

**QUADRIGA**

**GLOBAL CONSOLIDATED TRUST**

**Société d'investissement à capital variable**

**PROSPECTUS**

**May 2002**

**TRADING IN DERIVATIVE INSTRUMENTS CAN ACHIEVE HIGH PROFITS, BUT ALSO ENTAILS A SUBSTANTIAL RISK. AN INVESTMENT IN THE QUADRIGA GLOBAL CONSOLIDATED TRUST SHOULD BE CONSIDERED IN THE LIGHT OF THE FINANCIAL CONDITION OF THE INVESTOR.**

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## INTRODUCTION

QUADRIGA GLOBAL CONSOLIDATED TRUST (the Company or Fund), is registered pursuant to Part II of the Luxembourg law of March 30, 1988, on collective undertakings for collective investment (loi relative aux organismes de placement collectif). The registration, however, does not imply approval by any Luxembourg authority of the contents of this Prospectus or the portfolio of derivatives and other assets held by the Company. Any representation to the contrary is unauthorised and unlawful.

The notice required by Luxembourg law with respect of the issue and the sale of shares by the Company has been deposited with the Greffe du Tribunal d'Arrondissement à Luxembourg.

The Company is an open-ended Investment Company engaged in the speculative trading of stocks, bonds, commodity interests and Foreign Exchange and Bullion, including futures contracts, options and forward contracts to be traded on US and non-US exchanges and over the counter markets. Shares in the Company hold the prospect of above average risk. If investors are in doubt about their investment they should consult their professional advisors.

Successful trading by professional Trading Advisors may result in the Company paying fees higher than levels charged by companies dealing in stocks and bonds and the Company may incur higher commissions whether or not trading is profitable (see also chapter "RISK FACTORS TO BE CONSIDERED").

The distribution of this Prospectus and the offering of shares in the Company may be restricted in certain jurisdictions. Persons into whose possession the Prospectus comes are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute an offer or solicitation by anyone to any person to whom it is unlawful to make such offer or solicitation.

Any information or representation given or made by any dealer, sales representative or other person not contained herein should be regarded as unauthorised and should accordingly not be relied upon. Neither the delivery of this Prospectus nor the offer, issue nor sale of shares of the Company shall under any circumstances constitute a representation that the information given in this Prospectus is correct as at any time subsequent to the date hereof.

**IMPORTANT.** Shares in the Company are offered on the basis of the information and representations contained in this Prospectus or the documents specified herein and accompanied by the latest annual report and the latest half-yearly report if published more recently than the latest annual report and no other information or representation relating thereto is authorised. If you are in doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisor. This Prospectus is not for distribution in the United States.

All references in the Prospectus to "LUF" and "USD" are to the legal currency respectively of the Grand Duchy of Luxembourg and of the United States of America.

All references to "EUR" are to the legal currency of the countries participating in the Economic and Monetary Union.

**Registered Office:**

QUADRIGA GLOBAL  
CONSOLIDATED TRUST  
1A, Heienhaff  
L-1736 Senningerberg  
(RC Luxembourg No. 54921)

**Board of Directors:**

Markus Weigl  
General Manager  
Quadriga Asset Management G.m.b.H.,  
Wien

Christian Halper  
General Manager  
Quadriga Asset Management G.m.b.H.,  
Wien

Emmanuel Bégat, Director,  
Banque Colbert (Luxembourg) S.A.

Jorge Fernandes, Director,  
Banque Colbert (Luxembourg) S.A.

Jean Steffen, Director  
Banque Colbert (Luxembourg) S.A.

**Trading Administrator:**

Quadriga Asset Management G.m.b.H.  
Salzgries 15  
A-1010 Vienna

**Trading Manager:**

Quadriga Asset Management G.m.b.H.  
Salzgries 15  
A-1010 Vienna

**Custodian:**

Banque Colbert (Luxembourg) S.A.  
1A, Heienhaff  
L-1736 Senningerberg

**Domiciliary, Administrative  
and Transfer Agent:**

Banque Colbert (Luxembourg) S.A.  
1A, Heienhaff  
L-1736 Senningerberg

**Auditor:**

Arthur Andersen & Co, Société Civile  
6, rue Jean Monnet  
L-2180 Luxembourg

**Austrian Representative  
and Paying Agent:**

Die ERSTE österreichische Spar-Kasse-  
Bank  
Aktiengesellschaft  
Graben 21  
A-1010 Vienna

## **PART A: GENERAL INFORMATION**

### **THE COMPANY**

The Company is an investment fund organised under Luxembourg law as a société anonyme qualifying as a société d'investissement à capital variable ("SICAV"), Its Articles of Incorporation and subsequent amendments were published in the official gazette (Mémorial C) of the Grand-Duchy of Luxembourg on June 28, 1996, on December 9, 1998 and on December 7, 2001. The extraordinary general meeting of shareholders hold on October 22, 2001 decided to change the name of the SICAV from GLOBAL CONSOLIDATED TRUST to QUADRIGA GLOBAL CONSOLIDATED TRUST.

The Company was incorporated on May 20, 1996, under the name of Global Consolidated Trust with an initial capital of USD 50,000 represented by 50 shares of the sub-fund then called "Global Consolidated Trust - C&F-1000 Futures Fund, Series 1".

Its capital shall at all times be equal to the net assets of all the sub-funds of the Company.

The minimum capital of the Company, is the equivalent in USD of fifty million LUF (LUF 50,000,000, -).

The Company is registered with the Registre de Commerce, Luxembourg, under number 54921. Copies of the articles of incorporation are available for inspection at the District court and the registered office of the Company in Luxembourg.

#### **Umbrella Structure**

The Company is an "umbrella" Company enabling investors to choose between one or more investment objectives by investing in one or more sub-funds (the "Sub-Funds") within the same corporate investment vehicle.

Shareholders should refer to Part B of the Prospectus where, for each Sub-Fund, all key features applying to the Sub-Funds are described.

The Directors of the Company may, from time to time, determine that the Company should issue shares of other Sub-Funds having different investment objectives. In such case, the present Prospectus will be updated. The Sub-Funds will be denominated in their respective denomination currency (the "Denomination Currency"). The assets and liabilities of each Sub-Fund are completely separated from the assets of other Sub-Funds. For determining the total net assets of the Company, the net assets of the different Sub-Funds, if not expressed in USD, will be converted into USD. To the extent that further Sub-Funds are created, shareholders will be authorised to convert shares of one Sub-Fund into shares of another Sub-Fund.

## INVESTMENT OBJECTIVES AND POLICIES

### A. GENERAL

The investment objective of the Company is to manage the assets of each Sub-Fund for the benefit of its shareholders in accordance with the principle of risk diversification within the limits set forth under “Investment Restrictions”.

The Company's objective is to achieve for the shareholders of any relevant Sub-Fund long-term capital appreciation primarily through trading in foreign exchange and derivative instruments - such as forward contracts or futures on commodities, currencies, interest rates, stocks and stock indices and in all options traded on organised markets including recognised over-the-counter markets (OTC), although these may not be regulated by a formal exchange or regulatory body. In the latter case, the Company will only trade with highly rated institutions, specialising in that type of operations and transactions and participating in the OTC markets. Futures contracts underlying options must also comply with these conditions.

It may also hold interest bearing deposits denominated in various currencies with a view to maximising the value of the assets not invested directly in trading markets.

The assets of each Sub-Fund not invested directly in trading markets may also be invested in government debt securities or similar short term securities and instruments of first class credit rating. Regularly traded money market instruments, which have a remaining life to maturity of less than twelve months are considered to be cash equivalents.

The Company has been structured to permit shareholders to realise the potential benefits of trading in such markets through any appreciation in the value of their shares whilst limiting their exposure to the offer or the purchase price paid for the shares. Furthermore, the Company will be able to effect trading efficiencies, which are normally only available to professional market participants.

### B. INVESTMENT OBJECTIVES OF THE SUB-FUNDS

The investment objectives and structure applicable to the Sub-Funds created by the Board of Directors are described in Part B of the Prospectus.

**The investments within each Sub-Fund are subject to market fluctuations and to the risks inherent in all investments; accordingly, no assurance can be given that their investment objective will be achieved**

## INVESTMENT RESTRICTIONS

The Company will observe, in respect of each Sub-Fund, the following investment restrictions:

1. Margin deposits with respect to obligations relating to Futures contracts and forward contracts or to written call and put options and premiums for the purchase of options will not exceed an aggregate of 70% of the net assets of each Sub-Fund. At least 30% of the net assets of each Sub-Fund will be invested in government securities, bank deposits or in other easily realisable instruments with first class credit rating.
2. The Company will not acquire for any Sub-Fund additional futures contracts or forward contracts in any one commodity, currency, stock index or other financial instrument if such acquisition would result in an aggregate net long or short position for such commodity, currency, stock index or other financial instrument requiring as margin more than 20% of the net assets of such Sub-Fund. This rule also applies to open positions resulting from options written.
3. The Company will not hold, in respect of any Sub-Fund, an open forward position on a single futures or forward contract for which the required margin is more than 10% of the net assets of such Sub-Fund. This regulation also applies to open positions resulting from written options.
4. Premiums paid for the acquisition of open options having identical characteristics may not exceed 5% of the net assets of any Sub-Fund.
5. The Company may only borrow up to the equivalent of 10% of the net assets of each Sub-Fund, provided such borrowing may not be used for investment purposes.
6. All contracts entered into by the Company will be liquidated and/or rolled over before delivery date. The Company will not trade physical commodities. As a departure therefrom, the Company may, for cash consideration, acquire precious metals negotiable on an organised market.
7. The Company may only deal in future contracts and call and put options, which trade on an organised market. Premiums paid for the acquisition of options outstanding are included in the 70% limit provided for under sub-section (1) hereinabove.

If Trading Advisors selected by the Company can only be accessed through other funds, the Company may allocate a maximum of 20% of a Sub-Fund's net assets into such other funds provided that:

- a) the funds are subject to general requirements as they are provided by the regulations of the Grand Duchy of Luxembourg (investment policy, risk diversification, etc.);
- b) the funds are incorporated and domiciled in a member state of the European Union, in Canada, in the United States of America, in Switzerland, in Japan or in Hong-Kong and are submitted to permanent supervision performed by the supervisory authority set up by law in order to ensure the protection of investors;
- c) the Company will not invest, in respect of any Sub-Fund, more than 10% of the net assets in units of other funds which are neither listed on a stock exchange nor traded on a regulated market which is in continuous operation and which is recognised and open to the public;
- d) the Company will not acquire more than 10% of the units issued by the same fund;
- e) the Company will not invest more than 10% of the net assets of any Sub-Fund in units issued by the same issuing body;

f) the Company will not invest in fund of funds.

**NOTE: Investments in other Funds may increase the Company's expenses since the Company may have to pay its pro rata share of the operating expenses of such Funds and be subject to the individual brokerage commissions and fees charged by such Funds.**

When investing in securities other than shares or units issued by funds:

- a) the Company will not invest more than 10% of the net assets of any Sub-Fund in securities not listed on a stock exchange nor dealt in on another regulated market which operates regularly and is recognised an open to public;
- b) the Company will not acquire more than 10% of the securities of the same kind issued by the same issuing body;
- c) the Company will not invest more than 10% of the net assets of any Sub-Fund in securities issued by the same issuing body.

The restrictions mentioned hereabove are not applicable to securities issued or guaranteed by a member state of the OECD or their local authorities or public international bodies with UE, regional or world-wide scope.

### POTENTIAL GAINS AND LOSSES

The following is an example of possible gains and losses by using the Gold Contract (100 troy ounces per futures contract) on the New York Commodity Exchange:

Purchase one 100 troy ounce futures contract of Gold for December delivery at USD 375.00 per ounce (equals a total contract value of USD 37,500).

<p>Gain: sell one futures contract at USD 378.60          Selling price USD 378.60          Purchase price USD 375.00          Gain          USD 3,60 per ounce x 100 ounces=USD 360.00</p>	<p>Loss: sell one futures contract at USD 371.40          Selling price USD 371.40          Purchase price USD 375.00          Loss          USD 3.60 per ounce x 100 ounces=USD 360.00          This loss represents ca. 1% of the total purchase price of the physical gold contract of 100 troy ounces.</p>
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**NOTE: It should however be noted that the placing of contingent orders (Stop loss orders) will not necessarily limit losses since market conditions may make it impossible to execute such orders.**

## **SUSPENSION OF TRADING**

Issues, redemptions and conversions in respect of any Sub-Fund will be suspended as soon as such Sub-Fund suffers trading losses which reduces its Net Asset Value per share to less than 50% of its highest previous Net Asset Value per share. In such cases all contracts and options will be liquidated and no further trading will occur until the date of the shareholders' meeting referred to in the paragraph below.

In the event of a trading suspension as a result of the foregoing provision, a meeting of all shareholders of the concerned Sub-Fund will be convened within forty days following the suspension date to a separate meeting to decide by a 50% majority vote of the outstanding shares of such Sub-Fund on the possible closing of such Sub-Fund or its merger with another Sub-Fund. In the case of non-liquidation or merger of the Sub-Fund as a result of the shareholder's decision, the suspension will be lifted immediately (please refer also to the chapter "LIQUIDATION OF THE COMPANY AND OF SUB-FUNDS")

## **RISK FACTORS TO BE CONSIDERED**

### **1. Futures Prices are Volatile**

Price movements of futures and forward contracts are influenced - among other things - by government, trade, fiscal, monetary and exchange control programs and policies; national, international, political and economic events; and changes in interest rates. Governments from time to time intervene in the futures markets with the specific intent of influencing prices directly.

### **2. High Leverage**

The Company will trade with a high degree of leverage, acquiring contracts with a gross value substantially in excess of (perhaps by a multiple) the Company's Net Asset Value. The use of leverage will increase the volatility of the Company's performance and will make it possible to the Company to suffer losses on any open position in excess of the assets committed to such position. The Company will trade with unusually high leverage compared to that involved in most traditional investments such as stocks and bonds.

### **3. Futures Trading May Be Illiquid**

The Company may be unable to execute trades at favourable prices, or at all, if the liquidity of the market is not adequate. Illiquidity may result in substantial losses even in the major (and most active) markets traded by the Company.

### **4. Exchange Rate Losses on Underlying Assets**

The assets of the various Sub-Funds will mainly be maintained in instruments denominated in the Denomination Currency of the Sub-Fund. The shareholders may be

subject to the risk of devaluation of the Denomination Currency against their native currencies, reducing the effective value to them of shares when sold.

#### 5. Reliance on the Professional Trading Advisors Selected by the Board

The success or failure of the Company will depend upon the ability of the Trading Advisors, selected by the Board, to trade profitably in futures and forward markets and in related activities. Upon decision of the Board of Directors a Sub-Fund can be managed by one or more Trading Advisors. The success of a Trading Advisor's trading strategy may depend upon the occurrence in the future of price trends in the markets traded. Any factor which would make it more difficult to execute more timely trades, such as a significant lessening of liquidity in a particular market, would also be detrimental to profitability. Further, the Trading Advisors may modify and alter their strategies from time to time in an attempt better to evaluate market movements. As a result of such periodic modifications, it is possible that the trading strategies used by the Trading Advisors in the future may be different from those presently in use. No assurance can be given that the trading strategies to be used by the Trading Advisors will be successful under all or any market conditions. In addition, it is not known what effect if any the size of the Company's account in the Trading Advisor's Pool or the increase in total funds being managed will have on the performance of the Trading Advisor's trading methods.

#### 6. Multi-Advisor Strategy (only applicable for Sub-Funds using two or more Trading Advisors)

The Trading Manager will put together a basket of Trading Advisors, to be approved by the Board of Directors and who have to be professional Commodity Trading Advisors (CTAs). No assurance can be given that profits earned by the Trading Advisors will not be offset in whole or in part by losses incurred by the other Trading Advisors or vice versa, in respect of the Trading Advisors Pool.

In order to diversify among trading methods and among markets, the Trading Manager may propose Trading Advisors that he believes may trade independently of each other. Although this diversification is intended to offset losses while maintaining the possibility of capitalising on profitable price movements, there can be no assurance that use of multiple Trading Advisors will not result in overall losses generated by one Trading Advisor exceeding profits achieved by another. Moreover, the Trading Manager may also propose Trading Advisors, which tend to concentrate their trades in similar commodity complex groups. Under such circumstances there may not be any such diversification.

#### 7. Past performance is not indicative of future performance

In speculative trading, the past results of the Trading Advisors are not necessarily indicative of future performance. The evolving character of the markets in which the Company will participate increases the uncertainty of its future performance.

#### 8. Possible Effects of Speculative Position Limits

The CFTC and the United States exchanges have established limits, referred to as “speculative position limits” on the maximum net long or net short position which any person may hold or control in a particular Futures Interest. All of the positions held by all accounts owned or controlled by the Trading Advisors, including the Company’s account, will be aggregated for the purposes of determining compliance with position limits.

Although not currently contemplated, it is possible that the trading instructions for the Trading Advisors Pool may have to be modified and that positions held by the Company may have to be liquidated in order to avoid exceeding such limits. Such modification or liquidation, if required could adversely affect the operations and profitability of the Company.

#### 9. Forward Contracts

The Company may trade in Foreign Exchange and Bullion contracts, including forward contracts on foreign currencies. In this connection, the Company will contract with the Clearing Brokers to take or make future delivery of a particular foreign currency. Initially, the Clearing Brokers will act as counterparty to the Company with respect to these forward transactions, but the Clearing Brokers may select an affiliated or a non-affiliated firm to act as a counterparty to the Company. Although the foreign currency market is not believed to be necessarily more volatile than the markets in other commodities, there is less protection against defaults in the forward trading of currencies than there is in trading foreign currency futures and options contracts on an exchange, since such forward contracts are not guaranteed by an exchange or clearing house. With respect to this trading, the Company will not be afforded the protections provided by any regulation, including the segregation of funds. In connection with forward transactions, it is also possible that the Company's assets may be required to be posted as margin with the counterparty (e.g., the bank or dealer which contracts with the Company) to these Foreign Exchange and Bullion trades. There is no assurance that the counterparty, or even the counterparty to the counterparty, will fulfill its obligations on the forward contracts, thus perhaps causing the Company to incur substantial losses.

#### 10. Non-United States Exchange

The Company may trade in future and options contracts on exchanges located outside the United States. Trading on such exchanges is not regulated by a United States regulatory agency and therefore may be subject to more risks than trading on United States exchanges. In addition, any potential profits could be eliminated and losses could be incurred as a result of adverse changes in the exchange rate between the United States dollar and the currency in which trading is conducted.

#### 11. Special Consideration

The Company has been organized as an "umbrella" -fund maintaining several Sub-Funds. Among the different Sub-Funds, their correspondent assets and liabilities will be

segregated. In performing its obligations under the Client Agreement the Clearing Brokers shall act solely with reference to and on behalf of each Sub-Fund concerned.

The Board of Directors shall ensure that the Clearing Brokers' recourse with respect to the obligations and liabilities of the Sub-Fund concerned under the Client Agreement shall be limited to the assets of such Sub-Fund, which constitutes, form and are the assets of this Sub-Fund and the Clearing Brokers acting with reference to and on behalf of the Sub-Fund, shall have no recourse for the satisfaction of such obligations and liabilities against any other Sub-Fund of the Company.

The same will be ensured by the Board with respect to the obligations and liabilities of any Sub-Fund towards other creditors.

**NOTE: The foregoing list of risk factors does not purport to be a complete explanation of the risks involved in investing in the Company or the markets in which it will trade. Potential investors should read the entire Prospectus and attempt to familiarise themselves with the risks of futures, options and forward trading before determining whether to invest in Shares.**

#### **POTENTIAL BENEFITS TO INVESTORS**

Shareholders will be able to obtain certain advantages, which might otherwise be unavailable to them, if they were to engage directly in futures transactions. For those persons prepared to seek the potentially high rewards and to accept the related risks, the Company offers the following advantages:

##### **1. Experienced Trading Advisors**

The Sub-Funds provide an opportunity to participate in professionally managed futures and forward contract trading according to disciplined trading systems. Commodity trading decisions will be made by the Trading Advisors. The Trading Advisors will manage the - investments of the Fund pursuant to the trading policies of the Company and certain trend-following techniques and other technical strategies.

##### **2. Efficient Administration**

The Company provides investors with many services designed to alleviate the administrative details involved in engaging directly in commodity transactions, including maintaining the books and accounts of trading activities, preparing semi annual and annual reports to shareholders. For Sub-Funds following a multi-advisor strategy the Company provides access to a mixture of Trading Advisors using the sophistication of approach, analysis, continuous monitoring and disciplined trading which are essential to successful trading in the futures markets. Individuals generally do not have the expertise, time or resources to conduct such activities personally.

##### **3. Futures Portfolio Diversification**

Because of the Sub-Funds flexibility and the expected size of the Sub-Funds assets, each shareholder is likely to obtain much greater diversification in futures traded than would be the case if the same dollar amount were personally committed to trading.

#### 4. Investment Diversification

A shareholder may participate through the Sub-Funds in a wide range of futures and thus the Company offers a further diversification for a conventional portfolio invested in stocks, bonds and property. The Sub-Funds' profit or loss potential does not depend on favourable or unfavourable economic conditions and the Sub-Funds' futures portfolio can be equally profitable or generate losses during periods of declining or rising stock and bond prices as at other times.

#### 5. Limited Liability

The liability of shareholders is limited to the offer or purchase price paid for shares. Investors trading directly in futures incur unlimited liabilities.

#### 6. Interest Income

The Sub-Funds will earn interest on its assets, which will either be deposited in an interest bearing account with the Custodian or invested in short term debt securities and instruments as described in the investment policy.

### **FORM OF SHARES**

Shares may be issued either in registered or bearer form. Registered shares will be issued in non-certificated or certificated form. Unless investors specify to the contrary they will receive non-certificated shares. Bearer shares will be represented by global certificates, which may be deposited in clearing systems such as Clearstream and/or Euroclear.

Shares may be issued in fractions of up to three decimals. Fractions of shares are not entitled to vote but will be entitled to participate equally in any dividend distribution and in the profits and liquidation proceeds of the relevant Sub-Fund.

### **DIVIDEND POLICY**

It is the present intention of the Board of Directors of the Company to propose to the shareholders, at their annual meeting, not to distribute any dividends.

However, should the shareholders decide the distribution of a cash dividend, the Board of Directors will propose to the general meeting of shareholders of the relevant Sub-Fund that the distribution will be paid out of the net investment income available for distribution and/or out of the net realised capital gains and/or unrealised capital gains after deduction of unrealised capital losses, provided that the Net Asset Value of the Company exceeds the equivalent in USD of LUF 50,000,000 after such distribution.

Dividends will be credited to the holders of shares by bank transfer or paid by issuing a dividend cheque. Announcements of distribution will be published in the "Luxembourg Wort" and in any other newspaper if considered suitable by the Board of Directors.

Dividends not cashed within five years will be forfeited and will accrue for the benefit of the Company.

### **APPLICATION FOR, ISSUE AND SALE OF SHARES**

After the initial offer, the subscription price per Share of each Sub-Fund (the "Subscription Price") is equal to the net asset value per Share of such Sub-Fund.

Shares will be issued on the basis of the Net Asset Value per Share of each Sub-Fund determined on the valuation day (the "Valuation Day"), such as defined in chapter "Determination of the Net Asset Value" and in Part B of the Prospectus. Any application, must be received two business days before the relevant Valuation Day. For this purpose a business day (a "Business Day") is defined as a day where banks are open for business in Luxembourg. If an application is received later, it will be executed on basis of the Net Asset Value such as determined on the next Valuation Day.

Concerning subscriptions for a certain amount, subscription proceeds must be received on the relevant Valuation Day. In the case subscription proceeds are received later, the Net Asset Value as of the Valuation Day at which the subscription proceeds are received, will be applied. Concerning subscriptions for a certain number of shares, payments must be made within 4 bank business days after the Valuation Day on which the applicable Net Asset Value per share has been calculated, by wire transfer to the account of the concerned Sub-Fund of the Company opened with Banque Colbert (Luxembourg) S.A.

A sales commission, not exceeding 4.5% of the Net Asset Value per share, may in addition be payable by investors for the account of the sales agents or other intermediaries.

Applications must be mailed to Banque Colbert (Luxembourg) S.A. for the QUADRIGA GLOBAL CONSOLIDATED TRUST, P.O. Box 736 L-2017 Luxembourg. Applications by fax are equally acceptable.

Payment for Shares must be made either in the Denomination Currency of the relevant Sub-Fund, or in any freely convertible currency. The fees of any exchange transaction will be borne by the investor.

The minimum application amount for any initial subscription must relate to a number of shares the value of which at the time of the issue is at least the equivalent in the Denomination Currency of the relevant Sub-Fund of EUR 12,500 or any higher amount such as defined by the Board of Directors and as, if applicable, defined in Part B of the prospectus. The Company reserves the right to restrict or prevent the ownership of shares by any person, firm or corporation. No subscription may be revoked by any subscriber.

In accordance with the relevant money laundering regulations, the application form must be accompanied by an extract from the register of companies or other official documentation for subscriber who are corporate or legal entities and a certified copy of the passport or identification card in the case of an individual subscriber in the following instances:

1. in the event of a direct application for Shares to the Company;
2. in the event that an application for Shares is made through a professional of the financial sector residing in a country which is not subject to identification obligations equivalent to those in place in Luxembourg, which have as their object the prevention of the use of the financial system for money laundering purposes;
3. in the event that an application for Shares is made through a subsidiary or a branch of a head office which is subject to identification obligations equivalent to those in place under Luxembourg law, should the law applicable to the head office not provide that such head office must verify compliance with such provisions by its subsidiaries or branches.

The Registrar and Transfer Agent is further obliged to verify the source of the funds from credit institutions that are not subject to identification obligations equivalent to those in place under Luxembourg law. Applications may be temporarily suspended until the source of the funds is verified.

It is generally accepted that professionals of the financial sector residing in countries which have agreed to the conclusions of the FATF report (Financial Action Task Force) are deemed to have identification obligations equivalent to those in place under Luxembourg law.

#### Restrictions applicable to the issue of shares of the Institutional Sub-Funds.

Some Sub-Funds (the “Institutional Sub-Funds”) such as stated in Part B of the prospectus, may be restricted to institutional investors only, such as financial institutions and professionals of the financial sector subscribing on their own behalf, insurance and reinsurance companies, social security institutions and pensions funds, industrial and financial groups and the structures which they put in place to manage their funds.

The Board of Directors, in its sole discretion, shall refuse to issue or transfer shares of the Institutional Sub-Funds, if there is not sufficient evidence that the legal entity to which such shares are sold is an institutional investor.

In considering the qualification of a subscriber as an institutional investor, the Board of Directors shall have due regard to the guidelines or recommendations (if any) of the relevant supervisory authorities.

Institutional investors subscribing in their own name, but on behalf of a third party, must certify to the board of directors that such subscription is made on behalf of an

institutional investor as aforesaid and the Board of Directors shall require evidence that the beneficial owner of the shares is an institutional investor. The foregoing shall however not apply to credit institutions or other professional of the financial sector established in Luxembourg or abroad, which invest in their own name but on behalf of their non-institutional clients on the basis of a discretionary management mandate.

### **CONVERSION OF SHARES**

In the case several Sub-Funds are open, shareholders wishing to convert shares from one Sub-Fund to another Sub-Fund will be entitled to do so on any Valuation Day by submitting to the Company an irrevocable written request to convert to shares of the other Sub-Fund. Such request should specify the number of shares to be converted.

The Board of Directors will however refuse any conversion into an Institutional Sub-Fund, if there is not sufficient evidence that the Shareholder applying for conversion is an institutional investor as defined in Part B.

Barring a suspension of the calculation of the Net Asset Value, the conversion will be carried out, at a rate calculated with reference to the Net Asset Value of the shares of the respective Sub-Funds concerned, provided for the conversion application is received two Business Days before the Valuation Day. If an application is received later, it will be executed on basis of the Net Asset Value such as determined on the next Valuation Day.

The rate at which all or part of the shares in a given Sub-Fund (the "original Sub-Fund") are converted into shares of another Sub-Fund ("the new Sub-Fund") shall be determined according to the following formula:

$$A = \frac{B \times (C - 1\%) \times E}{D}$$

- A being the number of shares in the new Sub-Fund;
- B being the number of shares in the original Sub-Fund;
- C being the Net Asset Value per share of the original Sub-Fund on the day in question;
- D being the Net Asset Value per share of the new Sub-Fund on the day in question, and
- E being the average exchange rate on the day in question between the currency of the Sub-Fund to be converted and the currency of the Sub-Fund to be assigned.

A commission of 1% shall be charged in the event of conversion. This conversion commission reverts to the sales agents or other intermediaries. This commission may be waived by the sales agents or the intermediaries. After conversion, shareholders will be informed by the transfer agent of the number and price of the shares in the new Sub-Fund which they have obtained from the conversion.

### **REDEMPTION**

The Company has the power to redeem its own shares at any time within the sole limitations set forth by the law.

Shareholders may on every Valuation Day (such as defined in chapter "Determination of the Net Asset Value" and in Part B of the Prospectus) request the redemption of their shares in whole or in part. The redemption price of each share is equal to the Net Asset Value per share determined on the Valuation Day provided for the application is received two Business Days before the Valuation Day. If an application is received later, it will be executed on basis of the Net Asset Value such as determined on the next Valuation Day.

Any redemption request having as a consequence that the total holding of a shareholder falls below the minimum of 12,500 EUR, the equivalent in an other currency or any higher amount as stated otherwise in Part B of the prospectus will be treated as a redemption request for the total holding of that investor.

Any shareholder may request the redemption of all or part of his Shares by the Company provided that the Company shall not be bound to redeem on any Valuation Date (as defined in Chapter "DETERMINATION OF THE NET ASSET VALUE PER SHARE") more than 10% of the number of Shares relating to any Sub-Fund then in issue.

Such limitation will apply to all shareholders having tendered their shares in a Sub-Fund for redemption on such valuation date pro rata of the shares in such Sub-Fund tendered by them for redemption.

Redemption may be deferred by the Company for not more than seven valuation dates after the date of receipt of the redemption request (but always subject to the foregoing limit). In case of deferral of redemptions the relevant Shares shall be redeemed at the Net Asset Value per Share prevailing at the date on which the redemption is effected. For this purpose conversions are considered as redemptions.

The Redemption Price shall be paid normally within five bank business days after the relevant Valuation Date or on the date the share certificates (if issued) have been received by the Company, if later, and shall be based on the Net Asset Value per Share determined in accordance with the provisions of Chapter "Determination of the Net Asset Value per Share".

If in exceptional circumstances the liquidity of the portfolio of assets maintained in respect of the Sub-Fund in which Shares are to be redeemed, is not sufficient to enable the payment to be made within such a period, such payment shall be made as soon as reasonable practicable thereafter, but without interest.

Any such request must be filed or confirmed by such shareholder in written form at the registered office of the Company in Luxembourg or with any other person or entity appointed by the Company as its agent for redemption of Shares. The certificate or certificates for such Shares in proper form and accompanied by proper evidence of

transfer or assignment must be received by the Company or its agent appointed for that purpose before the Redemption Price may be paid.

Shares redeemed by the Company shall be cancelled.

#### **DETERMINATION OF THE NET ASSET VALUE PER SHARE**

The Net Asset Value per share of each Sub-Fund shall be expressed in the Denomination currency of such Sub-Fund. The Net Asset Value per share of each Sub-Fund shall be determined on each Valuation day (as defined hereafter and in Part B of the Prospectus) by dividing the net assets of the Sub-Fund, being the value of the assets attributable to such Sub-Fund less its liabilities, by the number of shares of such Sub-Fund then outstanding and by rounding the resulting sum to the nearest hundredth of the Denomination Currency of the respective Sub-Fund. The Net Asset Value as well as the redemption, issue and conversion prices per share are available at the registered office of the Company and at the Representatives in these Countries where the Company is authorised for distribution.

The valuation of the Net Asset Value of Shares shall be made in the following manner.

- A. The Assets in each Sub-Fund of the Company shall be deemed to include:
- a) all cash and cash equivalents in hand receivable or on deposit, including accrued interest;
  - b) all bills and notes on demand and any amounts due (including the proceeds of securities sold but not collected);
  - c) all securities, shares, bonds, debentures, options, subscription rights, warrants, the market value of all open positions and other investments and securities belonging to the Company.
  - d) all dividends and distributions due to the Company in cash or in kind to the extent known to the Company (the Company may, however, adjust the valuation by fluctuations in the market value of securities due to trading practices such as trading ex-dividends or ex-rights);
  - e) all accrued interest on any interest-bearing securities held by the Company, except to the extent such interest is comprised in the principal amount of such security;
  - f) the preliminary expenses of the Company insofar as the same have not been written off, provided that such preliminary expenses may be written off directly from the capital of the Company; and
  - g) all other assets of every kind and nature, including prepaid expenses.

The value of such assets shall be determined as follows:

1. the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Directors may consider appropriate in such case to reflect the true value thereof;

2. portfolio securities which are listed on an official stock exchange or traded on a regulated or organised market will be determined on the basis of the last available price on which such securities are traded, as furnished by a pricing service approved by the Directors. If such prices are not representative of their fair market value, such securities, as well as any of the portfolio securities which are not so listed or traded will be valued on the reasonable foreseeable sales prices determined prudently in good faith by and under the direction of the Directors;
3. the value of futures contracts and/or options which are quoted or dealt in on any exchange or another regulated respectively organised market is the difference between the opening price and the last available price quoted on an authorised information system (i.e. REUTERS, Telerate, Telekurs) on the applicable Valuation Day.

In the event that any of the securities, the futures contracts or options held in the Sub-Fund's portfolio on the relevant day are not quoted or dealt in on any exchange or other regulated respectively organised market or if, with respect to securities, futures contracts or options quoted or dealt in on any exchange or dealt in on another regulated respectively organised market, the price as determined pursuant to the preceding paragraph is not representative of the fair market value of the relevant securities, the value of such securities, futures contracts or options will be determined based on the reasonable foreseeable sales price determined prudently and in good faith.

The Board of Directors, at their discretion, may permit some other method of valuation to be used if they consider that such valuation better reflects the fair value of any asset. The Board of Directors may rely on confirmation from the Clearing Brokers and its affiliates in determining the value of assets held for the Company's account. The Company's income and expenses will be determined on an accrual basis.

4. Any assets or liabilities in currencies other than the currency in which the Net Asset Value of the relevant Sub-Fund is expressed will be converted using the market rate or rates of exchange in force at the date and time for determination of the Net Asset Value.

The valuation of the futures contracts and/or options is based on information (including without limitation, position reports, confirmation statement, recap ledgers, etc.) which is available at the time of such valuation with respect to all open futures, forward and option positions and accrued interest income, accrued management, incentive and service fees, and accrued brokerage commissions. Except in case of manifest error, the valuation is conclusive and no adjustments will be made with respect to investors or the Company. The valuation will not be audited nor adjusted.

- B. The liabilities in any Sub-Fund of the Company shall be deemed to include:

- a) all borrowings, bills and other amounts due;
- b) the fees of the Custodian, Broker, Trading Manager, Trading Administrator, Trading Advisors, Registrar & Transfer, Corporate, Domiciliary and Administrative Agent, other operational costs including, but not limited to, costs of buying and selling underlying securities, government charges, legal and auditing fees, interest, reporting expenses, publication of offering redemption prices, distribution of interim and annual reports, postage, telephone and telex; reasonable marketing and promotional expenses;
- c) all known liabilities due or net yet due, including the amount of dividends declared, if any, but unpaid;
- d) an appropriate amount set aside for taxes due on the date of valuation and other provisions or reserves authorised and approved by the Directors; and
- e) all other liabilities of the Company of whatever kind due towards third parties.
- f) in the case where any liability of the Company cannot be considered as being attributable to a particular Sub-Fund, such liability shall be allocated to all the Sub-Funds pro rata to the net asset values of the Sub-Fund.

For the purposes of the valuation of its liabilities, the Company may duly take into account all administrative and other expenses of a regular or periodical character by valuing them for the entire year or any other period and by dividing the amount concerned proportionately for the relevant fractions of such period.

C. For the purpose of valuation under this Chapter:

- a) Shares to be redeemed and to be issued shall be treated as existing and taken into account until immediately after the closing of the Valuation on which the redemption or subscription order has been accepted and until paid or received the price therefore shall be deemed to be a liability respectively receivable of the Sub-Fund;
- b) effect shall be given on any Valuation Day to any purchases or sales of securities contracted for by the Company on such Valuation Day, to the extent practicable.

#### **SUSPENSION OF CALCULATION OF THE NET ASSET VALUE PER SHARE AND OF THE ISSUE OF SHARES**

The Company may suspend the determination of the Net Asset Value, and the issue, redemption and conversion of the shares of any Sub-Fund:

- a) during any period when any market or stock exchange, on which a substantial portion of a Sub-Fund's investments are quoted or dealt in, is closed otherwise than for ordinary holidays, or during which dealings are restricted or suspended; or
- b) during the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of the Company's assets attributable to any Sub-Fund is not reasonably practical or without seriously prejudicing the interest of the shareholders of the Company; or

- c) during any breakdown in the means of communication normally employed in determining the price or value of any investments attributable to any Sub-Fund or the current prices on any market or stock exchange; or
- d) during any period when remittance of monies which will or may be involved in the realisation of, or in the payment for, any of the investments attributable to any Sub-Fund is not possible or cannot be effected at normal prices or rates of exchange; or
- e) during any period where in the opinion of the Directors there exist unusual circumstances where it would be impracticable or unfair towards the shareholders to continue dealing with shares of any Sub-Fund; or
- f) in case of a decision to liquidate the Company, on or after the day of publication of the first notice convening the general meeting of the shareholders for this purpose; or
- g) upon the suspension of trading in accordance with chapter "Suspension of Trading".

Shareholders having requested redemption of their shares shall be notified of any such suspension within seven days of their request and will be promptly notified of the termination of such suspension.

The suspension as to any Sub-Fund will have no effect on the calculation of Net Asset Value and the issue, conversion and redemption of the shares of any other Sub-Fund.

## **MANAGEMENT AND ADMINISTRATION**

The Directors of the Company are of sufficiently good reputation and have the experience required for the performance of their duties. Directors shall mean those persons, who represent the Company and who are responsible for its management and control, including the determination of the Company's investment policy.

## **THE TRADING ADMINISTRATOR**

The Directors of the Company have appointed Quadriga Asset Management G.m.b.H. as Trading Administrator with the function to assist the Board in monitoring all trading activities of the Company, to recommend to the Directors of the Company changes in the trading activities, to ensure compliance with the policies laid down in the present Prospectus and as decided by the Board from time to time and to check and calculate the accumulated performance of the Commodity Trading Advisors (CTA's).

The change of name to Quadriga Asset Management G.m.b.H (formerly Commodities Warenhandels G.m.b.H, Börsengasse 12, 1010 Vienna) has been operated on May 19, 2000. The Trading Administrator is located at 1010 Vienna, Salzgries 15. Since September 12, 2000 Quadriga Asset Management G.m.b.H. is authorized by the "Bundeswertpapieraufsicht" for providing following services:

- advisory services in relation to asset management;
- Portfolio Management on a discretionary basis;

- Brokerage services concerning the purchase or the sale of one or more instruments such as defined in § 1 par. 1 line 7 lit B to f of the BWG.

### **THE TRADING MANAGER**

The Board of Directors has appointed Quadriga Asset Management G.m.b.H. as independent Trading Manager to monitor the trading activities of the CTA and ensure that they comply with the trading parameters . Furthermore the Trading Manager has been appointed to allocate or re-allocate the Sicav's assets to the Trading Advisor

The Trading Manager will use analysis encompassing quantitative and qualitative evaluation processes in selecting the Commodity Trading Advisors.

For Sub-Funds following a multi-advisor strategy the Trading Manager will endeavour to recommend a mix of Trading Advisors that covers a broad range of markets, international market access, and a diversity of trading methods to protect against and profit from international and domestic market moves and events. All recommendations of the Trading Manager will either be approved or disapproved by the Board of Directors. It is acknowledged that the Trading Manager will not directly make actual trading decisions for the Company.

### **THE CLEARING BROKERS**

For the various Sub-Funds the Board may appoint various Clearing Brokers. The Clearing Brokers will execute and clear or arrange for the execution and clearance of all of futures trades.

The Customer Agreement between the Company and the Clearing Brokers typically provides for that the Clearing Brokers will not be liable to the Company for any losses or expenses incurred by it unless such losses or expenses are the result of the negligence or misconduct of the Clearing Brokers or its authorised employees.

The Trading Advisors may use independent brokers with whom they are accustomed to do business on certain exchanges for execution of the Fund's trades on a "give-up" basis to the Clearing Brokers or its correspondents. While there are substantial benefits achieved by such relationships, additional brokerage fees may be incurred by the Fund where the Trading Advisors employ independent brokers.

#### **Commissions**

The Company will pay to the Clearing broker a base brokerage commission of normally USD 20.00 all inclusive per contract round turn for all trades cleared on US exchanges. Brokerage commissions for non US exchanges may be considerably higher than USD 20.00. The Clearing Broker is authorised to pay floor brokerage and additional administrative or "give up" fees to the executing floor brokers directly from the Sicav's account. The exact amount of the brokerage, execution and transaction fees paid will be stated in the Company's annual report.

## CUSTODIAN AND ADMINISTRATION

### Custody of Assets

Banque Colbert (Luxembourg) S.A. has been appointed Custodian of all the assets of the Company. Banque Colbert (Luxembourg) S.A. was incorporated in Luxembourg as a société anonyme, has its registered office at 1A, Heienhaff, L-1736 Senningerberg and is held by the ACHMEA Group, one of the largest financial companies in the Netherlands.

The Custodian or the Company may terminate the appointment of the Custodian at any time upon 90 days written notice delivered by one to the other. In the event of termination of the appointment of the Custodian, the Company will use its best endeavours to appoint within two months of such termination, a new custodian who assumes the responsibilities and function of the Custodian.

Pending the appointment of a new custodian, the Custodian shall take all necessary steps to ensure good preservation of the interests of the shareholders.

After termination as aforesaid, the appointment of the Custodian shall continue thereafter for such period as may be necessary to effect the transfer of all assets of the Company to the new custodian. The Custodian shall assume its functions and responsibilities in accordance with the law of March 30, 1988.

### Administration

Banque Colbert (Luxembourg) S.A. has been appointed as registrar & transfer, administrative and domiciliary agent. In such capacity Banque Colbert (Luxembourg) S.A. is responsible for the general administrative functions required by Luxembourg law such as processing the issue and repurchase of shares, calculating of the Net Asset Value of the shares, and the maintenance of account records.

## FEES TO BE PAID TO THE TRADING ADMINISTRATOR

**Administration Fee:** As compensation for its services, the Trading Administrator will receive a base administration fee, payable monthly in arrears, at a rate such as specified in part B of the prospectus, but not exceeding 2% per annum.

## FEES TO BE PAID TO THE TRADING MANAGER

**Management Fee:** As compensation for its services, the Trading Manager will share a total management fee, payable monthly in arrears, at a rate such as specified in part B of the prospectus, but not exceeding 1% per annum.

## FEES TO BE PAID TO THE TRADING ADVISORS

**Advisory Fee:** The Company will pay to the Trading Advisors a monthly advisory fee payable in arrears, which shall in no case exceed 1/4 of 1% (3% per year) calculated on

the Account's Net Asset Value with the Trading Advisor as of the last Valuation Day of the previous month. For each Sub-Fund, the assets are allocated to the Trading Advisors by the Trading Manager and hold on one or more separate accounts (the "Accounts"). The specific rate applicable to a Sub-Fund will be specified in part B of the prospectus.

The Account's Net Asset Value (NAV) is defined in the Trading Advisory Agreement as: the value of the assets of such Sub-Fund's Accounts, less its liabilities.

For the purposes of this calculation and in accordance with the provisions such as set out in Chapter "Determination of the Net Asset Value" the Accounts Net Asset Value shall include: (i) the value of futures contracts and/or options which are quoted or dealt in on any exchange or another regulated respectively organised market is the difference between the opening price and the last available price quoted on an authorised information system (i.e. REUTERS, Telerate, Telekurs) on the applicable Valuation Day (ii) the value of any cash on hand or on deposit; (iii) the price of securities will be determined on the basis of the last available price as furnished by a pricing service, such as approved by the Board of Directors of the Sicav, LESS (iv) the total of liabilities attributable to such Sub-Fund's Accounts.

The Board of Directors of the Sicav may rely on confirmations from the Clearing Brokers and its affiliates in determining the value of commodity positions held for the Sub-Funds Accounts'.

**Incentive Fee:** The Company will pay the Trading Advisors an incentive fee at the end of each calendar quarter equal to a maximum of 30% of the Account's Trading Profits during such quarter.

The incentive fees are calculated only on the Accounts Trading profits during a quarter. In the case an Account has a Carryforward Loss during a quarter (such as defined hereafter), the Trading Advisor will retain the payment of the incentive fee, if any, of the previous quarter, but will receive no further incentive fee in subsequent quarters until the Carryforward Loss has been completely covered by new Account's Trading Profits.

In the case of Sub-Funds following a multi-advisor strategy the performances of the Trading Advisors are not combined for the purposes of determining trading profits, so that if one Trading Advisor incurs trading profits, that Trading Advisor may be paid an incentive fee even if another Trading Advisor of the Sub-Fund as a whole has incurred a loss.

Account Trading Profits are computed solely based on activity incurred by the Trading Advisors only and do not include interest paid to the Company by the Clearing Brokers on cash in the Company's brokerage accounts or interest accrued on any debt instruments in the Company's brokerage accounts.

Account Trading profits shall mean the sum of (i) the net of realised profits and losses resulting from all contracts on interest rates, currencies, other contracts on financial instruments and commodities closed out during the relevant period and (ii) the net of

any unrealized profits and losses on open contracts on interest rates, currencies, contracts on other financial instruments and commodities as of the end of the relevant period minus (iii) any unrealized profits and losses carried forward on open contracts on interest rates, currencies, contracts on other financial instruments and commodities as of the end of the preceding period, minus (iv) the Accounts "Carryforward Loss" (as defined hereafter), if any, as of the beginning of the relevant period, (v) minus the advisory fees, as mentioned above, deducted from the account during such relevant period

If total of items (i) to (v) above is negative at the end of the relevant period such amount shall be "Carryforward Loss" for the next period.

Consequently, no incentive fee will be paid on interest earned on assets held in cash or on interest accrued on debt instruments. No incentive fee will be paid until the end of the first full calendar quarter of trading, which fee shall be based on trading profits earned from the commencement of trading through the end of the first full calendar quarter.

The fee structures of the various Trading Advisors may vary according to each Trading Advisor's experience, reputation, track record, research efforts as well as the amounts of monies allocated to each Trading Advisor.

#### **OTHER FEES**

The Company pays fixed fees in accordance with normal practice in Luxembourg to the Custodian, these fees are payable at the end of each quarter.

Additionally, the Company bears all other operational costs, fees payable to permanent representatives in places of registration, any other agent employed by the Company, fees for legal and auditing services, promotional, printing, reporting and publishing expenses, including the cost of advertising or preparing and printing of Prospectuses, explanatory memoranda or registration statements, taxes or government charges, the cost of listing the shares at any stock exchange or its quotation on another regulated market and all other operating expenses, including the cost of buying and selling assets, interest, bank charges, brokerage, postage, telephone and telex. Where further Sub-Funds are created in the future, these Sub-Funds will bear their own formation expenses.

**No management and incentive fee shall be paid to any person who receives per trade brokerage commissions on transactions for the Company, and no payment shall be made by any broker or rebates or give-ups to any advisor. Such prohibitions may not be circumvented by any reciprocal business arrangements.**

Should remuneration be paid to the Directors, such remuneration will be decided at the annual general meeting of shareholders. The Directors may also be reimbursed for and indemnified against expenses incurred in connection with the business of the Company. The costs and expenses of the formation of the Company and the initial issue of its

shares, estimated at USD 100,000 are borne by the Company and have been amortised over the first five years.

## **GENERAL CONSIDERATIONS**

### **TAXATION**

#### **The Company**

Under current law and practice, the Company is not liable to any Luxembourg income tax, nor are dividends paid by the Company subject to any Luxembourg withholding tax. However, the Company is subject in Luxembourg to a tax of 0,05% per annum on its net assets, except for Sub-Funds reserved to Institutional Investors, which benefit from a reduced tax rate of 0.01%. Such tax being payable quarterly and calculated on the Net Asset Value of the respective Sub-Fund at the end of the relevant quarter.

No stamp duty or other tax will be payable in Luxembourg on the issue of shares in the Company except a once-and-for-all tax of LUF 50,000 which was paid upon incorporation. Under current law and practice, no capital gains tax is payable in Luxembourg on the realised or unrealised capital appreciation of the assets of the Company. Capital gains, dividends and interest on securities issued in other countries may be subject to withholding or capital gains tax.

#### **Shareholders**

Under current legislation shareholders are not subject to any capital gains, income, inheritance or other taxes in Luxembourg (except for shareholders domiciled, resident or having a permanent establishment in Luxembourg and except for certain former residents of Luxembourg owning more than 10 % of the capital shares of the Company).

#### **General**

It is expected that shareholders of the Company are resident for tax purposes in many different countries. Consequently, no attempt is made in this prospectus to summarise the taxation consequences for each investor of subscribing, converting, holding or redeeming or otherwise acquiring or disposing Shares in the Company.

Investors should consult their professional advisors on the possible tax or other consequences of buying, holding, transferring or selling any of the Company's shares under the laws of their countries of citizenship, residence or domicile.

### **MEETING**

The annual general meeting of shareholders of each Sub-Fund of the Company will be held at the registered office of the Company, in Luxembourg on the first Monday of May in each year at 11 a.m. or if any such day is not a bank business day in Luxembourg on the next following bank business day. Furthermore, there may be a separate meeting for the shareholders of each Sub-Fund if any amendment affects the rights of the shareholders of any Sub-Fund vis -a-vis those of any other Sub-Fund.

Notices of all general meetings will be published in accordance with Luxembourg law in the Mémorial, in the "Luxemburger Wort" in Luxembourg and in a newspaper of each country where the Company's shares are registered for public sale.

Such notices will include the agenda and specify the time and place of the meeting, the conditions for admission and will refer to the requirements of Luxembourg law with regard to the necessary quorum and majorities required for the meeting. The requirements as to the quorum and majorities at all general meetings will be those laid down in Articles 67 and 67/1 of the Law of August 10, 1925 (as amended) of the Grand-Duchy of Luxembourg and in the Articles of Incorporation.

### **REPORTS AND ACCOUNTS**

Audited annual reports and unaudited semi-annual reports will be made available at the registered office of the Company. The accounting year of the Company terminates on December 31. The annual report includes the audited financial accounts of all of the Company's Sub-Funds as well as the consolidated financial accounts of the Company.

### **LIQUIDATION OF THE COMPANY AND OF SUB-FUNDS**

In the event of a dissolution of the Company, liquidation shall be carried out by one or several liquidators (who may be physical persons or legal entities) named by the meeting of shareholders effecting such dissolution and which shall determine their powers and their compensation.

The net proceeds of liquidation corresponding to each Sub-Fund shall be distributed by the liquidators to the holders of Shares in proportion of their holding of shares in that Sub-Fund.

Amounts which would not have been claimed by shareholders at the close of liquidation will be deposited in escrow at the "Caisse de Consignations". Amounts not claimed from escrow within the limitation period would be liable to be forfeited in accordance with the provisions of Luxembourg law.

If the capital falls below two thirds of the minimum capital i.e. of EURO 1.239.467,623 the Directors are required by law to submit to a general meeting of shareholders a resolution to consider the dissolution of the Company. The general meeting will require no quorum and the resolution to wind up the Company will be passed by the simple majority of the shares present or represented. If the capital falls below one quarter of the minimum capital the Directors are further required by law to submit to a General Meeting of Shareholders a resolution to consider the dissolution of the Company. This General Meeting will require no quorum and the resolution to wind up the Company will be passed by 1/4 (one fourth) of the shares of the Company present or represented.

If for a period of 30 consecutive days for any reason the Net Asset Value relating to any Sub-Fund is lower than USD 1,000,000 or in the case of a Sub-Fund denominated in a currency other than the USD, the equivalent in that currency of such amount, or in case

the Board deems it appropriate because of changes in the economical or political situation affecting a Sub-Fund, the Board may, after giving thirty days' prior notice to the shareholders concerned, redeem all (but not some) the shares of the relevant Sub-Fund on the next Valuation Day following the expiration of such notice at the Net Asset Value reflecting the anticipated realisation and liquidation costs, but with no other redemption charge, or merge that Sub-Fund with another Sub-Fund of the Company or with another Luxembourg undertaking for collective investment (UCI). In the case a new Sub-Fund is launched the limit of USD 1,000,000 such as herein mentioned will only be applicable within a period of one year after the end of the initial subscription period.

Termination of a Sub-Fund with compulsory redemption of all relevant shares or its merger with another sub-fund of the Company or with another Luxembourg UCI, in each case for other reasons than the minimum size of its assets or the reasons of changes in the economical and political situation affecting the relevant Sub-Fund, may be effected only upon the prior approval by the shareholders of the Sub-Fund to be terminated or merged at a duly convened class meeting which may be validly held without quorum and decide at a majority of 50 per cent of the shares present or represented.

A merger so decided by the Board or approved by the shareholders of the relevant Sub-Fund will be binding on the holders of shares of the relevant Sub-Fund upon thirty days' prior notice thereof given to them during which period shareholders may redeem their shares without redemption charge. The Company shall inform holders of the bearer shares, if any, by publication of a notice in newspapers to be determined by the Board unless all such shareholders and their addresses are known to the Company. Any amounts not claimed by the shareholders at the termination of a Sub-Fund will be deposited with the Custodian for a period not exceeding six months from the date of the closing of the liquidation operations. After such periods the amounts will be deposited with the "Caisse de Consignations". Should amounts not be claimed within the prescription period then they may be forfeited.

#### **DOCUMENTS AVAILABLE**

The following documents may be obtained during usual business hours at the registered office of the Company and at the office of any Representative in those countries where the shares are authorised for public distribution:

- a) The agreement between the Company and Quadriga Asset Management G.m.b.H. pursuant to which the latter was appointed Trading Administrator.
- b) The agreement between the Company and Quadriga Asset Management G.m.b.H. pursuant to which the latter was appointed Trading Manager.
- c) The agreement between the Company and Quadriga Fund Management Inc. pursuant to which the latter was appointed Trading Advisor.
- d) The Service agreement between the Company and Banque Colbert (Luxembourg) S.A. pursuant to which the latter was appointed Custodian, Domiciliary, Administrative and Transfer Agent.
- e) The latest annual and semi-annual reports

- f) The articles of Incorporation
- g) The prospectus

Any contract may be amended by mutual consent of the parties thereto, the decision on behalf of the Company being made by its Board of Directors.

## PART B: SPECIFIC INFORMATION

### QUADRIGA GLOBAL CONSOLIDATED TRUST-FUTURES FUND USD (hereafter the “Quadriga Futures Fund USD”)

This Sub-Fund will trade in a broad spectrum of futures and options contracts. The Commodity Trading Advisor will trade for the Sub-Fund, in contracts on interest rates, currencies, other financial instruments and commodities like metals, grains, meats, fibres, coffee, cocoa, sugar and energy products. Furthermore the Commodity Trading Advisor will place consistently in its own discretion and in accordance with the investment restrictions as set forth in the present Prospectus, a part of at least 30% of the net assets of this Sub-Fund in interest bearing instruments such as government securities, bank deposits or other easily realisable instruments with first class credit rating..

The following is a list of the major contracts that the Quadriga Futures Fund USD will trade. The Sub-Fund will however not be limited to the following list.

Group	Group	Market
Precious metals	Gold	COMEX/Bullion/SIMEX
	Silver	COMEX/Bullion
	Platinum	NYMEX
	Palladium	NYMEX
Base metals	Copper	LME/COMEX
	Aluminium	LME/COMEX
	Lead	LME
	Nickel	LME
	Tin	LME
	Zinc	LME
Energy	Crude oil	NYMEX/IPE
	Heating oil	NYMEX
	Unleaded gasoline	NYMEX
	Natural gas	NYMEX
	Gasoil	IPE
Grains	Corn	CBOT
	Wheat	CBOT/KCBT
	Soybeans	CBOT
	Soybean oil	CBOT
Softs	Sugar	CSCE/LCE
	Cocoa	CSCE/LCE
	Coffee	CSCE/LCE
	Cotton	NYSE
	Orange Juice	NYSE
Meats	Live Cattle	CME
	Live Hogs	CME
	Pork Bellies	CME
	Feeder Cattle	CME

Currencies	Yen/USD	CME/PHLX/Inter bank	
	Swiss Francs/USD	CME/PHLX/Inter bank	
	Sterling/USD	CME/PHLX/Inter bank	
	EUR/USD	Inter bank	
	EURO Sterling	Inter bank	
	USD Index	NYSE	
	Interest rates	US T-Bonds	CBOT
		DM-Bund	DTB/LIFFE
		Eurodollars	CME/SIMEX
		Jap.Government Bonds	TSE/LIFFE/CBOT
French T-Bonds		MATIF	
UK 3 month Sterling		LIFFE	
US T-Notes		CBOT	
US 90 day T-Bills		CME	
Stock Indices	S&P 500	CME	
	MMI	CBOT	
	Nikkei 225	SIMEX	
	TOPIX	TSE/CBOT	
	FTSE	LIFFE	
	NYSE Composite	NYSE	

#### 1. Trading Policies of the Quadriga Futures Fund USD

- (a) The Sub-Fund will trade in above-mentioned markets on the advice of the Commodity Trading Advisor (CTA).
- (b) The Commodity Trading Advisor has been appointed on the advice of the Trading Manager, Quadriga Asset Management G.m.b.H.
- (c) The agreement between the Fund and the CTA specifies that the CTA will buy, sell or otherwise trade on a discretionary basis in commodities, commodity futures contracts and commodity options and will place consistently in its own discretion a part of at least 30% of the net assets of this Sub-Fund in interest bearing instruments such as government securities, bank deposits or other easily realisable instruments with first class credit rating.

Upon decision of the Board of Directors this Sub-Fund can be managed by one or more CTA. In the case an additional CTA is appointed this prospectus will be amended accordingly.

#### 2. Application for shares

Shares of the Quadriga Futures Fund USD may be issued by the Company on any Valuation Day. Shares of Quadriga Futures Fund USD shall be issued at the Net Asset Value per share (see Determination of the Net Asset Value per share) determined on the second Valuation Day after which an application is received, plus a sales commission of up to 4.5% of the net asset value.

In case of a subscription for a certain amount, shares are only issued if payment of the subscription price has been received by the Custodian. Concerning subscriptions for a certain number of shares, payments must be made within 4 bank business days after the Valuation Day.

3. Denomination currency

The Quadriga Futures Fund USD is expressed in United States Dollars.

4. Minimum holding

Minimal initial and subsequent holding is the equivalent in USD of EUR 12,500.

5. Valuation day

The net asset value of the Quadriga Futures Fund USD Shares is calculated on each day which is a Business Day in Luxembourg.

6. Trading Administrator and Manager Fees

**Administration Fee:** As compensation for its services, the Trading Administrator will receive a base administration fee, payable monthly in arrears, at the rate of 1/6 of 1% (2% per year) of the net assets of the Quadriga Futures Fund USD as of the last Valuation Day of the previous month.

**Management Fee:** As compensation for its services, the Trading Manager will share a total management fee, payable monthly in arrears, at of 1/12 of 1% (1% per year) of the net assets represented by the Quadriga Futures Fund USD Shares, as of the last Valuation Day of the previous month.

7. Clearing Brokers

The Company will pay to the Clearing brokers a base brokerage commission of normally USD 20.00 all inclusive per contract round turn for all trades cleared on US exchanges. Brokerage commissions for non US exchanges may be considerably higher than USD 20.00. The exact amount of the brokerage, execution and transaction fees paid will be stated in the Company's annual report.

8. Trading Advisor

The Board has appointed Quadriga Fund Management Inc. as Trading Advisor to the Quadriga Futures Fund USD. Quadriga Fund Management Inc. has been incorporated on November 11, 1999 in the State of Grenada.

**Trading Advisor and incentive fee**

Trading Advisor fee: As compensation for its services, the Trading Advisor will receive an advisory fee, payable monthly in arrears, at the rate of 1/4 of 1% (3% per year) of the

Accounts Net Asset Value of the Quadriga Futures Fund USD allocated to the Trading Advisor as of the last Valuation Day of the previous month.

Incentive fee: 25% of the Account's Trading Profits of the assets allocated to the Trading Advisor, such as specified in chapter "Fees to be paid to the Trading Advisors"

#### 9. Stock exchange listing

The shares of the Quadriga Futures Fund USD are listed on the Luxembourg stock exchange.

**QUADRIGA GLOBAL CONSOLIDATED TRUST-INSTITUTIONAL  
FUTURES FUND USD  
(hereafter the “Quadriga Institutional Futures Fund USD”)**

This Sub-Fund will trade in a broad spectrum of futures and options contracts. The Commodity Trading Advisor will trade for the Sub-Fund, in contracts on interest rates, currencies, other financial instruments and commodities like metals, grains, meats, fibres, coffee, cocoa, sugar and energy products. Furthermore the Commodity Trading Advisor will place consistently in its own discretion and in accordance with the investment restrictions as set forth in the present Prospectus, a part of at least 30% of the net assets of this Sub-Fund in interest bearing instruments such as government securities, bank deposits or other easily realisable instruments with first class credit rating,. The risk return ration of this Sub-Fund will be adopted form time to time by the Commodity Trading Advisor taking due account of the economic requirements of the institutional investors.

Group	Group	Market
Precious metals	Gold	COMEX/Bullion/SIMEX
	Silver	COMEX/Bullion
	Platinum	NYMEX
	Palladium	NYMEX
Base metals	Copper	LME/COMEX
	Aluminium	LME/COMEX
	Lead	LME
	Nickel	LME
	Tin	LME
	Zinc	LME
Energy	Crude oil	NYMEX/IPE
	Heating oil	NYMEX
	Unleaded gasoline	NYMEX
	Natural gas	NYMEX
	Gasoil	IPE
Grains	Corn	CBOT
	Wheat	CBOT/KCBT
	Soybeans	CBOT
	Soybean oil	CBOT
Softs	Sugar	CSCE/LCE
	Cocoa	CSCE/LCE
	Coffee	CSCE/LCE
	Cotton	NYSE
	Orange Juice	NYSE
Meats	Live Cattle	CME
	Live Hogs	CME
	Pork Bellies	CME
	Feeder Cattle	CME
Currencies	Yen/USD	CME/PHLX/Inter bank
	Swiss Francs/USD	CME/PHLX/Inter bank
	Sterling/USD	CME/PHLX/Inter bank

	EUR/USD	Inter bank
	EURO Sterling	Inter bank
	USD Index	NYSE
Interest rates	US T-Bonds	CBOT
	DM-Bund	DTB/LIFFE
	Eurodollars	CME/SIMEX
	Jap.Government Bonds	TSE/LIFFE/CBOT
	French T-Bonds	MATIF
	UK 3 month Sterling	LIFFE
	US T-Notes	CBOT
	US 90 day T-Bills	CME
Stock Indices	S&P 500	CME
	MMI	CBOT
	Nikkei 225	SIMEX
	TOPIX	TSE/CBOT
	FTSE	LIFFE
	NYSE Composite	NYSE

## 1. Trading Policies of the Quadriga Institutional Futures Fund USD

- (a) The Sub-Fund will trade in above-mentioned markets on the advice of the Commodity Trading Advisor (CTA).
- (b) The Commodity Trading Advisor has been appointed on the advice of the Trading Manager, Quadriga Asset Management G.m.b.H.
- (c) The agreement between the Fund and the CTA specifies that the CTA will buy, sell or otherwise trade on a discretionary basis in commodities, commodity futures contracts and commodity options and will place consistently in its own discretion a part of at least 30% of the net assets of this Sub-Fund in interest bearing instruments such as government securities, bank deposits or other easily realisable instruments with first class credit rating.

Upon decision of the Board of Directors this Sub-Fund can be managed by one or more CTA. In the case an additional CTA is appointed this prospectus will be amended accordingly.

## 2. Application for shares

The issue of shares of this Sub-Fund is restricted to Institutional Investors only such as defined in chapter "Application for and sale of Shares"

Shares of the Quadriga Institutional Futures Fund USD will initially be issued at USD 1,000 plus a subscription fee of up to 3% from May 31, 2002, up to June 3, 2002. Transfer of money in relation with the initial subscription has to be received by the custodian not later than on June 7, 2002.

Thereafter shares will be issued by the Company on any Valuation Day. Shares of Quadriga Institutional Futures Fund USD shall be issued at the Net Asset Value per

share (see Determination of the Net Asset Value per share) determined on the second Valuation Day after which an application is received, plus a sales commission of up to 3% of the net asset value.

In case of a subscription for a certain amount, shares are only issued if payment of the subscription price has been received by the Custodian. Concerning subscriptions for a certain number of shares, payments must be made within 4 bank business days after the Valuation Day.

### 3. Denomination currency

The Quadriga Institutional Futures Fund USD is expressed in United States Dollars.

### 2. Minimum holding

Minimal initial and subsequent holding is the equivalent in USD 5,000,000. This minimal amount may upon decision by the Board Directors be amended. The prospectus will then be updated accordingly

### 3. Valuation day

The net asset value of the Quadriga Institutional Futures Fund USD Shares is calculated on each day which is a Business Day in Luxembourg. The first net asset value will be calculated on June 4, 2002.

### 4. Trading Administrator and Manager Fees

**Administration Fee:** As compensation for its services, the Trading Administrator will receive a base administration fee, payable monthly in arrears, at the rate of 1/12 of 0.25% (0.25% per year) of the net assets of the Quadriga Institutional Futures Fund USD as of the last Valuation Day of the previous month.

**Management Fee:** As compensation for its services, the Trading Manager will share a total management fee, payable monthly in arrears, at of 1/12 of 0.25% (0.25% per year) of the net assets represented by the Quadriga Institutional Futures Fund USD Shares, as of the last Valuation Day of the previous month.

### 5. Clearing Brokers

The Company will pay to the Clearing brokers a base brokerage commission of normally USD 20,00 all inclusive per contract round turn for all trades cleared on US exchanges. Brokerage commissions for non US exchanges may be considerably higher than USD 20,00. The exact amount of the brokerage, execution and transaction fees paid will be stated in the Company's annual report.

### 6. Trading Advisor

The Board has appointed Quadriga Fund Management Inc. as Trading Advisor to the Quadriga Futures Fund USD. Quadriga Fund Management Inc. has been incorporated on November 11, 1999 in the State of Grenada.

**Trading Advisor and incentive fee**

Trading Advisor fee: As compensation for its services, the Trading Advisor will receive an advisory fee, payable monthly in arrears, at the rate of 1/12 of 0.50% (0.50% per year) of the Accounts Net Asset Value of the Quadriga Institutional Futures Fund USD allocated to the Trading Advisor as of the last Valuation Day as of the previous month.

Incentive fee: 30% on the Account's Trading Profits of the assets allocated to the Trading Advisor, such as specified in chapter "Fees to be paid to the Trading Advisors"

**QUADRIGA GLOBAL CONSOLIDATED TRUST- FUTURES FUND EURO  
(hereafter the “Quadriga Futures Fund EURO”)**

This Sub-Fund will trade in a broad spectrum of futures and options contracts. The Commodity Trading Advisor will trade for the Sub-Fund, in contracts on interest rates, currencies, other financial instruments and commodities like metals, grains, meats, fibres, coffee, cocoa, sugar and energy products. Furthermore the Commodity Trading Advisor will place consistently in its own discretion and in accordance with the investment restrictions as set forth in the present Prospectus, a part of at least 30% of the net assets of this Sub-Fund in interest bearing instruments such as government securities, bank deposits or other easily realisable instruments with first class credit rating,.

The following is a list of the major contracts that the Quadriga Futures Fund EURO will trade. The Sub-Fund will however not be limited to the following list.

Group	Group	Market
Precious metals	Gold	COMEX/Bullion/SIMEX
	Silver	COMEX/Bullion
	Platinum	NYMEX
	Palladium	NYMEX
Base metals	Copper	LME/COMEX
	Aluminium	LME/COMEX
	Lead	LME
	Nickel	LME
	Tin	LME
	Zinc	LME
Energy	Crude oil	NYMEX/IPE
	Heating oil	NYMEX
	Unleaded gasoline	NYMEX
	Natural gas	NYMEX
	Gasoil	IPE
Grains	Corn	CBOT
	Wheat	CBOT/KCBT
	Soybeans	CBOT
	Soybean oil	CBOT
Softs	Sugar	CSCE/LCE
	Cocoa	CSCE/LCE
	Coffee	CSCE/LCE
	Cotton	NYSE
	Orange Juice	NYSE
Meats	Live Cattle	CME
	Live Hogs	CME
	Pork Bellies	CME
	Feeder Cattle	CME
Currencies	Yen/EURO	CME/PHLX/Inter bank
	Swiss Francs/EURO	CME/PHLX/Inter bank

	Sterling/EURO USD/EUR EURO/Sterling USD Index	CME/PHLX/Inter bank Inter bank Inter bank NYSE
Interest rates	US T-Bonds DM-Bund Eurodollars Jap.Government Bonds French T-Bonds UK 3 month Sterling US T-Notes US 90 day T-Bills	CBOT DTB/LIFFE CME/SIMEX TSE/LIFFE/CBOT MATIF LIFFE CBOT CME
Stock Indices	S&P 500 MMI Nikkei 225 TOPIX FTSE NYSE Composite	CME CBOT SIMEX TSE/CBOT LIFFE NYSE

## 1. Trading Policies of the Quadriga Futures Fund EURO

- (a) The Sub-Fund will trade in above-mentioned markets on the advice of the Commodity Trading Advisor (CTA).
- (b) The Commodity Trading Advisor has been appointed on the advice of the Trading Manager, Quadriga Asset Management G.m.b.H..
- (c) The agreement between the Fund and the CTA specifies that the CTA will buy, sell or otherwise trade on a discretionary basis in commodities, commodity futures contracts and commodity options and will place consistently in its own discretion a part of at least 30% of the net assets of this Sub-Fund in interest bearing instruments such as government securities, bank deposits or other easily realisable instruments with first class credit rating.

Upon decision of the Board of Directors this Sub-Fund can be managed by one or more CTA. In the case an additional CTA is appointed this prospectus will be amended accordingly.

## 2. Application for shares

Shares of the Quadriga Futures Fund EURO were initially issued at EUR 1,000 plus a subscription fee of 4.5% from October 24, 2001, up to November 9, 2001.

Thereafter shares will be issued by the Company on any Valuation Day. Shares of Quadriga Futures Fund EURO shall be issued at the Net Asset Value per share (see Determination of the Net Asset Value per share) determined on the second Valuation Day after which the application is received, plus a sales commission of up to 4.5% of the net asset value.

In case of a subscription for a certain amount, shares are only issued if payment of the subscription price has been received by the Custodian. Concerning subscriptions for a certain number of shares, payments must be made within 4 bank business days after the Valuation Day.

### 3. Denomination currency

The Quadriga Futures Fund EURO is expressed in EUR.

### 4. Minimum holding

Minimal initial and subsequent holding is EUR 12,500.

### 5. Valuation day

The net asset value of the Quadriga Futures Fund EURO Shares will be calculated on each day which is a Business Day in Luxembourg.

### 6. Trading Administrator and Manager Fees

**Administration Fee:** As compensation for its services, the Trading Administrator will receive a base administration fee, payable monthly in arrears, at the rate of 1/6 of 1% (2% per year) of the net assets of the Quadriga Futures Fund EURO as of the last Valuation Day of the previous month.

**Management Fee:** As compensation for its services, the Trading Manager will share a total management fee, payable monthly in arrears, at of 1/12 of 1% (1% per year) of the net assets represented by the Quadriga Futures Fund EURO Shares, as of the last Valuation Day of the previous month.

### 7. Clearing Brokers

The Company will pay to the Clearing brokers a base brokerage commission of normally USD 20.00 all inclusive per contract round turn for all trades cleared on US exchanges. Brokerage commissions for non US exchanges may be considerably higher than USD 20.00. The exact amount of the brokerage, execution and transaction fees paid will be stated in the Company's annual report.

### 8. Trading Advisor

The Board has appointed Quadriga Fund Management Inc. as Trading Advisor to the Quadriga Futures Fund EURO. Quadriga Fund Management Inc. has been incorporated on November 11, 1999 in the State of Grenada.

#### **Trading Advisor and incentive fee**

Trading Advisor fee: As compensation for its services, the Trading Advisor will receive an advisory fee, payable monthly in arrears, at the rate of 1/4 of 1% (3% per year) of the

Accounts Net Asset Value of the Quadriga Futures Fund EURO allocated to the Trading Advisor as of the last Valuation Day of the previous month.

Incentive fee: 25% on the Accounts Trading Profits of the assets allocated to the Trading Advisor, such as specified in chapter “Fees to be paid to the Trading Advisors”