participant in order to apply for a Subscription;
<b>Terms and Conditions</b>	the terms and conditions of management and legal ownership ( <i>voorwaarden van beheer en juridisch eigendom</i> ) of the Fund, dated on or about 9 June 2008 (as attached to this Offering Memorandum as Annex I), as amended from time to time;
<b>TMX Group</b>	the TMX Group (consisting of the Toronto Stock Exchange and the TSX Venture Exchange);
<b>TSX-V Index</b>	The TSX Venture Composite Index;
<b>UCITS</b>	Undertaking for the collective investment in securities, in conformity with the UCITS V Directive, as implemented in Netherlands legislation and regulations;
<b>U.S. Persons Asset Class</b>	Separate class within the fund with an investment by U.S. Persons;
<b>U.S. Person</b>	United States Person pursuant to FATCA and/or any other relevant law and/or regulation of the United States of America;
<b>Valuation</b>	the valuation by the Manager, or on behalf of the Manager by the Administrator, of the Fund Assets and liabilities in accordance with the Valuation Methods;
<b>Valuation Date</b>	the last Relevant Business Day of each calendar month;
<b>Valuation Methods</b>	the methods of valuation of the Fund Assets and liabilities as set out in chapter 7 paragraph 7.3.4, page 37 hereof;
<b>Website</b>	www.cdfund.com

## 2. Important information

An investment in the Fund involves financial risks. Prospective investors in the Fund are advised to read this Offering Memorandum carefully and in its entirety.

This Offering Memorandum is solely prepared for the purpose of providing information on the Fund and its Participations that are instrumental in the assessment by an interested investor of the costs, fees and risks associated with an investment in the Fund. The contents of this Offering Memorandum should not be construed as financial, tax or legal advice. Each prospective investor should consult his professional advisors as to the financial, tax and legal consequences, requirements and restrictions related to the purchase, holding or disposal of Participations applicable to it.

The investments primarily consist of long positions in Listed Companies, mainly listed on the primary commodities exchanges. In addition, positions are taken in the commodity sector through ETFs (or ETCs), which are related to the value of commodities or other exchange-traded instruments. Given this investment strategy and the investment objective of the Fund an investment Participations carries a high degree of risk, since the value of the Fund Assets and liabilities can fluctuate substantially. Such an investment is suitable only for persons who can assume the risk of losing a substantial part or all of their investment.

With respect to any quotation of expected returns throughout this Offering Memorandum, it must be noted that these are generated from past research and cannot be guaranteed and that the value of an investment in the Fund may fluctuate. Forward-looking statements in this Offering Memorandum by nature comprise risks and uncertainties since they are related to events and circumstances that may, or may not, materialise in the future.



No person, other than the Manager, has been authorised to provide any information or make any statement in connection with the Fund, other than as contained in this Offering Memorandum. Any such other information or statement, if given or made, should not be relied upon as having been authorised by the Fund or the Manager. Neither the delivery of this Offering Memorandum nor the purchase, sale, issue or Redemption of any Participation will, under any circumstances, constitute a representation that the information contained in this Offering Memorandum is correct at any time subsequent to the date of this Offering Memorandum as printed on the cover of this Offering Memorandum. The Manager will update or supplement this Offering Memorandum when there is cause to do so. In that event, this Offering Memorandum is superseded by the information contained in the updated or supplemented version hereof.

The distribution of this Offering Memorandum and the offer, sale and delivery of the Participations in certain jurisdictions may be restricted by law. This Offering Memorandum does not constitute an offer for, or an invitation to subscribe to or purchase, any Participations in any jurisdiction to any person to whom it is unlawful to make such offer or invitation in such jurisdiction. No action has or will be taken to permit the distribution of this Offering Memorandum in any jurisdiction where any action would be required for such purpose or where distribution of this Offering Memorandum would be unlawful. Persons obtaining this Offering Memorandum are required to be informed as to such restrictions and to ascertain compliance by them thereof. The Manager accepts no liability for any violation by any person, whether or not a prospective purchaser of Participations, of any such restrictions.

In order to avoid being subject to US withholding tax, investors are likely to be required to provide information regarding themselves and their ultimate beneficial owners. In this regard the Netherlands and US Governments have recently signed an intergovernmental agreement with respect to the implementation of FATCA (see paragraph 6.16, page 32 entitled "Compliance with US reporting and withholding requirements" for further detail).

On 29 March 2012 the Manager has obtained a license from the AFM pursuant to section 2:65 AFS to offer rights of participation in the Fund in the Netherlands in its capacity as a manager (*beheerder*) of an investment institution (*beleggingsinstelling*). Since 21 July 2014 the Manager has a license as referred to in section 2:69b AFS, as a result of which the Fund qualifies as an undertaking for the collective investment in securities ("UCITS"). The Depositary is licensed by the AFM to perform depositary services for UCITS.

The Manager and the Depositary are subject to AFM supervision. The Manager and the Depositary comply with the applicable provisions of the AFS and this Offering Memorandum complies with section 4:49 AFS. A statement of the Auditor to the effect that this Offering Memorandum includes the information prescribed by the AFS is attached hereto in chapter 11.

This Offering Memorandum is governed by Dutch law.

### **3. Summary of principal terms and conditions**

This summary of principal terms is a selection of the terms applicable to the Fund and is qualified in its entirety by the information contained in this Offering Memorandum.

#### **The Fund**

The Fund is a tax-transparent mutual fund (*fonds voor gemene rekening*) under the laws of the Netherlands. The Fund qualifies as a UCITS. As a result thereof the investment strategy of the Fund is tied to certain restrictions. The most important restrictions are, in short, that the purpose of the Fund is to invest only in financial instruments or other liquid financial assets, subject to the principle of risk spreading. As a result of the so called UCITS Directive, the Participations may be offered relatively easily in another member state of the European Union, as well as in a state which is not a member state of the European Union but which is a party to the European Economic Area. Currently, the Participations are only offered in the Netherlands. It is

however the intention of the Manager to offer the Participations in Belgium, Germany, France, Spain and Portugal in due course.

Legal title to the Fund Assets and liabilities is held by the Legal Owner for the account of the Participants.

### **Investments**

The investment objective of the Fund is to achieve capital growth by investing in a wide variety of financial instruments and by using various investment techniques. The investments consist primarily of "long" positions in Listed Companies, mainly listed on the main (commodity) markets. In addition, positions are taken in the commodity sector through ETFs (or ETCs), which are related to the value of commodities or other exchange-traded instruments. With respect to diversification, the portfolio consists of investments in a large selection of companies that are active in different stages of discoveries and exploitation of a broad array of natural resources with a focus on metals. Within a number of years following an initial discovery, these companies usually show strong gains in value over a relative short period of time. Because a relatively large proportion of the portfolio is invested in precious metals-related companies, such an investment often has a strong anti-cyclical character.

Part of the Fund's Assets can be invested directly in exploration companies through the participation in private placements. This gives the Manager a possibility to buy shares at a discount and to receive additional warrants at no cost. The valuation of these warrants is made on a conservative basis. These private placements sometimes concern companies that do not yet have a stock market listing. The Manager only invests in this type of company if he has assured himself that it is likely that a listing will follow after the placement.

The Fund invests in multiple asset classes. The Fund can use derivatives (listed only), for hedging purposes as well as to realize the investment objective.

The Fund focuses on Listed Companies, with market capitalisations under EUR 1,000 million. The Fund may, however, also invest in smaller or larger Listed Companies, as well as in companies that are not listed on a stock market, albeit on a limited scale.

The Fund is a specialized equity fund with an absolute return approach and as such it can deviate substantially from any benchmark. The principal investment objective is to realise a maximum rate of return in EUR at an acceptable level of risk. The Fund uses as its Benchmark a weighting of 50% HUI index and 50% TSX-V index (including reinvested returns, in EUR). However, it is not the investment objective of the Fund to track these indices or the Benchmark.

### **Governance of the Fund**

#### *Manager*

The Manager acts as the manager (*beheerder*) of the Fund subject to the terms of the Fund Documents and the Management and Legal Ownership Agreement. The Manager acts in the interest of the Participants. The Manager is represented by its Managing Directors. The Managing Directors are being advised by its Board of Advisors.

Investment decisions are made by the Managing Directors. The Legal Owner has granted a power of attorney to the Manager to make investments and divestments in financial instruments on behalf of the Fund.

#### *Depositary*

The Depositary acts as the depositary (*bewaarder*) of the Fund subject to the terms of the Fund Documents and the Depositary Agreement. The main tasks of the Depositary are

1. to monitor and supervise the Fund's cash flows
2. to take custody of the Fund Assets and

3. to verify that the investment transactions executed by the Manager are in line with the investment policy and restrictions of the Fund.

#### *Custodian*

The Custodian provides the custody of the Fund Assets as well as certain financial services related thereto, such as the clearing and settlement of transactions, securities borrowing, reporting and ancillary services.

#### *Legal Owner*

The Legal Owner acts as the legal owner (*juridisch eigenaar*) of the Fund Assets and liabilities for the account of the Participants.

#### *Administrator*

The Manager has engaged the Administrator and delegated to it certain financial, accounting, administrative, supervising and ancillary services in relation to the Fund, subject to the terms of the Administration Agreement. The Administrator also keeps the Register, and the Administrator takes care of accepting new Participants.

#### **No transfer or Encumbrances**

Participations can only be sold or transferred to the Fund. See chapter 4 paragraph 4.11.1. Participations may not be made subject to any Encumbrances.

#### **Subscription and Redemption**

A Participation may be issued at the request of a (prospective) Participant at its respective Net Asset Value, as calculated in accordance with chapter 7, paragraph 7.3, as per the end of the Valuation Date (increased by a Subscription Charge of 0.5%). See chapter 4, paragraph 4.10 and paragraph 4.11. Subject to the Fund Documents, Participations are available for Subscription on the Dealing Date.

A Participation may be redeemed at the request of a Participant at its respective Net Asset Value as per the end of the Valuation Date (decreased by a Redemption Charge of 0.5%). See chapter 4, paragraph 4.11. Subject to the terms of the Fund Documents, Participations are available for Redemption on the Dealing Date.

Under certain exceptional circumstances, the Manager and the Legal Owner, acting jointly, shall be entitled to cause the Redemption of all (but not less than all) of the Participations of a Participant. See chapter 4, paragraph 4.11.5.

#### **Management Fee and Performance Fee**

The fees in relation to the management and the operations of the Fund comprise the Management Fee and the Performance Fee. See chapter 7, paragraphs 7.1.1 and 7.1.3.

#### **Operating Expenses**

*The Fund (Commodity Discovery Fund)* will bear the costs, fees and expenses, such as, without limitation, the Administration Charge, the Depositary Charge, the Legal Ownership Charge, the Compliance Costs and the Investment Costs. With respect to the Investment Costs a specific calculation is not available as these costs are mostly variable costs and contingent upon circumstances arising.

*The Manager (Commodity Discovery Management B.V.)* will bear the fees, costs and expenses in relation to:

- costs relating to personnel
- marketing expenses;
- travel and lodging expenses;
- office costs;
- expenses related to corporate actions in relation to the investments (such as participating to general meetings);
- charges, fees and expenses of legal and tax advisers and auditors;

- remuneration for the members of the Board of Advisors; and
- secretarial and other advisory expenses.

See also chapter 7, paragraph 7.2.

### **Net Asset Value (NAV)**

The aggregate Net Asset Value of the Fund Assets and liabilities (and the Net Asset Value per Participation) shall be expressed in EUR and determined by the Administrator at the end of the last Relevant Business Day, being the Valuation Date in accordance with the Valuation Methods. The Manager has delegated the determination of the Net Asset Value and the Net Asset Value per Participation to the Administrator, subject to the terms of the Administration Agreement. The Net Asset Value and the Net Asset Value per Participation will be notified to the Participants during the second week of the following month and will be published on the Website at least once a month. See chapter 7, paragraph 7.3.1. An indicative NAV will also be published on the Website, at least twice a week.

### **Reporting**

The Administrator will prepare the Annual Accounts of the Fund, the Manager and the Legal Owner in accordance with Dutch GAAP after the end of each financial year (accounting period from 1 January until 31 December). The Annual Accounts of the Fund will be audited by the Auditor. The Annual Accounts of the Manager will be audited by the Auditor of the Manager.

The Administrator will draw up the semi-Annual Accounts of the Fund and the Manager in accordance with Dutch GAAP after the end of each half financial year (accounting period from 1 January until 30 June). The semi-Annual Accounts of the Fund will not be audited by the Auditor. The semi-Annual Accounts of the Manager are provided each year with an assessment statement by the Accountant of the Manager.

Participants shall be informed on a monthly basis on *inter alia* the Fund's performance, the Fund Assets and liabilities and the Net Asset Value by means of the Monthly Report. See chapter 8 paragraph 8.1 and 8.2.

### **Dissolution and liquidation**

Participants can not cause the dissolution or liquidation of the Fund. The Fund may only be dissolved and liquidated by a resolution to that effect by the Manager. See chapter 4 paragraph 4.14. The (proposed) dissolution of the Fund will be notified to the Participants in a Meeting of Participants and will be published on the Website.

### **Amendment of the Fund Documents**

The Fund Documents may be amended by the Manager. The Management and Legal Ownership Agreement may be amended by the Manager upon a joint proposal of the Manager and the Legal Owner. The amendments, however, will never lead to the Fund, the Manager and/or the Legal Owner no longer complying with applicable laws and regulations.

Any proposal to amend the Fund Documents and/or the Management and Legal Ownership Agreement will be notified to the Participants (through e-mail or, at the request of a Participant, per ordinary mail) and the AFM simultaneously, and will, together with an explanation to the (proposed) amendment, be published on the Website. To the extent that the actual amendments to the Fund Documents and/or the Management and Legal Ownership Agreement differ from what was proposed, the actual amendments will be notified simultaneously to the Participants (by e-mail or at the request of a Participant, by regular mail) and the AFM and, together with an explanation of the changes, will be published on the Website.

An amendment of the Fund Documents and/or the Management and Legal Ownership Agreement causing a reduction of a Participant's rights or entitlement, imposing costs on a Participant or causing a change to the investment policy of the Fund, will only become effective vis-à-vis the concerned Participants after the lapse of one month following the date of the notification thereof. During that month, Participants have the right to redeem their Participations at their respective Net Asset Value without a Redemption Charge being payable

to the Fund. If the dates fixed for Redemption in accordance with the Fund Documents and/or the Management and Legal Ownership Agreement are not sufficient to allow Participants to redeem their Participations during said month, the Manager will fix one or more additional dates for Redemption.

#### **Administrative organisation and internal control procedures (AO/IC); Complaints procedure**

The Manager has a description available of both its own and the Fund's administrative organisation and internal control procedures (*beheerste en zorgvuldige bedrijfsvoering*). In this description procedures regarding, amongst other things, the acceptance of Participants and the administration of Participants are incorporated.

The Manager has a set complaints procedure (*klachtenprocedure*). This complaint procedure is aimed at a speedy and careful handling of complaints. In case of a complaint about the Fund, the Manager, the Depositary, the Legal Owner or the Administrator such complaint may be filed in writing (or via e-mail) with the Manager at the address as set out in this Offering Memorandum respectively at .

## **4. The Fund**

### **4.1 Profile**

The Fund offers prospective Participants the opportunity to invest primarily in Listed Companies on one of the exchanges of the TMX Group, and/or as part of the HUI-Index and the Australian Securities Exchange (ASX), and the London Stock Exchange (LSE and AIM) in the United Kingdom, which are engaged in the exploration and discovery of raw materials. In addition, positions are also taken in the commodity sector through investments in ETCs and ETFs listed on markets in North America.

### **4.2 Fund structure**

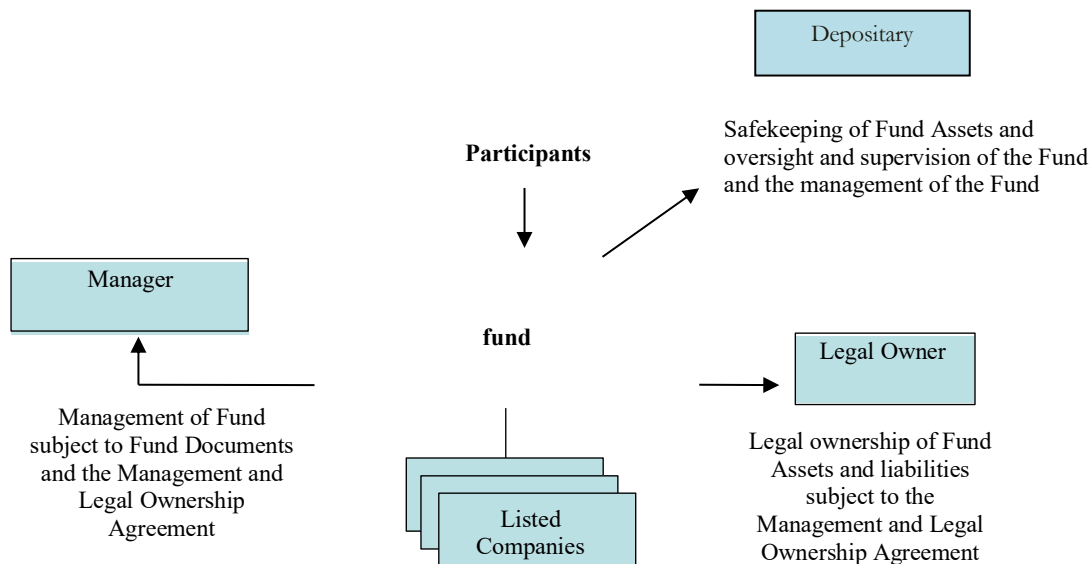
The Fund was established on or about 9 June 2008 as a tax-transparent mutual fund (*fonds voor gemene rekening*) under the laws of the Netherlands. The Fund qualifies as a UCITS. As a result thereof the investment strategy of the Fund is tied to certain restrictions. The most important restrictions are, in short, that the purpose of the Fund is to invest only in financial instruments or other liquid financial assets, subject to the principle of risk spreading. Because of this status, the Fund may not invest directly in physical precious metals. As a result of the so called UCITS Directive, the Participations may be offered relatively easily in another member state of the European Union, as well as in a state which is not a member state of the European Union but which is a party to the European Economic Area. Currently, the Participations are only offered in the Netherlands. It is however the intention of the Manager to offer the Participations in Belgium and Germany in due course.

The Fund does not have legal personality. It comprises of a contractual arrangement governed by the Terms and Conditions between the Manager, the Legal Owner and each Participant. The Participations are governed by the Fund Documents. Upon the first Subscription of a Participation, a prospective Participant agrees to be bound by the terms of the Fund Documents.

The Fund Assets and liabilities are managed by the Manager and held in the name of the Legal Owner for the account of the Participants. Participants have no proprietary interest in the Fund Assets and liabilities. Pursuant (and subject) to the Fund Documents, Participants are beneficially entitled to the Fund Assets and liabilities pro rata to the number of their respective Participations. According to the Fund Documents, a Participant cannot be held liable (i) by third parties for any of the Fund's obligations, or (ii) by the Manager and/or the Legal Owner for any of the Fund's obligations for any amount in excess of the aggregate of the Subscription Amount(s) in respect of such Participant.

The Fund is established for an indefinite period of time and may only be dissolved and liquidated pursuant to a resolution to that effect by the Manager.

The structure of the Fund can be visualised as follows.



#### 4.3 Manager

Commodity Discovery Management B.V. acts as the manager (*beheerder*) of the Fund. Commodity Discovery Management B.V. is a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) established on 26 May 2008 under the laws of the Netherlands, having its statutory seat in Amsterdam, the Netherlands and its business address at Zandvoortterweg 77 (2111 GT) Aerdenhout, the Netherlands, registered in the trade register of the Chamber of Commerce of Amsterdam under number 34302667.

The issued and outstanding share capital of the Manager amounts to at least EUR 125,000.

The corporate purpose of the Manager is, *inter alia*, to manage the Fund Assets and liabilities. The Manager is primarily responsible for the implementation of the investment objectives, in accordance with the Fund's investment restrictions, and decides on the Fund's investment activities. At present, the Manager does not manage any other assets than the Fund Assets and liabilities.

Within the limits as set out in the Fund Documents, the Manager has the broadest power to make investments and divestments in financial instruments on behalf of the Fund, where appropriate as attorney-in-fact (*gevolmachtigde*) of the Legal Owner. To this extent, the Legal Owner has granted the Manager a power of attorney.

The Manager and the Legal Owner have entered into the Management and Legal Ownership Agreement. In the Management and Legal Ownership Agreement it is *inter alia* agreed between the Manager and the Legal Owner that:

- the Manager acts as the manager (*beheerder*) of the Fund and the Legal Owner as legal owner (*juridisch eigenaar*) of the Fund Assets and liabilities and the liabilities of the Fund, subject to the terms of the Fund Documents and the Management and Legal Ownership Agreement;
- the Manager and the Legal Owner will act in the interest of the Participants; and



- the Manager shall not be permitted to represent a Participant and bind a Participant vis-à-vis third parties.

The Management and Legal Ownership Agreement is published on the Website as well as deposited at the office of the Manager. Copies are available free of charge.

The Depositary Agreement is published on the Website as well as deposited at the office of the Manager. Copies are available free of charge.

The Manager is owned by MOMI B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), established under the laws of the Netherlands, which owns half of the issued and outstanding capital of the Management Company and seven other shareholders, each of which own less than 10% of the issued and outstanding share capital of the Manager. The Manager is managed by its Managing Directors being Willem Middelkoop and Terence van der Hout.

The Manager shall be liable for damages to the extent such damages are the direct result of the gross negligence (*grove schuld of toerekenbare nalatigheid*), fraud or wilful misconduct (*opzet*) of the Manager in the performance or non-performance by it of its duties under the Terms and Conditions.

The Manager may delegate (outsource) part of its duties and tasks to third parties, among others to one or more administrators and brokers. The Manager shall remain responsible for the performance or non-performance of the duties and tasks so delegated but shall only be liable for damages to the extent such damages are the direct result of the gross negligence (*grove schuld of toerekenbare nalatigheid*), fraud or wilful misconduct (*opzet*) of the Manager. The Manager will be indemnified out of the Fund Assets for damages incurred by the Manager for which it is not liable.

The Manager has delegated, outsourced, and purchased specific tasks and duties through third parties, as follows:

- trading and execution: to local brokers and/or the Custodian, see chapter 4, paragraph 4.7;
- Fund's administration: to the Administrator, see chapter 4, paragraph 4.8;
- matters related to compliance: to the External Oversight Entity; and
- conducting research: to external researchers.

The financial year of the Manager concurs with the calendar year. The Annual Reports of the Manager will be published within four months after the close of its financial year. The articles of association of the Manager are published on the Website as well as deposited at its office. Copies are available free of charge.

The Manager is represented (and can only be bound vis-à-vis third parties) by the Managing Directors. On 29 March 2012 the Manager has obtained a license from the AFM pursuant to section 2:65 AFS to offer rights of participation in the Fund in the Netherlands in its capacity as a manager (*beheerder*) of an investment institution (*beleggingsinstelling*). Since 21 July 2014 the Manager has a license as referred to in section 2:69b AFS, as a result of which the Fund qualifies as an undertaking for the collective investment in securities ("UCITS").

The Manager and the Depositary are subject to AFM supervision. The Manager and the Depositary comply with the applicable provisions of the AFS and this Offering Memorandum complies with the section 4:49 AFS. A statement of the Auditor to the effect that this Offering Memorandum includes the information prescribed by the AFS is attached hereto as chapter 11.

The Registration Document with respect to the Fund, the Manager and the Depositary is attached to this Offering Memorandum as Annex II.

#### 4.4 Governance of the Manager

##### *Managing Directors and Board of Advisors*

The Manager is managed by its Managing Directors, who directly execute the policies of the Fund. In addition, the Fund has a Board of Advisors which supports the Managing Directors by providing advice on the main principles of the policy of the Fund.

The Managing Directors' key responsibilities include, inter alia, (i) determining the Fund's investment policy and the Fund's strategy in connection therewith (ii) reviewing its performance and risk profile and (iii) conducting both macro-economic and company specific research. Furthermore, the Managing Directors make all business decisions that are part of the day-to-day management of the Fund. They are in charge of (i) buying and selling financial instruments (ii) protecting the Fund against certain risks by making use of hedging techniques, (iii) all other decisions that relate to the day-to-day management of the Fund. They may be assisted by several analysts and external advisors.

The Board of Advisors meets with the Managing Directors at least twice a year. The Board of Advisors consists of three professionals with expertise and experience relevant for the Fund. The Board of Advisors functions as sparring partner for the Managing Directors and supports the Managing Directors by providing independent advice on the main principles of the policy of the Fund.

The Managing Directors and the members of the Board of Advisors approve of and adhere to the Manager's Code of Conduct.

Terence van der Hout and Willem Middelkoop are the Managing Directors of the Manager. Their credentials are set out below.

##### *Willem Middelkoop*

##### Curriculum Vitae of Willem Middelkoop: Managing Director

Willem Middelkoop (1962) holds the chief responsibility over the investment strategy and management of the fund in the broadest sense. The investment strategy is founded on macro-economic analyses and monetary developments. Willem is a pioneer in the field of "Discovery Investing", an investment concept where shares are purchased in companies at a very early stage of the exploration cycle, that make significant resource discoveries. He was responsible for research for the paid newsletter called 'Middelkoop Discovery Alert', published during 2007—2008. Willem has been, as initiator and co-founder of the Manager in 2008, jointly responsible for helping to finance dozens of exploration companies that were acquired at a later stage by larger mining companies seeking to add to their reserves. Because of his expertise in this field, Willem is regularly active as speaker in the Netherlands and abroad. He is also a member of the Advisory Board of the London monetary think-tank OMFIF. Willem's personal interests are directly aligned with those of the Participants as he himself is a Participant in the Fund.

In 2012 and again in 2014, Willem was successfully tested by the AFM for expertise (*deskundigheid*) and integrity (*betrouwbaarheid*), as part of the license application of the Manager. In addition, the DNB has issued a Certificate of No Objection (*Verklaring van Geen Bezwaar*) for his interest in the Manager (Commodity Discovery Management BV), through his company MOMI B.V.

##### *Terence van der Hout*

##### Curriculum Vitae Terence van der Hout: Managing Director

Terence van der Hout (1970), as Managing Director, is jointly responsible for the Fund's internal organization, risk, and compliance. After graduating in Political Science, he held various financial and economic positions with companies, including ING Bank and Rabobank. He has now worked with Willem Middelkoop in Discovery Investing for fifteen years. The collaboration began with the editing of the Middelkoop Discovery Alert and resulted in detailed market analyses and related potential investments. He



has worked for the Fund since 2011, where until recently he was responsible for analysis of commodity sectors and the due diligence of individual companies. In 2016 he joined as Managing Director after he was successfully tested for competence and reliability by the AFM.

#### *Principles of Fund Governance, independent supervision*

The Manager applies a number of principles with regard to sound operations and the duty of care as laid down in sections 4:11, 4:14 and 4:25 of the AFS. The goal of these principles is to protect the interests of the Participants and, as far as possible, to limit conflicts of interest. These Principles of Fund Governance are published on the Website. The External Oversight Entity, a company independent of the Manager, the Administrator, the Legal Owner and the Depositary, monitors (on the basis of periodic reports of the compliance officer of the Manager and statements of the Depositary) whether the Manager complies with laws and regulations including the Principles of Fund Governance. The External Oversight Entity is not liable for damages suffered by third parties (including the Fund, Participants and other parties related to the Fund) unless such damage is caused by the gross negligence (*grove schuld of toerekenbare nalatigheid*) or wilful misconduct (*opzet*) of the External Oversight Entity.

#### *Controlled remuneration policy*

The Managing Directors have determined the remuneration policy and recorded it in the document "Controlled Remuneration Policy Commodity Discovery Management B.V." (*regeling beheerst beloningsbeleid*), which appears on the website. The remuneration policy covers the remuneration of the Managing Directors and employees of the Manager. The Managing Directors are employed by the Manager. They receive a fixed salary that is competitive. In addition, one of them is an indirect shareholder of the Manager. Through his indirect shareholding in the Manager, this Managing Director benefits from any increase in the net asset value of the Fund (regardless of whether and to what extent this increase in value is paid to them by means of a dividend), because an increase in the net asset value of the Fund will lead to an increase in the revenue for the Manager by means of the Management Fee and, under certain circumstances, the Performance Fee. Alternatively, any decrease in the net asset value of the Fund also translates into a reduction in the fee or fees to be received by the Manager and consequently a decrease in the value of the shareholding of the Managing Director. The members of the Management and staff of the Manager may under certain circumstances qualify for a variable remuneration in the form of a bonus. Whether this is the case will be assessed annually based on the net profit of the Manager, the overall financial situation of the Manager and the Fund, and the individual performance of the parties concerned, taking into account the long-term effects and developments. The document "Controlled Remuneration Policy Commodity Discovery Management B.V." provides further details on this variable component. This document is available on the Website and copies may be obtained from the Manager free of charge.

#### **4.5 Legal Owner**

Stichting Legal Owner CDFund acts as the legal owner (*juridisch eigenaar*) of the Fund. Stichting Legal Owner CDFund is a foundation (*stichting*) established on 7 July 2010 under the laws of the Netherlands, having its statutory seat in Amersfoort, the Netherlands and its business address at De Lairessestraat 145 A (10750 HJ) Amsterdam, the Netherlands, registered in the trade register at the Chamber of Commerce under number 34324886.

The sole director of the Legal Owner is Trustmoore Netherlands B.V., a private company established on 30 January 2009 under the laws of the Netherlands, having its statutory seat in Amsterdam, the Netherlands and its business address at De Lairessestraat 145 A (1075 HJ) Amsterdam, the Netherlands, registered in the trade register at the Chamber of Commerce under number 34324886.

The sole statutory purpose of the Legal Owner is to act as legal owner of the Fund Assets and liabilities and the liabilities of the Fund. It performs no other activities.

The Legal Owner and the Manager have entered into the Management and Legal Ownership Agreement. For a description of the contents of the Management and Legal Ownership Agreement, please see chapter 4,

paragraph 4.3. The Management and Legal Ownership Agreement is published on the Website as well as deposited at the office of the Manager. Copies are available free of charge. The Legal Owner shall act with due observance of the Fund Documents and the Management and Legal Ownership Agreement and in the interest of the Participants.

The key responsibility of the Legal Owner is, for the account and risk of the Participants, (i) to hold the legal title to all the Fund Assets and liabilities, (ii) to assume obligations and liabilities of the Fund and (iii) to be the contracting entity in respect of all agreements entered into on behalf of the Fund. The Legal Owner will do so at the instruction of the Manager, but will not engage itself actively in the management of the Fund. The Legal Owner is obliged to follow the instructions of the Manager, unless they are in violation of the Offering Memorandum and/or applicable laws and regulations.

In acting as a title holder of the Fund Assets and liabilities, the Legal Owner shall act solely in the interests of the Participants. The Legal Owner may not represent individual Participants.

The Legal Owner shall only be liable towards the Participants for a loss suffered by them in connection with the performance of its duties and responsibilities, if and to the extent that such loss is directly caused by its willful intent or gross negligence (*opzet of bewuste roekeloosheid*), howsoever arising and notwithstanding the use of third party custodians by the Legal Owner. Otherwise the Legal Owner shall not be liable towards the Participants for any loss suffered by a Participant as a result of any act or omission of a third party.

The Legal Owner will be indemnified out of the Fund Assets against liabilities and charges incurred in connection with the performance of its duties and responsibilities to the Fund.

Any claims Participants may have on the Legal Owner will be initiated through the Manager and will not be submitted directly to the Legal Owner. Any such claim needs to be submitted in writing to the Manager, who will thereupon (for the account of the Fund) take the necessary actions towards the Legal Owner. In the event that the Manager does not act upon such a request from Participants within a reasonable period of time or has informed them that it is of the opinion that the Legal Owner is not liable, those Participants will have the right to initiate any such claim themselves (at their own account).

The Legal Owner shall resign and may be removed on the following grounds:

- a) At its own initiative, subject to notification of the Manager at least three (3) calendar months before the envisaged effective date of resignation; or
- b) With immediate effect upon its bankruptcy (*faillissement*) or dissolution (*ontbinding*) or upon the Legal Owner having been granted suspension of payments (*surseance van betaling*).

In case of resignation or removal of the Legal Owner, the Manager appoints a substitute title holder. If this has not occurred within three (3) calendar months, the Fund will be dissolved, unless a meeting of Participants decides to prolong this period. In case the Fund will be dissolved, it will be liquidated, and the Manager will be authorized to solely perform the necessary actions as required thereunder.

The fiscal year of the Legal Owner coincides with the calendar year. The Annual Reports of the Legal Owner will be made public six months after the close of the financial year. The Articles of Association of the Legal Owner are published on the Website and deposited at the office of the Legal Owner. Copies are available free of charge from the Manager.

#### 4.6 **Depository**

CACEIS Bank, Netherlands Branch acts as Custodian of Commodity Discovery Fund. CACEIS Bank, Netherlands Branch is located in Amsterdam at De Entree 500, 1101 EE and is registered with the Chamber of Commerce in Amsterdam under number 33001320. CACEIS Bank, Netherlands Branch is the Dutch subsidiary of CACEIS Bank SA, based in Paris, France and registered office: 1-3, place Valhubert 75013, Paris, France. CACEIS Bank S.A. is registered with the Paris Trade Register under RCS number 692 024 722

The statutory management of the Depositary is formed by the Directors of CACEIS Bank S.A. in Paris, France.

The Depositary and the Manager have entered into the Depositary Agreement. The Depositary Agreement is deposited at the office of the Manager. Copies are available free of charge. The Depositary shall act with due observance of the Fund Documents, the Management as well as the Depositary Agreement and in the interest of the Participants.

The responsibilities of the Depositary include the safekeeping of the financial instruments owned by the Legal Owner and the monitoring that financial instruments are registered on accounts opened in the name of the Legal Owner.

The Depositary Agreement includes the following agreements:

- the Depositary will ensure the custody of the financial instruments held by the Legal Owner on behalf of the Participants and will ensure that the financial instruments are registered in accounts registered in the name of the Legal Owner;
- the Depositary will verify ownership of the Fund;
- the Depositary will ensure that the Net Asset Value of the Participations is calculated in accordance with applicable national law, the UCITS Regulations and the Offering Memorandum;
- the Depositary will ensure that the investment policy as described in the Offering Memorandum is complied with;
- the Depositary will satisfy itself that the Fund's cash flows are properly monitored and that all payments made by or on behalf of the Fund are received;
- the Depositary will ensure that in transactions involving the assets of the Fund, all fees are paid to the Fund within normal time limits;
- the Depositary will ensure that the Fund's income is spent in accordance with the Dutch law, UCITS Regulations and the Offering Memorandum;
- the Depositary supervises the subscription and redemption of Participations, so that the correct number of Participations is issued to the Participations receive the correct Redemption Amount.

The Depositary shall carry out the Manager's instructions, unless they conflict with applicable national law and/or this Offering Memorandum. The Depositary shall act independently, honestly, fairly and professionally and in the interest of the Fund and its Participants.

It follows from Section 4:62p (1) of the Wft that the Depositary is liable to the Fund for the loss of a financial instrument it has taken into custody, unless it can demonstrate that the loss is the result of an external event over which the Depositary has no reasonable control and the consequences of which were unavoidable despite all efforts to prevent them. The Depositary is also liable towards the Fund for other damages insofar as the Custodian acts in violation of the Wft or the UCITS Directive through intent or negligence. The Manager will inform investors without delay of any changes in relation to the liability of the Depositary. In the event of a change in the liability of the Depositary, this will be stated on the Website.

The Depositary provides the custody services to UCITS under the banking license.

#### **4.7 Custodian**

The Custodian arranges the custody of the Fund Assets.

The Manager and the Legal Owner have appointed the Custodian also as broker to perform the execution and clearing of transactions, subject to the terms of an execution only agreement.

#### 4.8 Administrator

The Manager has engaged Bolder Fund Services (Netherlands) as the Fund's administrator and has delegated to it certain financial, accounting, administrative and other services to the Fund, subject to the terms of the Administration Agreement.

Pursuant to the Administration Agreement, the Administrator performs the following services on behalf of the Manager in respect of the Fund:

- communication with Participants relating to their participation in the Fund;
- administrative processing of Subscriptions and Redemptions;
- the acceptance of new Participants;
- preparing and maintaining the Fund's financial and accounting records and statements;
- determining the Net Asset Value of the Participations (on a monthly basis);
- preparing financial statements;
- arranging for the provision of accounting, clerical and administrative services;
- maintaining corporate records;
- disbursing payments of fees and expenses, if any;
- general administration of the Register;
- provide information to the Manager to enable the Manager to comply with reporting requirements; and
- provide information to the Manager for the composition of the (semi-) Annual Accounts and the Monthly Report.

It should be noted that in providing services as an administrator, registrar and transfer agent, the Administrator does not act as a guarantor of the Participations herein described.

Moreover, the Administrator is not responsible for any investment decisions of the Manager, or the effect of such investment decisions on the performance of the Fund. The Administrator shall not, in any way and at any time, be involved with any investment decision to be made on behalf of the Fund, nor with the execution thereof.

Further, the Administrator will not be responsible for verifying that the investment objective and policy, in particular any investment restrictions and limitations as contained herein, are being adhered to by the Manager. Furthermore, the Administrator is not responsible for checking whether the investment objective and investment policy, and in particular the investment restrictions contained therein, are complied with by the Manager.

The Administrator is an affiliate of Bolder, an international group providing management, accounting and corporate finance services to private clients, companies and institutions from its offices in the British Virgin Islands, Cayman Islands, Curacao, Hong Kong, Luxembourg, Nevis, Singapore, Slovakia, Switzerland, The Philippines & the United States.

The Administrator shall be liable for damages to the extent such damages are the direct result of the willful misfeasance, bad faith or gross negligence of the Administrator in the performance or non-performance by it of its duties under the Administration Agreement. In the legal relationship between the Manager and the Administrator it has, however, been agreed that such liability shall never exceed an amount equal to an amount of EUR 90,000. The Administrator will be indemnified out of the Fund Assets against all liabilities, actions, proceedings, claims, costs, demands and expenses (other than out-of-pocket expenses) arising out of its proper performance under the Administration Agreement.

Current information relating to matters described in this Section 4.8 will be made available at the request of Participants.

#### **4.9 Fund Assets and liabilities and Participations**

Legal title to the Fund Assets and liabilities is held by the Legal Owner for the account of the Participants. Participants have no proprietary interest in the Fund Assets and liabilities. Pursuant (and subject) to the Fund Documents, Participants are beneficially entitled to the Fund Assets and liabilities pro rata the number of their respective Participations. The Fund Assets can only be used for the satisfaction of claims resulting from (i) debts related to the management and custody of the Fund and (ii) Participations.

#### **4.10 Subscription**

##### **4.10.1 Subscription dates**

Subject to the terms of the Fund Documents, Participations are available for Subscription on the Dealing Date. The Manager is authorised to refuse any Subscription at its discretion or to fix additional dates for Subscription of Participations.

##### **4.10.2 Subscription Amount and number of Participations available for Subscription**

Participations will be issued, at the discretion of the Manager, against payment of the Subscription Amount. The Subscription Charge accrues to the Fund to cover the costs associated with the new Subscriptions. The number of Participations to be issued will be calculated by dividing the Subscription Amount by the Net Asset Value per Participation as per the end of the Valuation Date immediately prior to the relevant Dealing Date in accordance with chapter 7, paragraph 7.3, page 36. Fractions of Participations may be issued up to four decimal positions.

The minimum total Subscription Amount for Participations payable by each prospective Participant wishing to invest in the Fund amounts to EUR 50,000. Participants who owned units in the Fund prior to January 1, 2022, are exempt from this minimum limit of EUR 50,000 and keep the old minimum limit of EUR 25,000 for new Subscriptions. This may concern subscriptions of spouse/registered partner or heirs. Participants can make further applications for additional Participations in one or more multiples of EUR 5,000. The Manager reserves the right to accept lower minimum subscription amounts where appropriate.

##### **4.10.3 Subscription procedure**

Applications to subscribe for Participations must be received in the form of a Subscription Form by the Administrator - with a copy to the Manager - at least two NL Business Days prior to the relevant Dealing Date. Payment of the Subscription Amount must be made such that it is received in EUR in the account of the Fund that is held in name of the Legal Owner with the Bank (as identified in the Subscription Form) at least two NL Business Days prior to the relevant Dealing Date and further made in accordance with the instructions identified in the Subscription Form.

Subscription Forms that are duly completed and signed are irrevocable once received by the Administrator on behalf of the Manager. Subscription Forms are accepted by the Manager once duly signed by an authorised signatory of the Administrator on behalf of the Manager. The Manager reserves the right to reject any application for any or no reason. The application will for example be rejected if:

- the Subscription Form, or the payment of the Subscription Amount in respect thereof, is not timely received;
- the Subscription would affect the fiscal status of the Fund;
- the application is made in violation of the client identification and anti-money laundering requirements pursuant to the AML Act;
- the technical means to accept Subscriptions are temporarily unavailable as a result of a technical breakdown;
- circumstances have arisen which make it practically impossible for the Fund to honour all the Subscriptions immediately; for instance because from an administrative point of view it is impossible to process the requests in an orderly manner,

- The Manager, through an instruction from the AFM in the public interest or in the interest of the Participants, is mandated to suspend the registration.

When an application for Subscription is rejected by the Manager, it shall be considered as having no (further) force and effect and the Subscription Amount paid in respect thereof will be returned without interest as soon as practicably possible.

In the Subscription Form a prospective Participant must inter alia represent and warrant that:

- the prospective Participant has reviewed the Fund Documents and agrees to be bound thereby;
- the Fund Documents do not contravene, or constitute a violation under any provision of law applicable to the applicant;
- the prospective Participant has the knowledge and expertise in business and financial matters and is eligible to assess and evaluate the merits and risks associated with investing in the Fund;
- the prospective Participant has independently assessed, evaluated and verified the merits and risks associated with investing in the Fund and the transactions contemplated by the Fund;
- the prospective Participant is willing to assume and will be able to bear the full financial and economic risk of its Subscription, while maintaining adequate means of providing for its current needs and foreseeable contingencies, even in the event of a loss of its entire investment in the Fund;
- the prospective Participant complies with any applicable client identification and anti-money laundering requirements; and
- the prospective Participant agrees to provide such information as may be required by the Fund to fulfil its obligations under FATCA and CRS.

Upon issuance of the Participation(s) in accordance with a relevant Subscription Form, the Administrator will confirm the Subscription Amount, the Subscription Charge, the Net Asset Value per Participation and the number of the Participation(s) so issued.

At its discretion, the Manager is authorised to waive, decrease or increase the Subscription Charge or otherwise deviate from the Subscription procedure set out above.

#### **4.10.4 Prevention of Money Laundering**

Measures aimed at the prevention of money laundering will require an applicant for Participations to confirm its identity to the Manager. The procedure used by the Administrator on behalf of the Manager is compliant with the AML Act. Participants should be aware that a Participant's failure to comply with applicable client identification and anti-money laundering requirements may cause the Subscription Amount not to be fully recoverable from the Fund.

### **4.11 Redemption**

#### **4.11.1 No transfer or Encumbrances**

Participations in the Fund cannot be sold and/or transferred to other or prospective Participants. Participations can only be redeemed by the Fund at the request of a Participant. Under certain exceptional circumstances, the Manager and the Legal Owner acting jointly, shall be entitled to cause the Redemption of all (but not less than all of the) Participations of a Participant. See paragraph 4.11.5 below. Participations may not be made subject to any Encumbrances.

#### **4.11.2 Redemption dates**

Subject to the terms of the Fund Documents, Participations are available for Redemption on the Dealing Date. The Manager is authorised to fix additional dates for Redemption of Participations.



#### 4.11.3 Redemption Amount and number of Participations available for Redemption

Participations will be redeemed against payment of the Redemption Amount to be decreased with the Redemption Charge of 0.5%. The Redemption Charge accrues to the Fund to cover the costs associated with the Redemptions. The Redemption Amount payable by the Fund in respect of a Redemption shall be calculated by multiplying the number of Participations to be redeemed with the Net Asset Value per Participation as per the end of the Valuation Date immediately prior to the relevant Dealing Date in accordance with chapter 7, paragraph 7.3. There are sufficient safeguards to ensure that, except in the event of regulatory impediments or the grounds for suspension as set out below, the Fund will be able to meet its obligation to redeem Participations upon Participants' request in conformity with the Redemption procedure as set out below.

#### 4.11.4 Redemption procedure

Applications to redeem Participations must be received in the form of a Redemption Form by the Administrator - with a copy to the Manager - at least ten NL Business Days prior to the relevant Dealing Date. Only in special circumstances is the Manager permitted to deviate from this procedure. The Redemption Form must express the number of Participations to be redeemed. Payment of the Redemption Amount must be made such that it is received in EUR in the account of the Participant (as identified in the Redemption Form) within ten NL Business Days after NAV approval.

Redemption Forms that are duly completed and signed are irrevocable once received by the Administrator on behalf of the Manager. Redemption Forms are accepted by the Manager once duly signed by an authorised signatory of the Administrator on behalf of the Manager. The Manager reserves the right to suspend (*opschorten*) or reject (*weigeren*) a Redemption. Redemptions may *inter alia* be suspended:

- during the period of a suspension of the determination of the Net Asset Value in accordance with chapter 7, paragraph 7.3.5;
- to the extent, the aggregate Redemptions at any given Dealing Date would cause the aggregate Redemption Amounts payable by the Fund to exceed 20% of the Fund's Net Asset Value. In such case the aggregate Redemption Amounts shall be reduced such that the aggregate Redemption Amounts payable by the Fund equal or fall below 20% of the Fund's Net Asset Value pro rata to the number of Participations held by the Participants that made the application. The rejected portion of Participations will be redeemed if the Fund has generated sufficient liquidity to proceed with the payment of the remaining Redemption Amounts. Any suspended portion of Participations will be pro-rated across the redeeming Participants by an equal percentage of their total Redemption Amounts;
- the technical means to redeem Participations are temporarily unavailable as a result of a technical breakdown;
- circumstances have arisen which make it practically impossible for the Fund to honor all the requests for Redemption immediately; for instance because from an administrative point of view it is impossible to process the requests in an orderly manner;
- circumstances have arisen which threaten the fiscal status of the Fund; and
- in case the Manager, through an instruction from the AFM in the public interest or in the interest of the Participants, is mandated to do so.

Redemptions may *inter alia* be rejected, or where appropriate partially rejected, if:

- the Redemption Form is not timely received;
- in the opinion of the Manager, the application would interfere or prevent the orderly liquidation of the Fund Assets and liabilities proposed by the Manager upon dissolution of the Fund;
- to the extent, the application would cause the aggregate amount of the actual holding at the time of Redemption by a Participant to fall below the minimum Amount of EUR 25,000, save in the event the application for Redemption relates to all (but not less than all) Participations of a Participant;
- the application is made in violation of the client identification and anti-money laundering requirements pursuant to the AML Act; and
- in the opinion of the Manager, the application is otherwise made in violation of the Fund Documents.

When an application for Redemption is rejected, it shall be considered as having no (further) force and effect.

Upon Redemption of the Participation(s) in accordance with a relevant Redemption Form, the Administrator will confirm the Redemption Amount, the Redemption Charge (if any), the Net Asset Value per Participation and the number of the Participation(s) so redeemed.

At its discretion, the Manager is authorised to waive, decrease or increase the Redemption Charge or otherwise deviate from the Redemption procedure set out above.

In case the Manager decides to suspend Redemptions, the Administrator and the AFM shall be informed thereof immediately. The Participants shall be informed through publication of the suspension on the Website.

#### **4.11.5 Redemption by the Manager**

The Manager and the Legal Owner acting jointly, shall be entitled to redeem all, but not less than all, Participations of any Participant, when:

- said Participant is dissolved, becomes insolvent, is unable to pay its debts, institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy, any other relief under any bankruptcy, insolvency or similar law;
- in the opinion of the Manager, the tax position of the Legal Owner, the Fund or any of the other Participants is or will become negatively affected due to the tax status or position or any change therein of the relevant Participant or any other circumstance concerning such Participant;
- in the opinion of the Manager, the performance or non-performance of said Participant violates the Fund Documents;
- in the opinion of the Manager, said Participant fails to comply with any requirement applicable to it by law, including the client identification and anti-money laundering requirements pursuant to the AML Act; and
- in the opinion of the Manager, the Participation of said Participant in the Fund is detrimental to the Fund's or the Manager's reputation or the general affairs of the Fund.

#### **4.12 Meeting of Participants**

Within four months following the end of the Fund's financial year, a Meeting of Participants will be held to consider and discuss the Fund's audited Annual Accounts. Additional Meetings of Participants may be convened if such is considered desirable by the Manager or by one or more Participants representing at least 75% of the Participations on issue.

According to the Fund Documents, no initiative, veto- or consensual rights are conferred upon the Meeting of Participants. The Meeting of Participants shall be of an informative nature.

Meetings of Participants will be convened through a notice to each Participant at least ten NL Business Days in advance, the day of publication of the notice and the day of the meeting not included. The issues to be discussed at the Meeting of Participants are mentioned in the notice convening said meeting. The notice is published on the Website.

#### **4.13 Distribution policy**

The Manager has decided that there will be no distributions out of the Fund to the Participants.

#### **4.14 Dissolution and liquidation**

Participants can not cause the dissolution or liquidation of the Fund. The Fund is dissolved and liquidated by a resolution to that effect by the Manager. The Manager shall cause a Meeting of Participants to be convened wherein Participants shall be informed on the reasons of the proposed dissolution, the proposed liquidation procedure in respect of the Fund Assets and liabilities and the allocation of the liquidation proceeds. The (proposed) dissolution of the Fund will be published on the Website.



The Manager shall liquidate the Fund Assets and liabilities. During the dissolution of the Fund and the liquidation of the Fund Assets and liabilities, the Fund Documents remain in force. The Fund's liquidation proceeds must be distributed to the Participants pro rata the number of Participations. Once so distributed, the Fund is dissolved.

#### **4.15 Conflicts of interests**

It is possible that the Manager or the Administrator may, in the course of business, enter into transaction and/or agreements with 'affiliated companies' as a result whereof conflicts of interest with the Fund may arise. In this event, they will at all times regard their obligations to the Fund and will endeavour to ensure that such conflicts are resolved fairly.

In addition, subject to applicable law, the Manager, the Legal Owner, the Depositary and the Administrator may trade, as principal or agent, with the Fund, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis.

Active engagement programs typically involve contacts with other investors or potential investors in portfolio companies. The Manager as well as other persons connected with the Manager may advise such other investors in connection with their investments or engagements with target companies.

The Managing Directors and the members of the Board of Advisors will adhere to a Code of Conduct. The director(s) of the Legal Owner will also abide by the Code of Conduct.

In certain instances, it is possible that the interests of the Administrator and the Depositary may be opposed to those of the Fund. In such case, each of the aforementioned parties will endeavour that all dealings between each of them and the Fund are carried out as if effected on normal commercial terms negotiated on an arm's length basis.

Current information relating to matters described in this Section 4.15 will be made available at the request of Participants.

#### **4.16 Amendment of the Fund Documents**

The Fund Documents may be amended by the Manager. The Management and Legal Ownership Agreement may be amended by the Manager upon a joint proposal of the Manager and the Legal Owner. The adjustments will however never lead to the Fund, the Manager and/or the Legal Owner no longer adhering to the applicable laws and regulations.

Any proposal to amend the Fund Documents and/or the Management and Legal Ownership Agreement will be notified to the Participants (through email or, at the request of a Participant, per ordinary mail) and the AFM at the same time, and will, together with an explanation to the (proposed) amendment, be published on the Website. To the extent that the actual amendment of the Fund Documents and / or the Management and Legal Ownership Agreement differ from what was proposed, the actual amendment will be announced simultaneously to the Participants (by e-mail or at the request of a Participant, by regular mail) and the AFM, and an explanation of the change will be published on the Website.

An amendment of the Fund Documents and/or the Management and Legal Ownership Agreement causing a reduction of a Participant's rights or entitlement, imposing costs on a Participant or causing a change to the investment policy of the Fund, will only become effective vis-à-vis the concerned Participants after the lapse of one month following the date of the notification thereof. During that month, Participants have the right to redeem their Participations at their respective Net Asset Value without a Redemption Charge being payable to the Fund. If the dates fixed for Redemption in accordance with the Fund Documents and/or the Management and Legal Ownership Agreement are not sufficient to allow Participants to redeem their Participations during said month, the Manager will fix one or more additional dates for Redemption.

#### 4.17 **Administrative organisation and internal control procedures and complaints procedure**

The Manager has a description available of both its own and the Fund's administrative organisation and internal control procedures (*beheerste en zorgvuldige bedrijfsvoering*). In this description procedures regarding, amongst other things, the acceptance of Participants and the administration of Participants are incorporated.

The Manager has a set complaints procedure (*klachtenprocedure*). This complaint procedure is aimed at a speedy and careful handling of complaints.

In case of a complaint about the Fund, the Manager, the Legal Owner or the Administrator such complaint may be filed in writing (or via e-mail) with the Manager at the address as set out in this Offering Memorandum respectively at .

## 5. **Investment Strategy and Restrictions**

### 5.1 **Investment objectives**

The investment objective of the Fund is to achieve capital growth by investing in a wide variety of financial instruments and by using various investment techniques.

The Fund can be seen as a specialized equity fund with an absolute return approach and as such it can deviate substantially from any benchmark. The principal investment objective is to realize an as high as possible rate of return in EUR with an acceptable level of risk.

The Fund uses as its Benchmark a weighting of 50% HUI index and 50% TSX-V index (including reinvested returns, in EUR). However, it is not the investment objective of the Fund to track these indices or the Benchmark. The Fund will mainly invest in Listed Companies, active in the field of exploration, development and exploitation of natural resources with an emphasis on (precious) metals. The Fund is allowed to use derivatives (only listed), for hedging purposes as well as to realize the investment objective.

### 5.2 **Investment strategy**

The investment objective of the Fund is to achieve capital growth by investing in a wide variety of financial instruments and by using various investment techniques. The investments consist primarily of "long" positions in Listed Companies, mainly listed on the main (commodity) markets. In addition, positions may be taken through ETFs (or ETCs), which are related to the value of commodities or other exchange-traded instruments, anticipating moves in volatility for example. With respect to diversification, the portfolio consists of investments in a large selection of companies that are active in different stages of discoveries and exploitation of a broad array of natural resources with a focus on metals. Within a short period following an initial discovery, these companies usually show strong gains in value over a relative short period of time. By investing in these companies, a sensible way to diversify the overall equity portfolios of investors can be achieved. Because a relatively large proportion of the portfolio is invested in precious metals-related companies, such an investment often has a strong anti-cyclical character.

Part of the Fund's Assets can be invested directly in exploration companies through the participation in private placements. This gives the Manager an opportunity to buy shares at a discount and to receive additional warrants at no cost. The valuation of these warrants is made on a conservative basis. These private placements sometimes concern companies that do not yet have a stock market listing. The Administrator only invests in this type of company if he has assured himself that a listing will follow after the private placement.

Given this investment strategy and the investment objective of the Fund, an investment in Participations entails a high degree of risk, as the value of the Fund may fluctuate significantly. Such an investment is suitable only for persons who can bear the risk of losing a significant portion of their investment or their entire investment.

The Fund will only invest subject to the principle of risk spreading applicable to UCITS, as specified in the legislation and regulations applicable to UCITS.

The investments of the Fund are made on the basis of research of both a macro-economic and a company specific nature. The macro-economic research focuses on geopolitical developments, foreign exchange and a fundamental analysis of the “hard commodities” (metals and energy) markets. The company-specific research focuses on analyses of over a thousand listed commodities companies.

The Manager believes that a great investment climate for companies active in the global search for natural resources will continue for the years to come. Underinvestment in the exploration sector since the nineties of the last century resulted in very few mineral discoveries in recent years. As a result, global production growth in many metals is under severe pressure and shortages in several commodities are becoming visible.

Besides this, major producers must spend tens of billions of dollars every year on acquisitions in order to maintain their production rates and reserve levels. Due to the prolonged correction in the sector between 2011-2020, exploration activities globally have been reduced further, lowering the rate of the new resource discoveries even further.

In addition, since the outbreak of the credit crisis in 2007, growing uncertainties have emerged in the heavily swollen financial system. These uncertainties are the result of the accumulation of global debt levels and the growing macro-economic imbalances. Monetary authorities, following the outbreak of the crisis, have put in motion an unprecedented monetary stimulus, better known as QE (Quantitative Easing), partly intended to stimulate the economy and bring interest rates down sharply. The roll-out of the 'bail-in' opportunities within the G-20 countries, allow money from savings and bonds to be used to perform operations in support of ailing banks, and further increases the risks to investors in traditional safe havens such as cash and government bonds.

Given all these circumstances, the Manager believes that the trend will continue in which investors will increasingly discover and appreciate the value of so-called hard assets such as commodities. This, coupled with the increasing scarcity of raw material reserves, may elevate their prices further in the coming years. The Fund focuses on Listed Companies, with market capitalisations under EUR 1,000 million. The Fund may, however, also invest in smaller or larger Listed Companies, as well as in companies that are not listed on a stock market (see above), albeit on a limited scale.

### **5.3 Risk hedging and financial instruments**

The Fund primarily focuses on long positions in Listed Companies, mainly listed on the primary commodities exchanges. This means that it is listed on one of the stock exchanges of the TMX Group and/or is part of the HUI Index, the Australian Securities Exchange (ASX) in Australia and the London Stock Exchange (LSE and AIM) in the United Kingdom. In addition, positions are taken in the commodity sector through ETFs (or ETCs), listed on stock exchanges in North America, which are related to the value of commodities or other exchange-traded instruments (including options) anticipating moves in volatility for example, if the Manager is of the opinion that this benefits the Fund's investment objective.

The Fund may use hedging techniques to protect against certain risks, such as an over-exposure to a certain sector or a high sector valuation relative to the market. In general, the Fund will use listed derivatives (futures and options) to cover such risks.

### **5.4 Investment restrictions**

The Fund has built in both quantitative and qualitative restrictions to manage the risks inherent to the investment portfolio. The investments will always be in conformity with the restrictions applicable to UCITS, as laid down in the Wft and the BGfo. The following quantitative restrictions apply among other:

- the Fund may not use financing in order to create leverage;

- the net long position in a specific company or closed-end ETF (or ETC's), either through listed shares and/or derivative instruments and/or (convertible) bonds, shall not exceed 10% of the aggregate Net Asset Value. If due to special circumstances this limit is exceeded, the Manager will unwind this immediately (within 24 hours) to less than 10%. The AFM will be notified immediately;
- the Fund will be entitled to maintain up to 35% of the aggregate Net Asset Value either in cash, cash equivalents or other type of liquid assets;
- the Fund will not engage in any uncovered ("naked") short sells;
- the Fund will not lend in principle securities to third parties, except if this is done by the Custodian pursuant to the Depositary Agreement.

### 5.5 **Leverage and financing**

The only leverage that the Fund engages in is the leverage caused by the use of - listed - derivatives. The use of external financing to achieve additional leverage is not permitted.

### 5.6 **Policy regarding voting rights and voting policy**

The Fund pursues a non active voting policy in relation to the underlying investments in the Fund.

If the voting rights pertaining to the investments of the Fund will be exercised, the Manager will do so exclusively only for the benefit of the Fund and in accordance with the investment objectives and investment policy of the Fund.

Pursuant to the Code of Conduct the Manager and the persons involved with the Manager, including the Managing Directors, are not allowed to invest in the same companies as those in which the Fund invests. As a consequence, there will be no conflicts of interest in respect of the exercise of voting rights.

### 5.7 **Order execution policy**

The Manager has an Order Execution Policy. The essence of this policy is that the Manager aims to ensure that the best possible result is obtained when issuing orders to execute the buy or sell decisions on behalf of the Fund (the "Orders"). Thus, when issuing Orders the Manager will take into account the price, the cost, the speed of execution, the likelihood of successful execution, clearing and settlement and all other factors relevant for the execution of the Orders, while taking into account the investment objectives, strategy and restrictions of the Fund as well as the relevant risks, all as described in this Offering Memorandum. A further description of the measures taken and criteria observed by the Manager, as well as a list of the brokers used, may be found in the document entitled "Order Execution Policy", which is published on the Website and of which copies may be obtained from the Manager free of charge.

### 5.8 **Sustainability**

As an UCITS fund, the Fund falls within the scope of the SFDR and is therefore obliged to include information about its sustainability policy in the Offering Memorandum. The Manager classifies the Fund as a so-called article 6 product. This means that sustainability risks are not integrated into investment decisions because the Manager believes that the extraction industry is not sustainable by its nature. This is explained in more detail below.

The Fund focuses mainly on investments in (precious) metals, and in particular in companies that produce them or are exploring for them. The main pillar of the Fund investment philosophy is to provide exposure to the commodities sector. The investment policy is aimed at achieving the highest return for investors in the Fund.

Nevertheless, because of the potentially harmful consequences of mining, there is a call for sustainability in the areas of the environment, social context and corporate governance. These so-called ESG principles have seen a swift rise to prominence in the mining industry of late.

### The extraction sector

The extraction industry is a sector that cannot focus explicitly on sustainability when it comes to the environment. Nevertheless, there have been developments for some time to reduce environmental risks, a number of examples:

- The use of mercury has been banned by law in most countries for years and the use of sulfuric acid is severely restricted;
- more and more attention is being paid to electric and autonomously controlled vehicles that reduce dangerous situations for employees and can operate CO2 neutral;
- use of renewable energy sources such as solar energy and hydro energy in mining;
- obtaining a mandatory social license upfront: obtaining formal and informal acceptance for the project in the country in which the company operates (sharing the future profit from the mine, training and employing the local population);
- In the field of governance: top salaries in relation to employees and refusal to participate in corruption;
- Legislation in the field of (prohibition of) slave labor and bribery, compliance with ILO conventions and the regulation of the so-called conflict minerals, etc.

Miners feel the pressure to conform to these ESG principles, although these are still far from being an industry standard. One of the organizations trying to set an industry standard is the International Council on Mining and Metals (ICMM). Members comply with 10 ESG principles, and the group now includes the approx. 30 largest producers in the world. Several such voluntary codes are now being set up, but there is not yet an unambiguous measurable ESG standard for the mining industry. This makes sustainable investment in the mining industry impossible for the time being. The Fund intends to add ESG industry standards to its due diligence process in the future, once they have taken shape for both miners and exploration companies.

#### Exclusion Policy

The fund has already integrated a number of sustainability principles. The fund does not invest in countries where child or slave labor could potentially take place (North Korea and Eritrea), or where there could be overt corruption (Eritrea). In another area, companies with an exorbitant management fee are avoided. In general, the reliability of the management is an important test for Commodity Discovery Fund. The way in which companies deal with local residents is also part of the fund due diligence process.

#### Declaration according to Article 7 of the Taxonomy Regulation (2020/852)

The Fund's underlying investments do not take the EU criteria for environmentally sustainable economic activities into consideration.

## **6. Risk factors**

### **6.1 General**

An investment in the Fund carries a substantial degree of risk. The value of the Fund's underlying investments is subject to market fluctuations on the financial markets and risks that are inherent to investments. There is no assurance or guarantee that the Fund's investment policy will be successful or that the Fund will realise its investment objectives. The Net Asset Value of Participations may increase or decrease over time.

Participants should be aware that the possible return (if any) on their investment in the Fund is dependent on the value of the Fund's underlying investments and the investment strategy. If the value of the underlying investments decreases, the return on a Participant's investment will also decrease. There is no assurance or guarantee that Fund shall at all times be able to repay to a Participant any Redemption Amount. The Manager uses the so-called 'commitment approach' to determine the global exposure of the derivatives that are not used for hedging.

Moreover, the Fund invests in sectors that are characterised by large fluctuations, which makes that its returns are very uncertain and show a high degree of volatility.

Without prejudice to the foregoing, the value of the Fund's underlying investments may be affected *inter alia* due to external circumstances and if any of the risks identified below materialises, resulting in a suspension of the determination of the Net Asset Value for the Participations, in accordance with chapter 7, paragraph 7.3.5, page 38.

The Fund has made a detailed account of the risks, their impact, likelihood of occurrence and counter measures in a risk management policy.

#### **6.2 Market risks**

The value of the Fund's underlying investments is subject to fluctuations on the financial markets. The prices of securities may decrease globally. One or more markets on which investments owned by the Fund are traded may be closed, other than for ordinary holidays, or dealings thereon may be suspended or subject to unusual restrictions, due to which the determination of the Net Asset Value may be suspended in accordance with chapter 7, paragraph 7.3.5. Suspension of the determination of the Net Asset Value may, in its turn, *inter alia* result in suspension of Redemptions as well. The Fund accepts market risks as inherent to its investment strategy and in general does not aim to protect against it.

#### **6.3 Concentration risks**

The Fund invests in a limited number of sectors. Investments of the Fund may therefore decrease in value as a result of a decrease in value of an entire sector without such decrease being offset by investments in another sector or other sectors. The Fund accepts concentration risks as inherent to its investment strategy and in general does not aim to protect against it.

#### **6.4 Risks of limited due diligence**

The Manager will not always carry out a profound analysis of the companies in which it invests and will almost never follow an extensive due diligence procedure prior to investing in a company. As a consequence it may happen that certain negative characteristics of a company in which the Fund invests will become known after the investment has been made, as a result of which such investment may decrease in value.

#### **6.5 Geopolitical risks**

The investments of the Fund may be affected negatively by developments in the countries where the companies in which the Fund invests are established or where they perform their activities. These developments may lead to a partial or complete loss or a substantial loss in value of one or more of the investments of the Fund. The aforementioned developments may include, without limitation:

1. war or revolution;
2. civil unrest, ranging from protests to civil war;
3. changes in national policy and/or nationalization of companies;
4. changes in the political situation and/or government of a country;
5. natural disasters; and/or
6. acts of terrorism.

The Fund accepts geopolitical risks as inherent to its investment strategy and in general does not aim to protect against it.

#### **6.6 Currency exposure**

The currency or currencies in which the Fund's investments are expressed often differ from the currency in which the NAV and the Participations are expressed, which is Euro (EUR). Various types of currency exposure may play a role. Firstly, a currency exposure comes into existence with every investment of the Fund in securities denominated in a currency other than EUR, because the currency in which such investment is made may increase in value with respect to the EUR before such investment is actually paid for. Secondly, currency fluctuations may cause the Fund's investments that have been paid for to decrease in value if expressed in EUR. The Fund intends to reduce this type of currency exposure as much as possible with an active currency



management. Finally, potential investors and Participants whose assets and liabilities are predominantly denominated in another currency than EUR should take into account the potential risk of loss arising from fluctuations in value between such other currency and EUR, being the currency in which the NAV and the Participations are expressed.

#### **6.7 Redemption risks**

Redemptions may cause the Fund to dispose of investments in order to satisfy the aggregate Redemption Amounts payable in respect thereof under less favourable conditions than the Fund would have otherwise enjoyed upon a disposal of such investments. The Fund has enjoyed low levels of redemption throughout its existence.

#### **6.8 Liquidity risks**

The Fund may invest in stocks with a limited liquidity, including so-called 'penny stocks'. See chapter 5, paragraph 5.3. As a consequence, it may occur that securities or other investments have to be sold below their expected value due to a lack of liquidity of those securities or investments. It may also transpire that the Fund has participated in a private placement in a company that was expected to list on a stock market within one year, but this listing failed to materialize. Finally, part of the portfolio of the Fund consists of so called "penny stocks" (shares with a value of less than CAD/AUD 1,=). This type of shares may be characterized by a relatively low liquidity. This liquidity risk is continually monitored by the Manager, and is deemed to be relatively low given the trade ability of a part of the majority of stocks the Fund invests in.

#### **6.9 Risk due to unique temporary circumstances**

Under certain circumstances, as described in chapter 7, paragraph 7.3.5, the determination of the Net Asset Value may be suspended. As a result, Redemptions may have to be suspended as well. In addition, there are other circumstances under which Redemptions may have to be suspended. See chapter 4, paragraph 4.11.4. As a result, Participants may not always be able to redeem their Participations in the month in which they wish to do so. In addition, Participations in the Fund cannot be sold and/or transferred to other or prospective Participants.

#### **6.10 Reliance on the Manager and key individuals**

The Fund's success depends solely on the Manager's ability to identify investments that will positively contribute to the Fund's performance. There can be no assurance that the investing and/or trading methods employed by the Manager will produce profits. Moreover, the Manager is dependent on the services of a limited number of key persons, such as, without limitation, its Managing Directors. If the services of such persons were to become unavailable, this might have a serious impact on the Fund's performance and continuity.

#### **6.11 Risks of derivatives**

The derivatives used by the Fund may be highly volatile and may expose the Fund to a risk of loss. The initial margin deposits required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in losses exceeding the margin deposited.

#### **6.12 Risks of inflation and/or deflation**

Due to inflation, the relative value of the Fund and therefore of the Participations may decrease. Due to deflation, the relative value of obligations of the Fund may increase, as a result of which the relative value of the Fund and therefore of the Participations may decrease.

#### **6.13 Counterparty risks, settlement risks and depositary risks**

An issuing institution may fail to comply with one or more of its obligations vis-à-vis the Fund and losses may be sustained by the Fund as a result thereof.

Settlement through a clearing system may not take place as expected due to a failure by the Fund's counterparty to deliver the relevant securities or payment in respect thereof and losses may be sustained by the Fund as a result thereof.

Losses may be sustained by the Fund as a result of negligence, fraudulent behaviour and/or the liquidation, bankruptcy or insolvency of the Depository, the Custodian and/or the Bank and/or any sub-depository, sub-custodian and/or correspondent bank engaged by the Depository, the Custodian respectively the Bank.

The Fund accepts counterparty risks, settlement risks and depository risks as inherent to the investment process and the trading on financial markets.

#### **6.14 Financing risks**

In exceptional circumstances, the Custodian and/or a broker may close out on one or more positions if the assets of the Fund held with the Custodian and/or that broker are insufficient to cover the financing. The Fund accepts financing risks as inherent to the investment process and the trading on financial markets. However, the Fund as a whole will not have a negative cash position.

#### **6.15 Risks of changes in legislation**

The tax and regulatory environment for investment funds is evolving and changes therein may adversely affect the Fund's ability to pursue its investment strategies. As a result, the value of the Fund may decrease.

#### **6.16 Compliance with US Reporting and withholding requirements**

The Fund will endeavor to satisfy the requirements imposed on the Fund by FATCA to avoid the imposition of FATCA withholding tax. However, there can be no guarantee or assurance that the Fund will comply with all the requirements imposed by FATCA. In the event that the Fund is not able to comply with the requirements imposed by FATCA and the Fund does suffer US withholding tax on its investments as a result of non-compliance, the Net Asset Value may be affected and the Fund may suffer loss as a result.

### **7. Fees and Expenses**

#### **7.1 Fees**

Participants who participate with a Subscription Amount of EUR 1,000,000 or more fall under the New Asset Class.

##### **7.1.1 Management Fee**

The Management Fee (for the Standard Class) due to the Manager equals to 1.8% per annum of the Net Asset Value of the Fund (0.45% per quarter) prior to the deduction of the Management Fee and the Performance Fee. In deviation of the foregoing, every time a new or existing Participant subscribes with a (total) Subscription Amount of EUR 1,000,000 or more, the Management Fee payable by this Participant in respect of the Participation relating to such Subscription shall equal 1.5% per annum of the Net Asset Value of the Fund prior to the deduction of the Management Fee and the Performance Fee. The Management Fee shall accrue to the Manager monthly and is payable quarterly in arrears. Settlement takes place monthly via the NAV, over which Participants will not receive notice.

Existing Participants qualify for a Management Fee of 1.5% and a Performance Fee of 15%, by converting a minimum of EUR 1,000,000 of current participation value (possibly consisting of multiple subscriptions), against one new subscription of participations at a new High Watermark, determined by the NAV at the moment of conversion. This subscription amount of EUR 1,000,000 can be achieved by a single subscription, the sum of the subscription of a natural person and legal entity, or the sum of subscriptions of spouse/registered partner or heirs. Upon redemption, the remaining amount must be at least EUR 1,000,000 if the participant is to continue to be entitled to the Management Fee of 1.5%.



### 7.1.2 U.S. Persons Asset Class

There is a separate Asset Class for Participants who participate as U.S. Persons, the conditions of which are the same as those of the regular Asset Class (1.8% management fee, 20% performance fee).

### 7.1.3 Performance Fee

The 20% Performance Fee (for the Standard Class) that is calculated per calendar year, is due to the Manager, of any increase in the Net Asset Value of the Fund, in excess of the Hurdle Rate. The Performance Fee is calculated separately per investment and amounts to 6%. This implies that every year, the first 6% of gross returns is exempted from the Performance Fee.

*For example, if the NAV were to increase by 10% in a given year, the Performance Fee would be calculated on the basis of 20% of 4% (being the difference between the increase in the NAV of 10% and the Hurdle Rate of 6%).*

If a Participant subscribes or redeems its Participations during a calendar year, the Hurdle shall be calculated pro rata, in respect of that Participant and that year. Thus for example, if a Participant subscribes per 1 December, the pro rata Hurdle for that Participant for that year shall be 0.5% higher (or one-twelfth of six percent). If a participant redeems on 1 March, the pro rata Hurdle for that Participant shall be 1.0% higher (two-twelfths of six percent).

The annual starting value for the Hurdle Rate is calculated cumulatively, also taking into account the High Watermark. This High Watermark is also calculated at the end of the year. This may be illustrated by the following example:

*Suppose the NAV was 100 at the beginning of a year and 104 at the end of that year. The Hurdle for that year would then be  $(100 * 6.0\%) + 100 = 106$ . As the NAV (104) at the end of that year was below this Hurdle, no Performance Fee would be payable over that year. The Hurdle Rate for the next year would then be calculated over the Hurdle of the previous year and would amount to  $(106 * 6.0\%) + 106 = 112.36$ . Thus, a Performance Fee would only be payable over that next year if and to the extent the NAV at the end of that year would exceed 112.36. If the NAV at the end of that year would for example be 120, the Performance Fee would be  $20\% * (120 - 112.36) = 1.528$  NAV-point.*

*After payment of a Performance Fee, the Hurdle will be calculated on the basis of the NAV that caused the payment of the Performance Fee. Thus, to continue the previous example, the Hurdle for the subsequent year (hereinafter "year 3") would be  $(120 * 6.0\%) + 120 = 127.2$ . The Performance Fee is subject to a High Watermark, which means that no Performance Fee shall be payable until any previous losses incurred by the Fund in respect of a Participation are recouped. In the previous example, a Performance Fee was paid when the NAV amounted to 120.*

*This NAV then becomes the High Watermark against which a future increase in the NAV is measured for the purpose of determining whether a Performance Fee is payable or not. To continue the previous example, suppose the NAV in year 3 decreases to 80. No Performance Fee is payable, the Hurdle is 127.2 (see above), the High Watermark is 120. Suppose the NAV in the year thereafter (hereinafter "year 4") increases again, to 110. Notwithstanding the substantial increase of 37.5%, no Performance Fee would be payable over year 4 as the NAV at the end of year 4 would still be below the last High Watermark of 120 and also below the Hurdle, which for year 4 would be  $(127.2 * 6.0\%) + 127.2 = 134.832$ . If the NAV in the year thereafter (hereinafter "year 5") were to increase to 150, a Performance Fee would be payable as 150 is both above the last High Watermark (of 120) and above the Hurdle, which for year 5 would be  $(134.832 * 6.0\%) + 134.832 = 142.9219$ . The Performance Fee would amount to  $20\% * (150 - 142.9219) = 1.41562$  NAV-point. The High Watermark would from then on be 150 and the Hurdle for the year thereafter (hereinafter "year 6") would be  $(150 * 6.0\%) + 150 = 159$ .*

If at year-end the performance of the fund exceeds the annual 6% increase (the Hurdle Rate), this Hurdle will be recalibrated to the NAV value on December 31 after settlement of the performance fee.

Please note that the examples given above are for illustrative purposes only and are not to be interpreted as a forecast of anticipated results.

Save in the event that the Fund is liquidated prior to the last NL Business Day of a calendar year, the Performance Fee will be calculated as though the determination date were the last NL Business Day of the year. As follows from the rationale of the Performance Fee, the Performance Fee is calculated separately for each Participation and possible subsequent Participation or Participations of each Participant. The Performance Fee is paid, per Participant, by redemption of an amount of Participations equal in value to the amount of Performance Fee payable. The final settlement of the performance fee takes place following the month in which the participant redeems their participations, even if this does not fall on a yearly closing. Such payment through partial redemption is effected by the Administrator within twenty calendar days after the end of the year in respect of which the Performance Fee became due.

In deviation of the foregoing, every time a new or existing Participant subscribes with a Subscription Amount of EUR 1,000,000 or more, the Performance Fee payable by that Participant shall equal 15% in respect of the Participation relating to such Subscription. All other information set out above (including the information relating to the method of calculation, the Hurdle Rate and the High Watermark) remains unchanged.

## 7.2 Expenses

### 7.2.1 Operating Expenses

*The Fund* will bear the costs, fees and expenses, such as, without limitation to:

- the Administration Charge, the Depositary Charge, the Legal Ownership Charge and the Compliance Costs;
- the costs of the Auditor (see paragraph 8.1);
- the costs involved with the execution of the investment policy of the Fund, such as brokerage commissions and transaction costs (including transfer taxes, stamp duties, financing and securities borrowing costs and settlement costs), hereinafter referred to as the Investment Costs; and
- charges, fees and expenses of legal and tax advisers pertaining to the Fund.

The Administration Charge, the Depositary Charge, the Legal Ownership Charge and the Compliance Costs are specified below. A specific calculation of the Investment Costs is not available as these costs are mostly variable costs and contingent upon circumstances arising. Not taking into account any special circumstances that may arise, the Investment Costs are expected not to exceed 0.5% of the yearly average Net Asset Value.

*The Manager* will bear the fees, costs and expenses in relation to:

- costs related to personnel
- marketing expenses;
- travel and lodging expenses;
- office costs;
- expenses related to corporate actions in relation to the investments (such as participating to general meetings);
- charges, fees and expenses of legal and tax advisers and auditors pertaining to the Manager;
- remuneration for the members of the Board of Advisors; and
- secretarial and other advisory expenses.

The members of the Board of Advisors each receive a yearly remuneration of EUR 5,000.-.

### 7.2.2 Administration Charge

Pursuant to the Administration Agreement, the Administrator is entitled to the Administration Charge. The Administration Charge consists of: Administrative and investor services, which entails an annual fixed amount of EUR 27,000 (exclusive of V.A.T.) and a variable charge (exclusive of V.A.T.) which is calculated as follows:

over a Net Asset Value of		Basispoints	
EUR 0	EUR 25,000,000	12	(0.12%)
EUR 25,000,000	EUR 50,000,000	10	(0.10%)
EUR 50,000,000	EUR100,000,000	8	(0.08%)
> EUR 100,000,000		6	(0.06%)

however, with a minimum fee of EUR 27,000.

Per every additional Participation Class an (initial) additional fee of EUR 2,500 will be charged.

In addition, the Administrator charges a yearly fee of EUR 4,566.25 for financial reporting services, a minimum annual fee of EUR 3,995.47 in relation to FATCA/CRS reporting services which applies up till 568 Participants with an additional fee of EUR 50 per every additional Participant. Next to this, EUR 1,000 in relation to K-1 Reporting will be charged annually. For the regulatory reporting services (specifically in relation to MESREP) EUR 125 per report will be charged.

#### 7.2.3 Depositary Charge

Pursuant to the Depositary Agreement between the Manager and the Depositary, the Depositary is entitled to the Depositary Charge. The Depositary Charge consists, per year, of 0.018% of the value of the Net Asset Value, with a minimum of EUR 18,500. (exclusive of V.A.T.). The Depositary Charge shall be borne by the Fund.

#### 7.2.4 Legal ownership Charge

Pursuant to the Management and Legal Ownership Agreement, the Legal Owner is entitled to a fee, the Legal Ownership Charge. The Legal Ownership Charge consists, since 2019, of a fixed fee of EUR 12,000 (excluding V.A.T.) annually. The Legal Ownership Charge shall be borne by the Fund.

#### 7.2.5 Compliance Costs

The Compliance Costs comprise of (i) supervision costs charged by the AFM and (ii) costs charged by the External Oversight Entity. Supervision costs charged by the AFM are determined on an annual basis and comprise of a fixed and a variable component. The variable component is linked to the balance sheet total of the Fund. Based on the information as per the date of this Offering Memorandum the expectation is that these costs will amount to approximately EUR 14,500 per year. The costs charged by the External Oversight Entity will amount to approximately EUR 40,000 per year. The Compliance Costs shall be borne by the Fund.

#### 7.2.6 Subscription Charge

A Participation may be issued at the request of a (prospective) Participant at its respective Net Asset Value, as calculated in accordance with paragraph chapter 7, paragraph 7.3, page 36, as per the end of the Valuation Date, increased by a Subscription Charge of 0.5%. The Subscription Charge shall accrue to the Fund.

#### 7.2.7 Redemption Charge

A Participation may be redeemed or partially redeemed at the request of a Participant at its respective Net Asset Value as per the end of the Valuation Date, decreased by a Redemption Charge of 0.5%. The Redemption Charge shall accrue to the Fund.

#### 7.2.8 Overview of total costs and expenses

The yearly costs and expenses of the Fund (excluding the Investment Costs) are expected, as of the year 2023 to be as follows. The percentages mentioned are based on a Net Asset Value of EUR 100 million. A Net Asset Value higher than EUR 100 million will lead to lower percentages while a Net Asset Value lower than EUR 100 million will lead to higher percentages.

In the below table a decrease of the Management fee to 1.5% in case of a Subscription of EUR 1,000,000 or more (see par. 7.1.1 above) is not taken into account. The costs mentioned in the table are all inclusive of V.A.T.

	<b>% of NAV</b>	<b>EUR</b>
<b>Variable (% of NAV)</b>		100,000,000
Management Fee	1.80	1,800,000
Administration Charge	0.114	114,000
<b>Fixed (not dependent on NAV)</b>		
FATCA	0.002	2,417
CRS	0.002	2,417
Depository Charge	0,041	40,930
Legal Ownership Charge	0,011	10,960
Auditor	0.070	70,177
Legal and taks advice	0.042	42,089
Financial Statement fees	0.007	6,944
Compliance Costs:		
AFM/DNB	0.022	21,747
<b>Yearly total</b>		2,111,682

#### 7.2.9 Waiver or deviation

All fees, costs, charges and expenses shall be negotiated by the Manager in the best interest of the Participants.

At its discretion, the Manager reserves the right to waive or deviate from the calculation of the fees, costs and expenses as described in this paragraph 7.2 for the benefit of the Participants, provided this benefits all Participants equally. In addition, no subscription or redemption fees will be charged for: (i) "transfer" to a Participant's child and (ii) "transfer" to an heir upon the death of a Participant and (iii) "addition" of a spouse or a registered partner to an existing Participation.

### 7.3 Calculation of the Net Asset Value and Valuation Methods

#### 7.3.1 Net Asset Value

The Net Asset Value (and the Net Asset Value per Participation) shall be expressed in EUR and determined at the end of the Relevant Business Day on the Valuation Date by the Administrator in accordance with the Valuation Methods. The Manager shall delegate the determination of the Net Asset Value and the Net Asset Value per Participation to the Administrator, subject to the terms of the Administration Agreement. The Manager will check the calculation of the Net Asset Value by the Administrator.

The Net Asset Value and the Net Asset Value per Participation will be notified by the Administrator to the Participants and will be published on the Website as soon as practically possible after calculation thereof, but at least once a month.

#### 7.3.2 Compensation for incorrect calculations of the Net Asset Value

If a correction is required of more than 1% of the Net Asset Value and certain Participants or the Fund, as the case may be, incurred losses through Subscriptions or Redemptions against the erroneously calculated Net

Asset Value, the Manager will compensate (in cash or in Participations) those Participants or the Fund, as the case may be, for the actual losses incurred. If the Fund benefited from the erroneously calculated Net Asset Value, the Manager may reclaim the compensation paid to the Participants from the Fund, up to the amount for which the Fund benefited. In case the error in the calculation of the Net Asset Value was the result of the gross negligence (*grove schuld of toerekenbare nalatigheid*), fraud or willful misconduct (*opzet*) of the Manager or the Administrator in the performance or non-performance of either of their duties, the Manager will compensate losses resulting from any required correction, even if less than 1%.

### 7.3.3 Past returns of the Fund and development of Net Asset Value

The past returns of the Fund, as well as the development of the Net Asset Value of the Fund, are reflected in the following table (net results):

Performance (%) and Asset under management (EUR) Commodity Discovery Fund

	2018	2019	2020	2021	2022
<b>Performance %</b>	-32.7	9.65	85.39	-9.61	-28.20
<b>Asset under management in EUR</b>	32,079,713	42,368,066	100,334,244	136,918,900	113,913,983

### 7.3.4 Valuation Methods

The Fund Assets and liabilities will be valued in accordance with the following Valuation Methods:

- any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at the closing price on the Relevant Business Day;
- investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution.;
- any security which is neither listed nor quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, will be valued at its probable realisation value as determined by the Manager in good faith having regard to its cost price, the price at which any recent transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Manager deems relevant in considering a positive or negative adjustment to the valuation, all the foregoing in close consultation with the Auditor;
- investments, other than securities, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued on the basis of the "fair value method";
- deposits will be valued at their cost-plus accrued interest; and
- any value (whether of an investment or cash) otherwise than in EUR will be converted into EUR at the rate (whether official or otherwise) which the Administrator in its absolute discretion deems applicable as at close of business on the Relevant Business Day, having regard, among other things, to any premium or discount which it considers relevant and to costs of exchange.

The Manager may determine that another method of valuation qualifies as a Valuation Method if it deems such method of valuation to be appropriate, adequate and in accordance with good accounting practice.

The determination of the Net Asset Value and the Net Asset Value per Participation has been delegated to the Administrator. In determining the Net Asset Value and the Net Asset Value per Participation, the Administrator will follow the valuation policies and procedures adopted by the Fund as set out above. If and to the extent that the Manager is responsible for or otherwise involved in the pricing of any of the Fund's portfolio securities or other assets, the Administrator may accept, use and rely on such prices in determining the Net Asset Value and shall not be liable to the Fund, any Participant or any other person in doing so.

### 7.3.5 **Suspension of Valuation**

The Manager may declare a suspension of the determination of the Net Asset Value for the whole or part of any period during which:

- one or more markets on which investments owned by the Fund are traded are closed, other than for ordinary holidays, or dealings thereon are suspended or subject to unusual restrictions;
- there are circumstances as a result of which the means of communication or the calculation facilities that are normally used to determine the NAV or the value of an investment of the Fund no longer function or for some other reason the NAV or the value of an investment of the Fund cannot be determined as swiftly and accurately as the Manager desires; and
- the Manager cannot determine the NAV with the required accuracy because of political, economic, military or monetary factors that are beyond the Manager's control.

A suspension of the determination of the Net Asset Value will be notified to the Administrator and the AFM immediately and shall be published on the Website.

## **8. Reporting**

### **8.1 Annual Accounts and Semi-Annual Accounts**

The financial year of the Fund, the Manager, the Legal Owner and the Depositary coincides with the calendar year. The Administrator will draw up the Annual Accounts of the Fund and the Legal Owner in accordance with Dutch GAAP after the end of the financial year (accounting period from 1 January until 31 December). The Annual Accounts of the Fund will be audited by the Auditor. The Annual Accounts of the Manager will be audited by the Auditor of the Manager. The Annual Reports of the Fund and the Manager will be published on the Website within four months after the end of the financial year. The Annual Reports of the Legal Owner will be published on the Website within six months after the end of the financial year.

The Administrator will draw up the semi-Annual Accounts of the Fund in accordance with Dutch GAAP after the end of each half financial year (accounting period from 1 January until 30 June). The semi-Annual Accounts of the Fund and the Manager will not be audited by the Auditor respectively the Auditor of the Manager. The semi-Annual Accounts of the Manager are provided each year with an assessment statement by the Accountant of the Manager. The semi-Annual Accounts of the Fund and the Manager will be published on the Website within nine weeks after the end of each half financial year.

Copies of the information published on the Website are also available at the offices of the Manager and the Administrator free of charge.

### **8.2 Monthly Report and NAV**

Participants will receive the Monthly Report each month. The Monthly Report is prepared by the Manager and contains the following information and data in respect of the Fund:

- an overview of the monthly performance of the investment portfolio; and
- a summary explanation of important events that have had a material impact on the performance of the portfolio over the last month.

The Monthly Report will be provided to the Participants and published on the Website as soon as possible.

In addition to the Monthly Report, each month the Participants will receive from the Administrator the calculation of the Net Asset Value as well as of the Performance Fee which may possibly be due.

## **9. Notices and Information**

All notifications to the Participants will be made through email or, at the request of a Participant per ordinary mail at the address identified in the Register of Participants. Notifications in respect of a Meeting of



Participants to be convened, a proposed dissolution or an (proposed) amendment of the Fund Documents will also be made through ordinary mail at the address identified in the Register of Participants.

The following information will be published on the Website:

- the Fund Documents;
- the Management and Legal Ownership Agreement;
- the Depositary Agreement;
- the Registration Document;
- the Key Information document;
- the information which is included in the Chamber of Commerce relating to the Manager, the Legal Owner and the Depositary;
- the articles of association of the Manager, the Legal Owner and the Depositary;
- the Principles of Fund Governance;
- the Order Execution Policy;
- a copy of the license which has been granted by the AFM to the Manager pursuant to section 2:65 of the AFS and any applicable exemptions thereto;
- the Annual Reports of the Fund, the Manager and the Legal Owner of the last three years and the semi-Annual Accounts of the Fund and the Manager of the last three years;
- the Monthly Report in accordance with chapter 8 of this Offering Memorandum;
- the Net Asset Value (NAV) of the Fund (Standard Class and New Asset Class) in accordance with chapter 7, paragraph 7.3 of this Offering Memorandum; in addition, an indicative NAV will be published at least twice a week;
- any (proposed) amendment of the Fund Documents and/or the Management and Legal Ownership Agreement, in accordance with chapter 4, paragraph 4.16;
- the remuneration policy of the Manager;
- any proposed dissolution of the Fund;
- the total value of the portfolio;
- a breakdown of the portfolio among cash, stocks and other financial instruments (without the names of individual investments); and
- the number of issued Participations.

Copies of the information published on the Website and of all information concerning the Manager, the Fund and the Legal Owner which on the basis of law or regulation has to be deposited with the Chamber of Commerce, are also available at the offices of the Manager and the Administrator free of charge.

## **10. Tax considerations**

The following summary of certain Dutch taxation matters is based on the tax laws of the Netherlands (unpublished case law not included) and practices in force as of the date of this Offering Memorandum and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a Participant, and does not purport to deal with the tax consequences applicable to all categories of Participants.

Participants should consult their own professional advisers on the tax consequences of their acquiring, holding and disposing of Participations.

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where reference is made to "Netherlands" and "Dutch", these only relate to the European part of the Kingdom of the Netherlands.

## **Taxation of the Fund**

### *The Fund*

The Fund qualifies as a tax transparent mutual fund (*besloten fonds voor gemene rekening*) for Dutch corporation tax purposes. Consequently, the Fund is not subject to Dutch corporation tax. For Dutch tax purposes, the assets, liabilities, income, expenses and capital gains of the Fund are deemed to be assets, liabilities, income, expenses and capital gains of the Participants in the Fund pro rata to their interest in the Fund.

### **Dividend Withholding Tax**

#### *The Fund*

The Fund qualifies as a tax transparent mutual fund (*besloten fonds voor gemene rekening*) for Dutch dividend withholding tax purposes. Consequently, (deemed) distributions by the Fund to its Participants are not subject to Dutch dividend withholding tax.

### **Taxation of Participants**

#### *General*

As indicated above, the Fund qualifies as a tax transparent mutual fund for Dutch corporation tax purposes. Consequently, for Dutch corporation tax purposes, dividend income and capital gains received by the Fund are deemed to be dividend income and capital gains received by the Fund Participants pro rata of their investment in the Fund.

Participants investing in the Fund should consult their professional advisers on these potential tax consequences.

#### *Residents of the Netherlands*

The summary set out in this section 'Residents of the Netherlands' only applies to a Participant who is a 'Dutch Individual' or a 'Dutch Corporate Entity'.

A Participant is a 'Dutch Individual' if he is:

- an individual (*natuurlijk persoon*);
- a resident, or deemed to be resident, in the Netherlands for Dutch income tax purposes;
- is not deemed an owner of the Participations for Dutch tax purposes pursuant to specific statutory attribution rules in Dutch tax law; and
- its Participations and any benefits derived or deemed to be derived therefrom have no connection with a past, present or future membership of a management board (*bestuurder*) or a supervisory board (*commissaris*), employment relationship, deemed employment relationship or management role, if any.

A Participant is a 'Dutch Corporate Entity' if:

- it is a corporate entity (*rechtspersoon*), including an association that is taxable as a corporate entity, that is subject to Dutch corporation tax in respect of benefits derived from its Participations;
- it is resident, or deemed to be resident, in the Netherlands for Dutch corporation tax purposes;
- its Participations and any benefits derived or deemed to be derived therefrom have no connection with a past, present or future membership of a management board (*bestuurder*) or a supervisory board (*commissaris*), employment relationship, deemed employment relationship or management role, if any;
- it is not an entity that, although in principle subject to Dutch corporation tax, is, in whole or in part, specifically exempt from that tax in connection with income from its Participations; and
- it is not an investment institution (*beleggingsinstelling*) as defined in article 6a or article 28 of the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

#### *Dutch Individuals deriving profits or deemed to be deriving profits from an enterprise*

Any benefits derived or deemed to be derived from a Participation, including any gain realised on the disposal thereof, by a Dutch Individual that are attributable to an enterprise from which such Dutch Individual derives profits, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of an



enterprise, other than as a shareholder, are generally subject to Dutch income tax at progressive rates up to 49.5%.

#### *Dutch Individuals deriving benefits from miscellaneous activities*

Any benefits derived or deemed to be derived from a Participation, including any gain realised on the disposal thereof, by a Dutch Individual that constitute benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) are generally subject to Dutch income tax at progressive rates up to 49.5%.

A Dutch Individual may, *inter alia*, derive or be deemed to derive, benefits from Participations that are taxable as benefits from miscellaneous activities in the following circumstances:

- a. if his investment activities go beyond the activities of regular, active asset management, for instance in the case of application of insider knowledge (*voorkennis*) or therewith comparable forms of special knowledge; or
- b. if any benefits to be derived from this Participations, whether held directly or indirectly, are intended, in whole or in part, as remuneration for activities performed by him or by a person who is a connected person to him as meant by article 3.92b, paragraph 5, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

#### *Dutch Individuals deriving benefits from a substantial interest*

Benefits derived from a Participation are taxable as benefits from a substantial interest if the Participant, or an individual who is a connected person in relation to him as meant by section 3.91, paragraph 2, letter b, or c, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), indirectly through the Fund, has a substantial interest (*aanmerkelijk belang*) in an entity held by the Fund.

Generally a person has a substantial interest if such person - either alone or together with his partner (*partner*), if any, or pursuant to article 2.14a of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) - owns or is deemed to own, directly or indirectly, either a number of shares representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of an entity held by the Fund, or rights to acquire, directly or indirectly, shares, whether or not already issued, representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of an entity held by the Fund, or profit participating certificates (*winstbewijzen*) relating to five per cent or more of the annual profits of an entity held by the Fund or to five per cent or more of the liquidation proceeds of an entity held by the Fund.

#### *Other Dutch Individuals*

If a Participant is a Dutch Individual whose situation has not been discussed before in this section "Residents of the Netherlands", the value of its Participations forms part of the "yield basis" (*rendementsgrondslag*) for purposes of tax on benefits from savings and investments (*voordeel uit sparen en beleggen*). A deemed benefit, which is calculated on the basis of the Participant's actual bank savings and his actual other investments (including the value of the Participations), minus his actual liabilities whilst taking into account a deemed benefit for each of these categories, is taxed at the rate of 32%. For the year 2023, the deemed benefit rate for actual bank savings is 0.01%, the deemed benefit rate for actual other investments is 6.17% and the deemed benefit rate for actual liabilities is 2.46%. Actual benefits derived from or in connection with its Participations are not as such subject to Dutch income tax.

#### *Attribution rule*

Benefits derived or deemed to be derived from certain miscellaneous activities by, and yield basis for benefits from savings and investments of, a child or a foster child who is under eighteen years of age are attributed to the parent who exercises, or to the parents who exercise, authority over the child, irrespective of the country of residence of the child.

#### *Dividend withholding tax*

A Dutch Individual can generally credit Dutch dividend withholding tax against his Dutch income tax and is generally entitled to a refund in the form of a negative assessment of Dutch income tax, insofar as such dividend withholding tax, together with any other creditable domestic and/or foreign taxes exceeds his aggregate Dutch income tax liability.

#### *Dutch Corporate Entities*

Any benefits derived or deemed to be derived by a Dutch Corporate Entity from a Participation, including any gain realised on the disposal thereof, are generally subject to Dutch corporation tax, unless such benefits are allocable to an entity held by the Fund with respect to which the Participant can invoke the participation exemption as laid down in the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*). The participation exemption can generally be invoked by a Participant, if such Participant, indirectly through the Fund, has a shareholding of at least 5% of the total nominal paid up share capital of an entity held by the Fund and such entity is not considered a so called 'non-qualifying investment participation' in the meaning of the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

#### *Non-residents of the Netherlands*

The summary set out in this section 'Non-residents of the Netherlands' only applies to a Participant who is a non-resident holder of Participations.

A Participant will be considered a non-resident holder of Participations if it satisfies the following tests:

- a. it is neither resident, nor deemed to be resident, in the Netherlands for the purposes of Dutch income tax or corporation tax, as the case may be;
- b. it is not a corporate entity or taxable as a corporate entity which is resident or deemed to be resident of Aruba, Curaçao or Sint Maarten for tax purposes; and
- c. its Participations and any benefits derived or deemed to be derived from such Participations have no connection with a past, present or future membership of a management board (*bestuurder*) or a supervisory board (*commissaris*), employment relationship, deemed employment relationship or management role, if any.

#### *Individuals*

A non-resident holder of Participations who is an individual will not be subject to any Dutch taxes on income or capital gains in respect of any benefits derived or deemed to be derived from its Participations, including any gain realised on the disposal of Participations, other than any Dutch dividend withholding taxes withheld by an entity held by the Fund, except if:

- he derives profits directly from an enterprise which is either being managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands and its Participations are attributable to such permanent establishment or permanent representative; or
- he derives profits from an enterprise pursuant to a co-entitlement to the net value of such enterprise, other than as a holder of securities, such enterprise being managed in the Netherlands, and his Participations are attributable to that enterprise; or
- he derives benefits or is deemed to derive benefits from Participations that are taxable as benefits from miscellaneous activities in the Netherlands. See the section "*Dutch individuals deriving benefits from miscellaneous activities*" for a description of the circumstances under which the benefits derived from Participations may be taxable as benefits from miscellaneous activities, on the understanding that such benefits will be taxable in the Netherlands only if such activities are performed or deemed to be performed in the Netherlands.
- he has a substantial interest, as described in the section "*Dutch individuals deriving benefits from a substantial interest*", in an entity held by the Fund, which entity is a resident of the Netherlands.

#### *Non-Dutch corporate entities*

A non-resident holder of Participations other than an individual, will not be subject to any Dutch taxes on income or capital gains in respect of benefits derived or deemed to be derived from its Participations,

including any gain realised on the disposal of Participations, other than any Dutch dividend withholding taxes withheld by an entity held by the Fund, except if:

- it derives profits directly from an enterprise which is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and its Participations are attributable to such permanent establishment or a permanent representative; or
- it derives profits from an enterprise pursuant to a co-entitlement to the net value of such enterprise, other than as a holder of securities, such enterprise being managed in the Netherlands and its Participations are attributable to that enterprise; or
- such non-resident Participant has a substantial interest, as described in the section "*Dutch individuals deriving benefits from a substantial interest*", in an entity held by the Fund, which entity is a resident of the Netherlands, and certain conditions are met.

Non-resident Participants should consult their own tax advisor with respect to the taxation of income derived from the Fund in their home country.

### **Gift, Estate or Inheritance Taxes**

If a holder of Participations disposes of Participations by way of gift, in form or in substance, or if a holder of Participations who is an individual dies, no Dutch gift tax or Dutch inheritance tax, as applicable, will be due, unless:

- (i) the donor is, or the deceased was, resident of deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, as applicable; or
- (ii) the donor made a gift of Participations, then became a resident of deemed resident of the Netherlands and died as a resident or deemed resident of the Netherlands within 180 days of the date of the gift.

For purposes of the above, a gift of Participations made under a condition precedent (*opschortende voorwaarde*) is deemed to have been made at the time the condition precedent is satisfied.

### **Other Taxes and Duties**

No Dutch registration tax, stamp duty or any other similar tax or duty, other than court fees, is payable in the Netherlands by a Participant in respect of or in connection with (i) the subscription, issue, delivery of Participations, (ii) the delivery and/or enforcement by way of legal proceedings of the documents relating to the issue of Participations or the performance by the Fund of its obligations under such documents or (iii) the redemption of Participations.

### **Value Added Tax**

There will be no value added tax due in respect of payments in consideration for the acquisition, ownership or disposition of Participations or in respect of payments under the Participations.

### **Residence**

A Participant will not be treated as resident of the Netherlands by reason only of the holding of a Participation or the execution, performance, delivery and/or enforcement of the Participations.

### **FATCA**

Under FATCA, the United States will impose a withholding tax of 30 per cent on certain U.S. sourced gross amounts not effectively connected with a U.S. trade or business paid to certain "Foreign Financial Institutions", including the Fund, unless some information reporting requirements are complied with. The Fund will use reasonable efforts to satisfy any obligations imposed on it in order to avoid the imposition of this withholding tax (except with respect to the interest of "recalcitrant account holders" as described in §1.1471-5(g)(2) of the Foreign Account Tax Compliance Act). The Fund's ability to satisfy its obligations will depend on each Participant-providing the Fund with any information, including information concerning the direct or indirect owners of such Participant, that the Fund determines is necessary to satisfy such obligations. Each prospective investor agrees by signing the Subscription Agreement to provide such information upon request from the Fund.

In recognition of both the fact that the stated policy objective of FATCA is to achieve reporting (as opposed to being solely the collecting of withholding tax) and the difficulties which may arise in certain jurisdictions with respect to compliance with FATCA by FFIs, the US has developed an alternative intergovernmental approach to the implementation of FATCA. In this regard the Netherlands and US Governments signed an intergovernmental agreement (“IGA”) on December 18, 2013 and the IGA has been implemented in Dutch law which permits regulations to be made by the Dutch Government with regard to registration and reporting requirements arising from the IGA. The IGA is intended to reduce the burden for FFIs of complying with FATCA by simplifying the compliance process and minimizing the risk of withholding tax. Under the IGA, FFIs should generally not be required to apply 30 per cent withholding tax.

Since the Fund is considered to be a Foreign Financial Institution (“FFI”) for FATCA purposes it has registered itself with the IRS and obtained a Global Intermediary Identification Number (“GIIN”). Furthermore, the Fund has policies and procedures in place to identify its Participants in accordance with the FATCA rules as implemented in Dutch law.

To the extent a Participant qualifies as a US person or in case a Participant qualifying as a so-called passive Non-Financial Foreign Entity with a controlling person who is identified as a US person, information about such Participant, will be provided on an annual basis by the Fund to the Dutch Tax Authorities, who will then provide such information to the IRS. Furthermore, information about recalcitrant investors will have to be reported.

If a fund fails to satisfy the FATCA obligations or if a Participant of a fund fails to provide the necessary information to such fund, as applicable, the Fund may be considered non-compliant which could result that payments of U.S. source income and payments of proceeds will become subject to a 30 per cent withholding tax.

Through its Manager, the Fund may exercise its right to completely redeem a Participant that fails to provide the Fund with the requested information in order for the Fund to satisfy its FATCA obligations, and the Manager of the Fund may take any other action deemed necessary in relation to a Participant's Participations or redemption proceeds to ensure that such withholding is eventually borne by the relevant Participant whose failure to provide the necessary information gave rise to the withholding tax.

To the extent the Fund does suffer US withholding tax on its investments as a result of FATCA, the Manager may take any action in relation to an investor's investment in the Fund to ensure that such withholding is economically borne by the relevant investor whose failure to provide the necessary information or to become a participating FFI gave rise to the withholding.

Each prospective investor in the Fund should consult his own tax advisor regarding the requirements under FATCA with respect to his personal situation.

### **Common Reporting Standard**

The Common Reporting Standard (“CRS”) has been developed at the request of the G-20 by the Organisation for Economic Cooperation and Development (OECD) and is effectively based on the Model 1 FATCA IGA. The scope of CRS is broader than FATCA and will be applicable in more and more countries that will adopt this standard. Furthermore, the European Union amended the Directive on Administrative Cooperation (“Directive”) effectively implementing CRS into European law. The Netherlands has implemented the Directive and as a result CRS into local law as per January 1, 2016.

Financial institutions, like the Fund, which are resident in jurisdictions which have implemented CRS, should report certain account holder information to their local tax authorities who will then exchange such information with tax authorities in jurisdictions where account holders are tax residents. The exchange of

information can provide timely information on non-compliance where tax has been evaded, particularly where tax administrations have had no previous indications of non-compliance.

For the purposes of efficiency, CRS was deliberately built on the framework of FATCA and replicates many of its principles, although there is no withholding tax regime or requirement for reporting financial institutions to register with Foreign Tax Authorities (as defined below). Furthermore, certain CRS client classification, due-diligence and reporting requirements differ from or are more expansive to those deriving from FATCA. Further intergovernmental agreements will be entered into with other third countries by the government of the Netherlands from time to time to enable reporting to such third countries' tax authorities ("Foreign Tax Authorities") as provided in CRS.

Through its Manager, the Fund may exercise its right to redeem in full, a Participant who does not provide the Fund with the information required to meet the Fund's CRS obligations, and the Manager of the Fund may take any other action that is considered necessary with regard to the Participations of a Participant or the proceeds of a redemption. Prospective Investors and Participants are strongly advised to consult their own tax advisers regarding the potential impact of CRS on their investment in the Fund.

By investing or continuing to invest in the Fund, Participant shall be deemed to acknowledge that:

- (i) the Fund is considered to be a reporting financial institution under CRS and the Fund (or its agent) will be required to disclose to the competent tax authority of the Netherlands certain confidential information in relation to the Participant, including but not limited to the Participant's name, address, tax identification number (if any), social security number (if any) and certain information relating to the Participant's investment if the Participant (and/or the controlling person of the Participant if the Participant is qualified as a passive Non-Financial Entity for CRS purposes) is tax resident in a foreign jurisdiction that also has implemented CRS;
- (ii) the competent tax authority of the Netherlands will be required to automatically exchange information as outlined above with the Foreign Tax Authorities, where such Participant is tax resident;
- (iii) the Fund (or its agent) will be required to disclose to the Foreign Tax Authorities certain confidential information when registering with such authorities and if such authorities contact the Fund (or its agent directly) with further enquiries;
- (iv) the Fund may require the Participant to provide additional information and/or documentation which the Fund will be required to disclose to the competent tax authority of the Netherlands;
- (v) in the event a Participant does not provide the requested information and/or documentation, whether or not this actually leads to a breach of the applicable laws and regulations by the Fund, a risk for the Fund or the Fund's Participants being subject to withholding tax or penalties under the relevant legislative or intergovernmental regimes, the Fund reserves the right to take any action and/or pursue all remedies at its disposal including, without limitation, compulsory redemption or withdrawal of the Participant concerned;
- (vi) no Participant affected by any such action or remedy shall have any claim against the Fund (or its agent) for any form of damages or liability as a result of actions taken or remedies pursued by or on behalf of the Fund in order to comply with CRS, any further intergovernmental agreements or any of the laws and regulations related to CRS; and
- (vii) all information to be reported under CRS will be treated as confidential and such information shall not be disclosed to any persons other than the competent tax authority of the Netherlands and the Foreign Tax Authorities or as otherwise required by law.

Participants should ensure that their tax affairs are compliant with the laws and regulations applicable in their jurisdiction(s) of tax residence and/or citizenship (as applicable).

**11. Assurance report of the independent auditor (re Section 4:49, subsection 2, under c, of the Wft)**

To: Commodity Discovery Management B.V.

**Our opinion**

In accordance with Section 4:49, subsection 2, under c, of the Wet op het financieel toezicht (Wft, Act on Financial Supervision), we have examined the prospectus of Commodity Discovery Fund at Aerdenhout.

In our opinion the prospectus dated 30 May 2023 of Commodity Discovery Fund contains, in all material respects, at least the information required by or pursuant to the Wft for a prospectus of an undertaking for collective investment in transferable securities.

**Basis for our opinion**

We performed our examination in accordance with Dutch law, including Dutch Standard 3000A, "Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)" (assurance engagements other than audits or reviews of historical financial information (attestation engagements)). This engagement is aimed to obtain reasonable assurance. Our responsibilities in this regard are further described in the Our responsibilities for the examination of the prospectus section of our report.

We are independent of Commodity Discovery Fund in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in The Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Relevant matters relating to the scope of our examination**

Our examination consists of determining whether the prospectus contains the required information, which means we did not examine the accuracy of the information included in the prospectus.

Section 4:49, subsection 2 under a of the Wft requires that the prospectus of an undertaking for collective investment in transferable securities contains the information which investors need in order to form an opinion on the undertaking for collective investment in transferable securities and the costs and risks attached to it.

Based on our knowledge and understanding, acquired through our examination of the prospectus or otherwise, we have considered whether the prospectus omits to state material information. We did not perform additional assurance procedures with respect to Section 4:49, subsection 2 under a of the Wft.

Our opinion is not modified in respect of these matters.

**Responsibilities of the manager of the fund for the prospectus**

The manager of the fund is responsible for the preparation of the prospectus that contains at least the information required by or pursuant to the Wft for a prospectus of an undertaking for collective investment in transferable securities.

Furthermore, the manager of the fund is responsible for such internal control as it determines is necessary to enable the preparation of the prospectus that is free from material omission, whether due to error or fraud.



### **Our responsibilities for the examination of the prospectus**

Our responsibility is to plan and perform our examination in a manner that allows us to obtain sufficient and appropriate assurance evidence for our opinion.

Our examination has been performed with a high, but not absolute, level of assurance, which means we may not detect all material omissions in the prospectus due to error and fraud.

We apply the Nadere voorschriften kwaliteitssystemen (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Our examination included among others:**

- identifying and assessing the risks of material omissions of information required by or pursuant to the Wft in the prospectus, whether due to errors or fraud, designing and performing assurance procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material omission resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtaining an understanding of internal control relevant to the examination in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the manager of the undertaking for collective investment in transferable securities.

Amsterdam, 30 May 2023

Ernst & Young Accountants LLP

Signed by R.A.J.H. Vossen

## **12. Data privacy**

The Fund and the Manager respect and protect the Participants' right to privacy and their personal data or personal data of individuals related to Participants (the "Personal Data"). The Fund will process the Personal Data in accordance with the provisions of the European General Data Protection Regulation ("GDPR") and other applicable privacy laws.

The following types of Personal Data may be processed by the Fund:

- l name, address, email address, telephone number and other contact information;
- l date and place of birth;
- l nationality;
- l gender;
- l copies of identity documents (passport, national ID card, driver's license, employee identification numbers);
- l source of wealth;
- l utility bill, bank statement;
- l tax residency;
- l investment amount.

The Fund collects, controls and processes personal data in different ways:

- the Fund collects Personal Data directly from Participants or individuals related to Participants for the purposes of investments in the Fund and/or to meet certain legal requirements.



- the Fund collects and processes personal data from publicly accessible sources such as internet, social networks, World-Check or commercial registers.
- the Fund may receive personal data from third parties in connection with applicable legal requirements.

The Personal Data may be collected, recorded, stored, adapted, transferred or otherwise processed and used by the Fund acting as a data controller (as referred to in the GDPR), the Administrator, acting as joint controller, the board members, the service providers and the financial intermediaries (including their respective advisers, auditors, delegates, agents and service providers) and any other subsidiary or affiliated company that is part of the group of companies of the Fund and the other recipients of the Personal Data.

The Personal Data may be processed for the purposes of the organisation and operation of the Fund, account and fee distribution administration, and to comply with legal obligations under applicable company law, anti-money laundering and terrorism financing identification, tax identification and, as the case may be, reporting, under the EUSD, certain provisions of U.S. law commonly referred to as FATCA on administrative cooperation in the field of taxation (as amended by Council Directive 2014/107/EU), the OECD's standard for automatic exchange of financial account information (commonly referred to as the common reporting standard) or any other exchange of tax information regimes to which the Fund may be subject to from time to time, maintaining the register of Participants processing subscription or redemption orders, to provide client-related services for fraud prevention purposes, to manage litigation, for accounting and marketing purposes (relating to products and services of the Fund, the Manager or any of the members of its group) and to the extent required to comply with applicable laws and regulations.

Each individual (related to a) Participant whose Personal Data has been processed has the following rights:

- the right to access the Personal Data;
- the right to request a copy of the Personal Data;
- the right to ask to update and correct any out-of-date or incorrect Personal Data;
- the right to request to delete his/her Personal Data, to the extent that the Fund has no legal and/or regulatory obligations to keep such Personal Data;
- the right to (under circumstances) ask to restrict the processing of his/her Personal Data
- the right to object at any time to the processing of his/her Personal Data for any direct marketing (and related profiling) by the Fund.

If you wish to exercise any of the above rights, you can contact the Fund or the Administrator.

In addition you have the right to make a complaint with the local supervisory authority with respect to the way the Fund is processing your personal data or the way the Fund is handling your rights.

**ANNEX I TERMS AND CONDITIONS OF MANAGEMENT AND LEGAL OWNERSHIP**

**This Annex forms part of the Offering Memorandum of Commodity Discovery Fund. All capitalized words herein will have the same meaning as set forth in the Offering Memorandum, except as indicated otherwise.**

Updated 30 May 2023



## **1. Name and Terms**

- 1.1 The name of the Fund is Commodity Discovery Fund.
- 1.2 Subject to earlier termination in accordance with clause 21, the Fund shall continue to exist for an indefinite period of time.

## **2. Nature and Objective**

- 2.1 The Fund is established as a tax-transparent mutual fund (*fonds voor gemene rekening*) under the laws of the Netherlands. The Fund is a contractual arrangement between the Manager, the Legal Owner and a Participant. The Fund Documents do not establish a partnership (*maatschap or vennootschap onder firma*) or limited partnership (*commanditaire vennootschap*) among the Manager, the Legal Owner and a Participant, or among any of them.
- 2.2 The Fund qualifies as a UCITS. As a result thereof the investment strategy of the Fund is tied to certain restrictions. The most important restrictions are, in short, that the purpose of the Fund is to invest only in financial instruments or other liquid financial assets, subject to the principle of risk spreading. As a result of the so called UCITS Directive, the Participations may be offered relatively easily in another member state of the European Union, as well as in a state which is not a member state of the European Union but which is a party to the European Economic Area. Currently, the Participations are only offered in the Netherlands. It is however the intention of the Manager to offer the Participations in Belgium and Germany.
- 2.3 The Fund is established, operated and maintained exclusively for the collective investment and reinvestments of moneys in accordance with the Fund Documents.
- 2.4 Legal title to the Fund Assets is held by the Legal Owner for the account of the Participants.
- 2.5 The investment objective of the Fund is to achieve capital growth by investing in a wide variety of financial instruments and by using various investment techniques. The Fund invests primarily in companies in the process of exploring and discovering natural resources, which are listed on one of the primary commodity indices. In addition, positions may be taken in the commodity sector through ETFs (or ETC), which are related to the value of commodities or other exchange-traded instruments (including options). The Fund can use derivatives (listed only), for hedging purposes as well as to realize the investment objective.

## **3. Manager**

- 3.1 The Manager acts as the manager (*beheerder*) of the Fund. Within the limits as set out in the Fund Documents and the Management and Legal Ownership Agreement, the Manager has the broadest power to make investments and divestments in financial instruments on behalf of the Fund, where appropriate as attorney-in-fact (*gevolmachtigde*) of and in the name of the Legal Owner. To this extent, the Legal Owner has granted the Manager a power of attorney.
- 3.2 The Manager and the Legal Owner have entered into the Management and Legal Ownership Agreement. In the Management and Legal Ownership Agreement it is inter alia agreed between the Manager and the Legal Owner that:
  - the Manager acts as the manager (*beheerder*) of the Fund and the Legal Owner as legal owner (*juridisch eigenaar*) of the Fund Assets, subject to the terms of the Fund Documents and the Management and Custody Agreement;

- the Manager and the Legal Owner will act in the interest of the Participants; and
- the Manager shall not be permitted to represent a Participant and bind a Participant vis-à-vis third parties.

- 3.3 The management of the Fund Assets shall be performed for the risk and account of the Participants. The proceeds received and costs made in connection therewith as well as benefits and/or losses resulting therefrom shall consequently be for the benefit of, or be borne by, the Participants.
- 3.4 The Manager shall be liable for damages to the extent such damages are the direct result of the gross negligence (*grove schuld of toerekenbare nalatigheid*), fraud or wilful misconduct (*opzet*) of the Manager in the performance or non-performance by it of its duties under the Terms and Conditions.
- 3.5 The Manager is managed by its Managing Directors, who represent the Manager and directly execute the policies of the Fund. In addition, the Fund has a Board of Advisors which supports the Managing Directors by providing advice on the main principles of the policy of the Fund.
- 3.6 The Manager may delegate (outsource) part of its duties and tasks to third parties, among others to one or more administrators and brokers. The Manager shall remain responsible for the performance or non-performance of the tasks so delegated and duties so delegated but shall only be liable for damages to the extent such damages are the direct result of the gross negligence (*grove schuld of toerekenbare nalatigheid*), fraud or willful misconduct (*opzet*) of the Manager. The Manager will be indemnified out of the Fund Assets for damages incurred by the Manager for which it is not liable.
- 3.7 The Manager has delegated, outsourced and purchased specific tasks and duties through third parties, as follows:
- trading and execution: to local brokers and/or the Custodian (when acting in its capacity as execution only broker);
  - the Fund's administration: to the Administrator;
  - matters related to compliance: to the external oversight entity; and
  - conducting research: to external researchers.
- 3.8 The Managing Directors have determined the remuneration policy and laid down in the document "Regulations on Sound Remuneration Policies", which is available on the website and a copy can be obtained free of charge.

#### **4. Principles of Fund Governance, independent supervision**

The Manager applies a number of principles with regard to sound operations and the duty of care as laid down in sections 4:11, 4:14 and 4:25 of the AFS. The goal of these principles is to protect the interests of the Participants and, as far as possible, to limit conflicts of interest. These Principles of Fund Governance are published on the Website. The External Oversight Entity, a company independent of the Manager, the Administrator, the Legal Owner and the Depositary, monitors (on the basis of periodic reports of the compliance officer of the Manager and statements of the Administrator, the Legal Owner and the Depositary whether the Manager complies with laws and regulations including the Principles of Fund Governance. The External Oversight Entity is not liable for damages suffered by third parties (including the Fund, Participants and other parties related to the Fund) unless such damage is caused by the gross negligence (*grove schuld of toerekenbare nalatigheid*) or wilful misconduct (*opzet*) of the External Oversight Entity.

#### **5. Depositary**

- 5.1 The Depositary acts as the depositary (*bewaarder*) of the Fund.

- 5.2 The responsibilities of the Depositary include the safekeeping of the financial instruments owned by the Legal Owner and the monitoring that financial instruments are registered on accounts opened in the name of the Legal Owner.
- 5.3 The Depositary will oversee the sale, issue, repurchase, redemption and cancellation of Participations.
- 5.4 In addition, the Depositary shall ensure that the investment policy set out in the Offering Memorandum is observed by the Manager and that the Fund's cash flows are properly monitored and that all payments made by or on behalf of the Fund have been received.
- 5.5 The Depositary shall carry out the Manager's instructions, unless they conflict with applicable national law and the Offering Memorandum.

## **6. Custodian**

- 6.1 The Depositary has outsourced the custody of the Fund Assets to the Custodian. In addition, the Custodian provides certain financial services related thereto, such as the clearing and settlement of transactions, reporting and ancillary services.
- 6.2 The Manager and the Legal Owner have appointed the Custodian also as broker to perform the execution and clearing of transactions, subject to the terms of an execution only agreement.

## **7. Administrator**

- 7.1 Both the Manager and the Legal Owner have, each separately, delegated certain financial, accounting, administrative and other services to the Administrator, subject to the terms of the Administration Agreement.
- 7.2 The Administrator shall be liable for damages to the extent such damages are the direct result of the willful misfeasance, bad faith or gross negligence of the Administrator in the performance or non-performance by it of its duties under the Administration Agreement. In the legal relationship between the Manager and the Administrator it has, however, been agreed that such liability shall never exceed an amount equal to an amount of EUR 90,000. The Administrator will be indemnified out of the Fund Assets against all liabilities, actions, proceedings, claims, costs, demands and expenses (other than out-of-pocket expenses) arising out of its proper performance under the Administration Agreement.

## **8. Fund Assets**

- 8.1 Legal title to the Fund Assets is held by the Legal Owner for the account of the Participants. Participants have no proprietary interest in the Fund Assets. Pursuant (and subject) to the Fund Documents, Participants are beneficially entitled to the Fund Assets pro rata the number of their respective Participations. The Fund Assets can only be used for the satisfaction of claims resulting from (i) debts related to the management and custody of the Fund and (ii) Participations.
- 8.2 A Participant cannot be held liable (i) by third parties for any of the Fund's obligations, and (ii) by the Manager and/or the Legal Owner and/or the Depositary for any of the Fund's obligations for any amount in excess to the amount of the aggregate of the Subscription Amount(s) in respect of such Participant.

## **9. Participations**

- 9.1 The minimum total Subscription Amount for Participations payable by each prospective Participant wishing to invest in the Fund amounts to EUR 50,000. Participants who owned units in the fund prior

to January 1, 2022, are exempt from this minimum limit of EUR 50,000, which also applies in the case of additional subscriptions. This may concern subscriptions of spouse/registered partner or heirs. Participants can make further applications for Participations in one or more multiples of EUR 5,000. No Participation certificates will be issued. The Manager reserves the right to accept lower minimum subscription amounts where appropriate.

- 9.2 The Administrator will record the name and address of each Participant, the particulars of its Participation(s) and its date of Subscription in the Register.
- 9.3 The Manager shall at all times be entitled to rely on the accuracy of the information provided by each Participant for inclusion in the Register and to treat such information as conclusive with respect to such Participant, and its entitlement to the Participations stated therein to be held by such Participant. The Manager shall:
- not be bound by any change in such information which has not been notified to the Administrator in accordance with the terms hereof; or
  - not be required to recognise an interest or claim of any person, other than the Participant, whose details have been duly entered in the Register in respect thereof.
- 9.4 Each Participant shall notify the Administrator promptly of any change in the information in respect of such Participant referred to in this clause.

## **10. Transfer or encumbrance of Participations**

- 10.1 Participations in the Fund cannot be sold and/or transferred to other or prospective Participants. Participations can only be redeemed by the Fund at the request of a Participant, with the exception of children, husband/wife/registered partner or heirs. Under certain exceptional circumstances, the Manager and the Legal Owner, acting jointly, shall be entitled to cause the Redemption of all (but not less than all of the) Participations of a Participant in accordance with the procedure as set out in chapter 4, paragraph 4.11.5 of the Offering Memorandum.
- 10.2 Participations may not be made subject to any Encumbrances.
- 10.3 Any transfer or encumbrance of a Participation in violation of this clause 10 shall be null and void.

## **11. Subscription**

- 11.1 A Participation may be issued at the request of a Participant at its respective Net Asset Value (to be increased with a Subscription Charge of 0.5%). Subject to the terms of the Fund Documents, Participations are available for Subscription on the Dealing Date. The Manager is authorised to refuse any Subscription or to fix additional dates for Subscription of Participations.
- 11.2 Participations will be issued against payment of the Subscription Amount to be increased with an Subscription Charge of 0.5%. The number of Participations to be issued will be calculated by dividing the Subscription Amount by the Net Asset Value per Participation as per the end of the Valuation Date immediately prior to the relevant Dealing Date. Fractions of Participations may be issued up to four decimal positions.
- 11.3 Applications to subscribe for Participations must be received in the form of the Subscription Form by the Administrator – with a copy to the Manager – at least two NL Business Days prior to the relevant Dealing Date. Payment of the Subscription Amount must be made such that it is received in EUR in the account of the Fund (as identified in the Subscription Form) at least two NL Business Days prior to the relevant Dealing Date and further made in accordance with the instructions identified in the Subscription Form.



- 11.4 Subscription Forms that are duly completed and signed are irrevocable once received by the Administrator on behalf of the Manager. Subscription Forms are accepted by the Manager once duly signed by an authorised signatory of the Administrator on behalf of the Manager. The Manager reserves the right to reject any application for any or no reason. When an application is rejected, it shall be considered as having no (further) force and effect and the Subscription Amount paid in respect thereof will be returned without interest as soon as practicably possible.
- 11.5 Upon issuance of the Participations in accordance with a relevant Subscription Form, the Administrator will confirm the Subscription Amount, the Subscription Charge, the Net Asset Value per Participation and the number of Participation(s) so issued.

## 12. Redemption

- 12.1 A Participation may be redeemed at the request of a Participant at its respective Net Asset Value (to be decreased with a Redemption Charge of 0.5%). Subject to the terms of the Fund Documents, Participations are available for Redemption on the Dealing Date. The Manager is authorised to fix additional dates for Redemption of Participations.
- 12.2 Participations will be redeemed against payment of the Redemption Amount to be decreased with the Redemption Charge of 0.5%. The Redemption Amount payable by the Fund in respect of a Redemption shall be calculated by multiplying the number of Participations to be redeemed with the Net Asset Value per Participation as per the end of the Valuation Date immediately prior to the relevant Dealing Date.
- 12.3 Applications to redeem Participations must be received in the form of a Redemption Form by the Administrator - with a copy to the Manager - at least ten NL Business Days prior to the relevant Dealing Date. Only in exceptional cases may the Manager deviate from this procedure. The Redemption Form must express the number of Participations to be redeemed. Payment of the Redemption Amount must be made such that it is received in EUR in the account of the Participant (as identified in the Redemption Form) after NAV approval.
- 12.4 Redemption Forms that are duly completed and signed are irrevocable once received by the Administrator on behalf of the Manager. Redemption Forms are accepted by the Manager once duly signed by an authorised signatory of the Administrator on behalf of the Manager. The Manager reserves the right to suspend (*opschorten*) or reject (*weigeren*) a Redemption. Redemptions may inter alia be suspended:
- during the period of a suspension of the determination of the Net Asset Value in accordance with chapter 7, paragraph 7.3.5, of the Offering Memorandum;
  - to the extent, the aggregate Redemptions at any given Dealing Date would cause the aggregate Redemption Amounts payable by the Fund to exceed 20% of the Fund's Net Asset Value. In such case the aggregate Redemption Amounts shall be reduced such that the aggregate Redemption Amounts payable by the Fund equal or fall below 20% of the Fund's Net Asset Value pro rata to the number of Participations held by the Participants that made the application. The rejected portion of Participations will be redeemed if the Fund has generated sufficient liquidity to proceed with the payment of the remaining Redemption Amounts. Any suspended portion of Participations will be pro-rated across the redeeming Participants by an equal percentage of their total Redemption Amounts;
  - the technical means to redeem Participations are temporarily unavailable as a result of a technical breakdown;

- circumstances have arisen which make it practically impossible for the Fund to honor all the requests for Redemption immediately; for instance because from an administrative point of view it is impossible to process the requests in an orderly manner;
- circumstances have arisen which threaten the fiscal status of the Fund;
- in case the Manager, through an instruction from the AFM in the public interest or in the interest of the Participants, is mandated to suspend the registration.

Redemptions may inter alia be rejected, or where appropriate partially rejected, if:

- the Redemption Form is not timely received;
- in the opinion of the Manager, the application would interfere or prevent the orderly liquidation of the Fund Assets proposed by the Manager upon dissolution of the Fund;
- to the extent the application would cause the aggregate amount of the actual holding at the time of Redemption by a Participant to fall below the minimum Amount of EUR 25,000, save in the event the application for Redemption relates to all (but not less than all) Participations of a Participant;
- the application is made in violation of the client identification and anti-money laundering requirements pursuant to the AML Act; and
- in the opinion of the Manager, the application is otherwise made in violation of the Fund Documents.

When an application for Redemption is rejected, it shall be considered as having no (further) force and effect.

- 12.5 Upon Redemption of the Participation(s) in accordance with a relevant Redemption Form, the Administrator will confirm the Redemption Amount, the Redemption Charge, the Net Asset Value per Participation and the number of the Participation(s) so redeemed.
- 12.6 In case the Manager decides to suspend Redemptions, the Administrator and the AFM shall be informed thereof immediately. The Participants shall be informed through publication of the suspension on the Website.

### **13. Management Fee and Performance Fee**

- 13.1 The Management Fee due to the Manager equals 1.8% per annum of the Net Asset Value of the Fund (0.45% per quarter) prior to the deduction of the Management Fee and the Performance Fee. With respect to every Subscription of EUR 1,000,000 or more, the Management Fee equals 1.5% of the Net Asset Value of the Fund prior to the deduction of the Management Fee and the Performance Fee. The Management Fee shall accrue monthly and is payable quarterly in arrears.
- 13.2 The 20% Performance Fee (for the Standard Asset Class) that is calculated per calendar year, is due to the Manager, of any increase in the Net Asset Value of the Fund, in excess of the Hurdle Rate. The Performance Fee is calculated separately per investment and amounts to 6%. This implies that every year, the first 6% of gross returns is exempted from the Performance Fee.
- 13.3 If a Participant subscribes or redeems its Participations during a calendar year, the Hurdle shall be calculated pro-rata, in respect of that Participant and that year. Thus for example, if a Participant subscribes per 1 December, the pro-rata Hurdle for that Participant for that year shall be 0.5% higher (or one-twelfth of six percent). If a participant redeems on 1 March, the pro-rata Hurdle for that Participant shall be 1.0% higher (two-twelfths of six percent).
- 13.4 After payment of the Performance Fee, the Hurdle will be calculated on the basis of the NAV that caused the payment of the Performance Fee.

- 13.5 Save in the event that the Fund is liquidated prior to the last NL Business Day of a calendar year, the Performance Fee will be calculated as though the determination date were the last NL Business Day of the year. As follows from the rationale of the Performance Fee, the Performance Fee is calculated separately for each Participation and possible subsequent Participation or Participations of each Participant. The Performance Fee is paid, per Participant, by redemption of an amount of Participations equal in value to the amount of Performance Fee payable. The final settlement of the performance fee takes place following the month in which the participant redeems their participations, even if this does not fall on a yearly closing. Such payment through partial redemption is effected by the Administrator within twenty calendar days after the end of the year in respect of which the Performance Fee became due.
- 13.6 In deviation of the foregoing, every time a new or existing Participant subscribes with a Subscription Amount of EUR 1,000,000 or more, the Performance Fee payable by that Participant shall equal 15% in respect of the Participation relating to such Subscription, All other information set out above (including the information relating to the method of calculation, the Hurdle Rate and the High Watermark) remains unchanged.

#### 14. Expenses

- 14.1 The Fund will bear the costs, fees and expenses, such as, without limitation to:
- the Administration Charge, the Legal Ownership Charge, the Depositary Charge and the Compliance Costs;
  - the costs of the Auditor;
  - the costs involved with the execution of the investment policy of the Fund, such as brokerage commissions and transaction costs (including transfer taxes, stamp duties, financing and securities borrowing costs), hereinafter referred to as the Investment Costs; and
  - charges, fees and expenses of legal and tax advisers pertaining to the Fund.
- 14.2 The Manager will bear the fees, costs and expenses in relation to:
- costs relating to personnel
  - marketing expenses;
  - travel and lodging expenses;
  - office costs;
  - expenses related to corporate actions in relation to the investments (such as participating to general meetings);
  - charges, fees and expenses of legal and tax advisers and auditors pertaining to the Manager, other than as included in the Formation and License Costs;
  - remuneration for the members of the Board of Advisors; and
  - secretarial and other advisory expenses.
- 14.3 Administration Charge. Pursuant to the Administration Agreement, the Administrator is entitled to the Administration Charge. The Administration Charge consists of: Administrative and investor services, which entails an annual fixed amount of EUR 27,000 (exclusive of V.A.T.) and a variable charge (exclusive of V.A.T.) which is calculated as follows:

over a Net Asset Value of		Basispoints	
EUR 0	EUR 25,000,000	12	(0.12%)
EUR 25,000,000	EUR 50,000,000	10	(0.10%)
EUR 50,000,000	EUR100,000,000	8	(0.08%)
> EUR 100,000,000		6	(0.06%)

however, with a minimum fee of EUR 27,000.

Per every additional Participation Class an (initial) additional fee of EUR 2,500 will be charged.

In addition, the Administrator charges a yearly fee of EUR 4,566.25 for taking care of financial reporting services, as well a minimum annual fee of EUR 3,995.47 in relation to FATCA/CRS reporting services which applies up till 568 Participants with an additional fee of EUR 50 per every additional Participant. Next to this, EUR 1,000 in relation to K-1 Reporting will be charged annually. For the regulatory reporting services (specifically in relation to MESREP) EUR 125 per report will be charged.

- 14.4 **Depository Charge.** Pursuant to the Depository Agreement between the Manager and the Depository, the Depository is entitled to the Depository Charge. The Depository Charge consists, per year, of 0.018% of the value of the Fund Assets, with a minimum of EUR 18,500.-. The Depository Charge shall be borne by the Fund.
- 14.5 **Legal Ownership costs.** Pursuant to the Management and Legal Ownership Agreement, the Legal Owner is entitled to the Legal Ownership Charge. The Legal Ownership Charge consists, per year, of a fixed fee of EUR 12,000.- (excl. 21% VAT). The Legal Ownership Charge shall be borne by the Fund.
- 14.6 **Compliance Costs.** The Compliance Costs comprise of (i) supervision costs charged by the AFM and (ii) costs charged by the External Oversight Entity. Supervision costs charged by the AFM are determined on an annual basis and comprise of a fixed and a variable component. The variable component is linked to the balance sheet total of the Fund. Based on the information as per the date of these Terms and Conditions of Management and Custody the expectation is that these costs will amount to approximately EUR 8,855 per year. The costs charged by the External Oversight Entity will amount to approximately EUR 40,000 per year. The Compliance Costs shall be borne by the Fund.
- 14.7 **Investment Costs.** A specific calculation of the Investment Costs is not available as these costs are mostly variable costs and contingent upon circumstances arising. Not taking into account any special circumstances that may arise, the Investment Costs are expected not to exceed 0.5% of the yearly average Net Asset Value.
- 14.8 The members of the Board of Advisors each receive a yearly remuneration of EUR 5,000.

## **15. Calculation of the Net Asset Value and Valuation Methods**

- 15.1 The Net Asset Value (and the Net Asset Value per Participation) shall be expressed in EUR and determined at the end of the Relevant Business Day on the Valuation Date by the Administrator in accordance with the Valuation Methods. The Manager shall delegate the determination of the Net Asset Value and the Net Asset Value per Participation to the Administrator, subject to the terms of the Administration Agreement. The Manager will check the calculation of the Net Asset Value by the Administrator.
- 15.2 The Net Asset Value and the Net Asset Value per Participation will be notified by the Administrator to the Participants and will be published on the Website as soon as practically possible after calculation thereof, but at least once a month.
- 15.3 If a correction is required of more than 1% of the Net Asset Value and certain Participants or the Fund, as the case may be, incurred losses through Subscriptions or Redemptions against the erroneously calculated Net Asset Value, the Manager will compensate (in cash or in Participations) those Participants or the Fund, as the case may be, for the actual losses incurred. If the Fund benefited from the erroneously calculated Net Asset Value, the Manager may reclaim the compensation paid to the Participants from the Fund, up to the amount for which the Fund benefited. In case the error in the calculation of the Net Asset Value was the result of the gross negligence (*grove schuld of toerekenbare nalatigheid*), fraud or wilful misconduct (*opzet*) of the Manager or the Administrator in the

performance or non-performance of either of their duties, the Manager will compensate losses resulting from any required correction, even if less than 1%.

- 15.4 The Fund Assets will be valued in accordance with the following Valuation Methods:
- any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its last bid price on the Relevant Business Day;
  - investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution;
  - any security which is neither listed nor quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no prices as described above are available, will be valued at its probable realisation value as determined by the Manager in good faith having regard to its cost price, the price at which any recent transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue, and such other factors as the Manager deems relevant in considering a positive or negative adjustment to the valuation, all the foregoing in close consultation with the Accountant;
  - investments, other than securities, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued on the basis of the “fair value method”;
  - deposits will be valued at their cost-plus accrued interest; and
  - any value (whether of an investment or cash) otherwise than in EUR will be converted into EUR at the rate (whether official or otherwise) which the Administrator in its absolute discretion deems applicable as at close of business on the Relevant Business Day, having regard, among other things, to any premium or discount which it considers relevant and to costs of exchange.
- 15.5 The Manager may determine that another method of valuation qualifies as a Valuation Method if it deems such method of valuation to be appropriate, adequate and in accordance with good accounting practice.
- 15.6 The determination of the Net Asset Value and the Net Asset Value per Participation has been delegated to the Administrator. In determining the Net Asset Value and the Net Asset Value per Participation, the Administrator will follow the valuation policies and procedures adopted by the Fund as set out above. If and to the extent that the Manager is responsible for or otherwise involved in the pricing of any of the Fund’s portfolio securities or other assets, the Administrator may accept, use and rely on such prices in determining the Net Asset Value and shall not be liable to the Fund, any Participant or any other person in doing so.
- 15.7 The Manager may declare a suspension of the determination of the Net Asset Value for the whole or part of any period during which:
- one or more markets on which investments owned by the Fund are traded are closed, other than for ordinary holidays, or dealings thereon are suspended or subject to unusual restrictions;
  - there are circumstances as a result of which the means of communication or the calculation facilities that are normally used to determine the NAV or the value of an investment of the Fund no longer function or for some other reason the NAV or the value of an investment of the Fund cannot be determined as swiftly and accurately as the Manager desires; and
  - the Manager cannot determine the NAV with the required accuracy because of political, economic, military or monetary factors that are beyond the Manager’s control.

A suspension of the determination of the Net Asset Value will be notified to the Administrator and the AFM immediately and shall be published on the Website.

## 16. Reporting

- 16.1 The financial year of the Fund, the Manager, the Legal Owner and the Depositary coincides with the calendar year. The Administrator will draw up the Annual Accounts of the Fund and the Legal Owner in accordance with Dutch GAAP after the end of the financial year (accounting period from 1 January until 31 December). The Annual Accounts of the Fund will be audited by the Auditor. The Annual Accounts of the Manager will be audited by The Auditor of the Manager. The Annual Accounts of the Fund, the Manager and the Legal Owner will be published on the Website within four months after the end of the financial year. The Annual Accounts of the Depositary will be published on the Website within six months after the end of the financial year.
- 16.2 The Administrator will draw up the semi-Annual Accounts of the Fund in accordance with Dutch GAAP after the end of each half financial year (accounting period from 1 January until 30 June). The semi-Annual Accounts of the Fund and the Manager will not be audited by the Auditor respectively the Auditor of the Manager. The semi-Annual Accounts of the Fund and the Manager will be published on the Website within nine weeks after the end of each half financial year.
- 16.3 Participants will receive the Monthly Report each month.

The Monthly Report is prepared by the Administrator and contains the following information and data in respect of the Fund:

- an overview of the monthly performance of the investment portfolio; and
- a summary explanation of important events that have had a material impact on the performance of the portfolio over the last month.

The Monthly Report will be provided to the Participants and published on the Website as soon as possible.

In addition to the Monthly Report, each month the Participants will receive from the Administrator the calculation of the Net Asset Value as well as of the Performance Fee which may possibly be due.

## **17. Notices and other information**

- 17.1 All notifications to the Participants will be made through email or, at the request of a Participant, per ordinary mail at the address identified in the Register. Even notifications in respect of a Meeting of Participants to be convened, a proposed dissolution or an (proposed) amendment of the Fund Documents will also be made through email at the address identified in the Register.
- 17.2 All notices to the Manager, the Legal Owner and the Administrator shall be sent in writing and shall be addressed or directed as to the addresses set out below or such other address as may have been notified to the Participants in writing:

### Manager

Commodity Discovery Management B.V.  
Zandvoortterweg 77  
2111 GT Aerdenhout  
The Netherlands

### Legal Owner

Stichting Legal Owner CDFund  
De Lairessestraat 145 A  
1075 HJ Amsterdam  
The Netherlands

### Administrator

Bolder Fund Services (Netherlands) B.V.  
Smallepad 30 F



3811 MG Amersfoort  
The Netherlands

## **18. Meeting of Participants**

- 18.1 Within four months following the end of the Fund's financial year, a Meeting of Participants will be held to consider and discuss the Fund's audited Annual Accounts. Additional Meetings of Participants may be convened if such is considered desirable by the Manager or by one or more Participants representing at least 75% of the Participations on issue.
- 18.2 No initiative, veto- or consensual rights are conferred upon the Meeting of Participants. The Meeting of Participants shall be of an informative nature.
- 18.3 Meetings of Participants will be convened through a notice to each Participant at least ten NL Business Days in advance, the day of publication of the notice and the day of the meeting not included. The issues to be discussed at the Meeting of Participants are mentioned in the notice convening said Meeting. The notice is published on the Website.

## **19. Amendments**

- 19.1 The Fund Documents may be amended by the Manager. The Management and Legal Ownership Agreement may be amended by the Manager upon a joint proposal of the Manager and the Legal Owner. The adjustments will however never lead to the Fund, the Manager and/or the Legal Owner no longer adhering to the applicable laws and regulations. Any proposal to amend the Fund Documents and/or the Management and Legal Ownership Agreement will be notified to the Participants and the AFM simultaneously, and will, together with an explanation to the (proposed) amendment, be published on the Website. To the extent that the actual amendment of the Fund Documents and/or the Management and Legal Ownership Agreement differ from what was proposed, the actual amendment will be announced simultaneously to the Participants (by e-mail or at the request of a Participant, by regular mail) and the AFM, and an explanation of the change will be published on the Website.
- 19.2 An amendment of the Fund Documents and/or the Management and Legal Ownership Agreement causing a reduction of a Participant's rights or entitlement, imposing costs on a Participant or causing a change to the investment policy of the Fund, will only become effective vis-à-vis the concerned Participants after the lapse of one month following the date of the notification thereof. During that month, Participants have the right to redeem their Participations at their respective Net Asset Value without a Redemption Charge being payable to the Fund. If the dates fixed for Redemption in accordance with the Fund Documents are not sufficient to allow Participants to redeem their Participations during said month, the Manager will fix one or more additional dates for Redemption.

## **20. Administrative organisation and internal control procedures and complaints procedure**

- 20.1 The Manager has a description available of both its own and the Fund's administrative organisation and internal control procedures (*beheerste en zorgvuldige bedrijfsvoering*). In this description procedures regarding, amongst other things, the acceptance of Participants and the administration of Participants are incorporated.
- 20.2 The Manager has a set complaints procedure (klachtenprocedure). This complaint procedure is aimed at a speedy and careful handling of complaints.
- 20.3 In case of a complaint about the Fund, the Manager, the Legal Owner or the Administrator such complaint may be filed in writing (or via e-mail) with the Manager at the address as set out in this Offering Memorandum respectively at [info@cdfund.com](mailto:info@cdfund.com).

## **21. Conflicting interests**

- 21.1 It is conceivable that the Manager or the Administrator, in their business, conduct transactions or enter into agreements with "related parties" as a result of which interests may arise which conflict with those of the Fund. In such a case they will always respect their obligations to the Fund and will seek to resolve such conflicts in a fair way.
- 21.2 Moreover, the Manager, the Legal Owner and the Administrator, provided this is done in accordance with applicable law, may make transactions with the Fund, either for themselves or for any other entity, provided that such transactions are conducted on normal commercial terms negotiated at "arm's length" basis.
- 21.3 Under certain circumstances, the interests of the Administrator, the Depository and/or the Custodian may conflict with those of the Fund. In this case, each of the aforementioned parties will have regard to its obligations to the Fund and will endeavor to ensure that such conflicts are resolved fairly. They will also seek to ensure that all transactions between each of them and the Fund are made on normal commercial terms negotiated at "arm's length" basis.
- 21.4 The Managing Directors and members of the Advisory Board will adhere to the Code of Conduct. Also the directors of the Legal Owner will abide by the Code of Conduct.

## **22. Dissolution and liquidation of the Fund**

- 22.1 Participants can not cause the dissolution or liquidation of the Fund. The Fund is dissolved and liquidated by a resolution to that effect by the Manager. The Manager shall cause a Meeting of Participants to be convened wherein Participants shall be informed on the reasons of the proposed dissolution, the proposed liquidation procedure in respect of the Fund Assets and the allocation of the liquidation proceeds. The (proposed) dissolution of the Fund will be published on the Website.
- 22.2 The Manager shall liquidate the Fund Assets. During the dissolution of the Fund and the liquidation of the Fund Assets, the Fund Documents remain in force.
- 22.3 The Fund's liquidation proceeds must be distributed to the Participants pro rata the number of their Participations. Once so distributed, the Fund is dissolved.

## **23. Applicable law and competent court**

- 23.1 The Fund Documents and the Management and Legal Ownership Agreement shall be governed by the laws of the Netherlands.
- 23.2 The competent court of Amsterdam and its appellate courts shall have exclusive jurisdiction to decide on a dispute arising from the Fund Documents.

## ANNEX II REGISTRATION DOCUMENT

As referred to in Appendix H of the “Besluit Gedragstoezicht financiële ondernemingen Wft”

Updated 1 March 2023

The Commodity Discovery Fund (the “**Fund**”) is an open-end mutual fund (*fonds voor gemene rekening*) that aims to achieve the highest possible returns through investments with an acceptable risk level. The Fund is aimed at “discovery investing”, investments in companies which are in the process of discovering and developing natural resources. The Fund invests primarily in companies listed on the primary commodities exchanges. In addition, positions may be taken in the commodity sector through ETFs (or ETCs), which are related to the value of commodities or other exchange-traded instruments

Commodity Discovery Management B.V. is the manager of the Commodity Discovery Fund (“**Manager**”).

Stichting Legal Owner CDFund is the legal owner of the assets of Commodity Discovery Fund (“**Legal Owner**”).

CACEIS Bank, Netherlands Branch acts as the depositary of the Fund (“**Depositary**”).

In this Registration document, “**Wft**” refers to the “Wet op het financieel toezicht” (Act on Financial Supervision of 28th September 2006, containing regulations relating to financial markets and their supervision).

In this Registration document, “**AFM**” refers to the Netherlands Authority for the Financial Markets.



## 1. INFORMATION CONCERNING THE ACTIVITIES OF THE MANAGER

The Fund's assets are managed by the Manager. The Manager is responsible for the management and implementation of the investment policy relating to the assets of the Fund. The Manager may at his discretion attract, retain or repel assets of the Fund, or initiate legal acts on behalf of the participants, insofar as this fits within the objectives of the Fund and the parameters of the investment policy as set out in the offering memorandum of the Fund. The Manager has the right to delegate (parts of) his tasks, however, the Manager shall remain responsible for the delegated tasks.

The Manager manages the Fund only. The Fund is established in principle for an indefinite period of time. It is subject to Dutch law. It is a mutual fund (*fonds voor gemene rekening*). The Fund does not have legal personality, nor is it a partnership of whatever type pursuant to Dutch law. It is a contractual agreement between the Manager, the Legal Owner and each of the participants. On the basis of that agreement, the Manager invests, for the account and risk of the participants, in assets that are held in the name of the Legal Owner on behalf of the participants. The Fund qualifies as an Undertaking for Collective Investment in Transferable Securities ("UCITS").

The Legal Owner has granted power of attorney to the Manager to make investments and divestments in financial instruments on behalf of the Fund and its participants. The participants in the Fund are only entitled to a proportionate share of the assets of the Fund relative to the number of units in the Fund for which they participate.

## 2. INFORMATION CONCERNING THE POLICY MAKERS OF THE MANAGER AND THE DEPOSITARY

### The policy makers of the Manager

The policy makers of the Manager are Willem Middelkoop and Terence van der Hout. Willem Middelkoop is also an author of books that deal extensively with the investment in natural resources (especially precious metals). He is regularly active as speaker in The Netherlands and abroad. Willem Middelkoop is an (indirect) shareholder of the Manager and participant in the Fund. Apart from his duties towards the Manager, Terence van der Hout practices no other activity related to the work of the Manager, the Fund or the Depositary.

### The policy makers of the Depositary

CACEIS Bank, Netherlands Branch acts as Custodian of Commodity Discovery Fund. CACEIS Bank, Netherlands Branch is located in Amsterdam at De Entree 500, 1101 EE and is registered with the Chamber of Commerce in Amsterdam under number 33001320. CACEIS Bank, Netherlands Branch is the Dutch subsidiary of CACEIS Bank SA, based in Paris, France and registered office: 1-3, place Valhubert 75013, Paris, France. CACEIS Bank S.A. is registered with the Paris Trade Register under RCS number 692 024 722

The statutory management of the Depositary is formed by the Directors of CACEIS Bank S.A. in Paris, France.

### **3. GENERAL INFORMATION CONCERNING THE MANAGER, THE LEGAL OWNER AND THE DEPOSITARY**

#### The Manager

The Manager is established for an indefinite period, on 26<sup>th</sup> May 2008.

The Manager is a private limited liability company pursuant to Dutch law (*besloten vennootschap met beperkte aansprakelijkheid*).

The Manager has its statutory seat in Amsterdam.

The office address of the Manager is Zandvoortterweg 77, 2111 GT Aerdenhout.

The Manager is registered in the Trade Register of the Amsterdam Chamber of Commerce under number 34302667.

The Manager is owned by MOMI B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), established under the laws of the Netherlands, which owns half of the issued and transferred capital of the Management Company and seven other shareholders, each of which own less than 10%. None of the shareholders have special voting rights.

#### The Legal Owner

The Legal Owner is established for an indefinite period on 7<sup>th</sup> June 2010.

The Legal Owner is a foundation. The Legal Owner has its statutory seat in Amersfoort.

The office address of the Legal Owner is De Lairesestraat 145 A, 1075 HJ Amsterdam.

The Legal Owner is registered in the trade register of the Chamber of Commerce under number 50370774.

#### The Depositary

CACEIS Bank, Netherlands Branch acts as Custodian of Commodity Discovery Fund. CACEIS Bank, Netherlands Branch is located in Amsterdam at De Entree 500, 1101 EE and is registered with the Chamber of Commerce in Amsterdam under number 33001320. CACEIS Bank, Netherlands Branch is the Dutch subsidiary of CACEIS Bank SA, based in Paris, France and registered office: 1-3, place Valhubert 75013, Paris, France. CACEIS Bank S.A. is registered with the Paris Trade Register under RCS number 692 024 722

The statutory management of the Depositary is formed by the Directors of CACEIS Bank S.A. in Paris, France.

### **4. FINANCIAL INFORMATION CONCERNING THE MANAGER AND THE LEGAL OWNER**

The Auditor Manager has declared in writing that, in respect of the Manager, the requirements pursuant to the provisions of section 3:53 Wft (minimum equity capital of EUR 125,000) and Section 3:57 Wft (requirements regarding solvency) are met. The text of the declaration is published on the website of the Manager: [www.cdfund.com](http://www.cdfund.com) (the "Website").

Based upon the latest audited financial statements the Depositary has met the requirements under articles 3:53 (minimum initial capital) and 3:57 (solvency) Wft. The financial year of the Depositary coincides with the calendar year. Annual reports will become available within six months after the end of the financial year. The latest available audited financial statements of the Depositary are available on the Website as well as deposited at its office and at the offices of the Manager. These audited financial statements contain an available equity level which exceeds the fixed overhead requirement. The annual reports of the Depositary as audited by an independent auditor, can be found on the website of the Manager.

### **5. DATA INFORMATION**

The Manager will maintain the Website. The Manager will provide periodic information about the Fund through the Website and also in the manner specified in the offering memorandum of the Fund. Calls for meetings of participants, proposed changes to the terms of the Fund in relation to its participants, and, in as much as the actual amendments deviate from the initial proposals, decisions relating to amendments in the aforementioned terms are posted on the Website, sent to the address of the participants in the Fund, and sent to the AFM for information purposes.

The financial statements of the Fund, the Manager and the Legal Owner are made and approved annually within four months after the end of the calendar year. The financial statements of the Legal Owner are made and approved annually within six months after the end of the calendar year. Furthermore, the half-year results of the Fund and the Manager are made and approved within nine weeks after the first half of the calendar year.

The Annual Reports of the Fund, the Manager and the Legal Owner, the half-year results of the Fund and the Manager, as well as the articles of association of the Manager and the Legal Owner are all available on the Website and free of charge to the participants from the Manager.

## **6. INFORMATION CONCERNING THE REPLACEMENT OF THE DEPOSITARY, THE MANAGER THE DEPOSITARY**

Should the Manager or the Legal Owner, other than by dissolution of the Fund, decide to resign, a ninety (90) days' notice must be observed. During this period all parties are obliged to continue to perform their agreed and regular activities for the Fund, and to make every effort to find a replacement for the vacant position. The party that relinquishes his position owes no fee in any form to the other party in connection with the termination. The party that relinquishes his position will act in conformity with the requirements of reasonableness and fairness towards the other party as well as towards the third party designated to take over the position. The party that relinquishes his position will be given discharge only after replacement has taken place.

Should the Depositary, other than by dissolution of the Fund, decide to resign, the Manager shall notify the Depositary of the name of its successor. The Depositary shall fully cooperate in the transfer of its contractual position to its successor. In the event that the Manager fails to timely appoint a successor, the Depositary shall assist the Manager to try and find a successor and the Manager shall inform the AFM. The Depositary shall continue to act as depositary until either a successor has been found or the Fund has been dissolved.

