

# Actively Managed Certificate ("AMC")

on mu AI Equity Selection US Small Cap  
End of subscription 26 April 2024  
Open End | Not Listed | Private Placement  
ISIN CH1320847523

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**Protected Cell CH1320847523, a Cell of Mahe PCC Ltd**  
**Registration No. 69956**  
**(as "Issuer")**

## BRIEF DESCRIPTION

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**Actively Managed Certificates do not constitute collective investment schemes within the meaning of the Swiss Federal Act on Collective Investment Schemes ("CISA") and are therefore neither governed by the CISA nor subject to the supervision by the Swiss Financial Market Supervisory Authority ("FINMA"). Accordingly, holders of this product (the "Product") do not have the benefit of the specific investor protection provided under the CISA. Holders of the Product bear the issuer's credit risk. Furthermore, investors should be aware that AMCs have a dynamic, discretionary structure, which may result in changes to the Product terms and/or the Strategy-Components.**

The Issuer was incorporated on 12 November 2021 as a Protected Cell company limited by shares under the laws of Guernsey under registration number 69956. The registered office of the Issuer is at Suite 6, Provident House, Havilland Street, St. Peter Port, Guernsey GY1 2QE.

25 March 2024

## PARTIES

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### **Issuer/Calculation Agent**

Mahe PCC Ltd (a Protected Cell company incorporated with limited liability under the laws of Guernsey). Mahe PCC Ltd is not licensed or registered in Guernsey by the Guernsey Financial Services Commission ("GFSC") or registered or authorised by GFSC as a collective investment scheme and GFSC has not and will not approve the content or dissemination of this AMC or any other document relating to or in connection with this AMC.

Protected Cell CH1320847523 is a protected cell of Mahe PCC Ltd, was created for the specific purpose of issuing the AMC, and is operated and controlled by the Directors of Mahe PCC Ltd. As a matter of Guernsey law, each cell of the Issuer is a protected cell of assets and liabilities, wholly separate and distinct from any assets or liabilities of any other protected cell(s) of the Issuer or any assets or liabilities of the Issuer which are not attributable to any protected cell of the Issuer.

### **Paying Agent**

ISP Securities AG, Switzerland

<b>Custodian/Broker</b>	Interactive Brokers (U.K.) Ltd, United Kingdom
<b>Strategy-Manager</b>	Marcuard Heritage AG (the "Strategy-Manager"). The Strategy-Manager is licensed as a Portfolio Manager by FINMA and monitored by a supervisory organisation.
<b>Strategy-Advisor</b>	mu Capital Management AG, Switzerland

## PRODUCT INFORMATION

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<b>Description</b>	<p>This Product (hereinafter, also "Certificate", "Note" or "AMC") is an Actively Managed Certificate. The Product allows for participation in the performance of the Underlying (the "Strategy"). The Strategy reflects a notional actively managed portfolio of assets and cash, maintained by the manager (the "Strategy-Manager"). The performance of the Strategy is tracked via the calculation of the Strategy-Level.</p> <p>The holders of the Product (hereinafter, "Holders of the Product", "Holders of the Certificate" or "Note Holders") have exposure to the same performance a real portfolio would have, if it was actually managed according to the Strategy. However, the Holders of the Product will not be entitled to real assets in a real portfolio and have only a claim against the Issuer on the payment of the Redemption Amount based on the Strategy-Level at the Final Valuation Date.</p>
<b>Underlying</b>	<p>The Underlying is a basket representing a notional, actively managed portfolio (the "Reference Portfolio") of assets including cash in the Currency of the Product (the "Strategy-Components"). The basket is selected and managed by the Strategy Manager in accordance with this termsheet ("Termsheet"), the "Investment Strategy" referred to here below as well as the investment universe (the "Investment Universe"), the guidelines (the "Strategy-Guidelines") and the investment restrictions (the "Investment Restrictions"), as per Annex 1.</p>
<b>Investment Strategy</b>	<p>The investment objective of the AMC on mu AI Equity US Small Cap is to achieve long-term capital growth by investing in a US Small Cap equity strategy. It is broadly diversified over companies and sectors. The strategy follows a data-driven investment process that combines modern finance theory with machine learning. The investment model undergoes continuous improvements as the result of a rigorous research process.</p>

<b>Reinvestment of Returns</b>	Any amounts reflecting net dividends and/or interest rates in a real portfolio consisting of the Strategy-Components will be added to the cash component of the Underlying. Any withholding taxes or similar taxes that might be charged on any of the Strategy-Components by tax authorities will not be reclaimed and will not be added to the cash component of the Underlying.
<b>Initial Weighting of the Strategy-Components</b>	The Strategy-Manager starts to implement the Strategy at the first possible trading day after Payment Date according to this Termsheet, the Investment Strategy, the Investment Universe, the Strategy-Guidelines and the Investment Restrictions. The Initial Strategy-Components will depend on the market conditions at the time the Strategy-Manager starts to implement the Strategy.
<b>Strategy-Level (t)</b>	Sum of the value of each of the Strategy-Components on any trading day t, converted to the Currency of the Product at the prevailing exchange rate(s), less all costs linked to the management of the Strategy including (but not limited to) fees, expenses, hedging and transaction costs, custody fees and taxes (if any), and divided by the sum of outstanding Certificates on such trading day t, as calculated by the Calculation Agent.
<b>Early Redemption Event</b>	The Issuer has the right to partially or fully early redeem the Note by a cash amount ("the Partial/Full Early Redemption Amount") on any Early Payment Date. Note holders would be notified on the corresponding Early Valuation Date.
<b>Early Payment Dates</b>	Anyday, from and including the Issue Date to and including the Final Valuation Date, adjusted as per the Business Day Convention.
<b>Early Valuation Dates</b>	Ten business days before the Early Payment Date.
<b>Redemption Amount</b>	<p>On Redemption Date, the Certificates will redeem a cash amount in the Currency of the Product equal to the Strategy-Level on the Final Valuation Date, as calculated by the Calculation Agent.</p> <p>The Strategy Manager, as appointed by the Issuer, is responsible for the Strategy. No party, including the Paying Agent, is therefore liable to any party for any loss in connection with the investment, nor for the performance of the Strategy. A Noteholder's entitlement is limited at all times to the Redemption Amount at Final Valuation Date. In a worst case scenario, the Redemption Amount may be zero. Noteholders should be aware that positive performance of the Strategy cannot be guaranteed.</p>

<b>Prices of the Strategy-Components</b>	The prices of the Strategy-Components used as a basis for the calculation of the Strategy-Level are calculated at the sole discretion of the Calculation Agent, based on the values provided by the Custodian, as applicable, or any other third party source that the Calculation Agent may deem appropriate to determine the fair value of the component. See Annex 3 for more details.
<b>Price of the Certificate</b>	The price of one unit of this Product on a specific trading day $t$ is equal to Strategy-Level( $t$ ).
<b>Selection / Adjustments / Rebalancing of the Strategy-Components</b>	Adjustments of the Strategy-Components are actively made by the Strategy-Manager.
<b>Termination Event</b>	The Issuer and the Strategy-Manager have the right to terminate the Product at any time ("the Termination Date") without a specific reason, by notifying the Holders of the Certificate on the earliest possible date.
<b>Consequences of a Termination Event</b>	<p>Following a Termination Event, the Certificates will redeem a cash amount in the Currency of the Product equal to the Strategy-Level on the Termination Date ("the Termination Amount") as calculated by the Calculation Agent.</p> <p>Investors should be aware that the Termination Amount may be, due to unfavorable market conditions, considerably lower than the Issue Price or the last valuation of the Product before the Termination Event.</p> <p>The Issuer has the right to reduce the Termination Amount considerably (including to zero) in certain situations. This may include, but is not limited to illiquidity or insolvency of an underlying asset(s) distressed situations related to or impacting an underlying asset.</p>

## GENERAL TERMS

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<b>Structured Product Type per Swiss Derivative Map</b>	Dynamic Tracker-Certificate (Code 1300)
<b>Total Amount</b>	USD 2'000'000
<b>Issue Size</b>	2'000 Certificates (with reopening clause)
<b>Issue Price</b>	USD 1'000.00

<b>Currency</b>	USD
<b>Denomination</b>	<ul style="list-style-type: none"> <li>• 1 Unit</li> </ul>
<b>Fees</b>	<p>The sum of following fees will be deducted daily from the Strategy-Level:</p> <ul style="list-style-type: none"> <li>• Management fee: 0.95 % p.a.</li> <li>• Administration fee: 0.20 % p.a.</li> </ul>
<b>Performance Fee</b>	<ul style="list-style-type: none"> <li>• 15.00% above the relative performance of the Benchmark with a relative High Watermark</li> <li>• Benchmark: Morningstar US Small Cap Extended NR USD</li> </ul> <p>See Annex 2 for more details on Performance Fee Entitlement, Performance Fee Calculation and Performance Fee Observation Dates.</p>
<b>Broker Fee Schedule</b>	See Annex 2.
<b>Payment Date / Issue Date</b>	2 May 2024, being the date on which the Products are issued, and the Issue Price is paid.
<b>Final Valuation Date</b>	Termination Date
<b>Redemption Date</b>	The Redemption Amount shall be due to Noteholders on the tenth business day after the Final Valuation Date.
<b>Settlement</b>	Cash settlement.
<b>Exchange Rate</b>	Applicable Exchange Rates (if any) for conversion of any amount into the relevant settlement currency for the purposes of determining the Strategy-Level or the Redemption Amount, may be sourced from the Custodian (if applicable), or from public sources like Bloomberg (BFIX), Reuters, Telekurs, etc. Relevant is the rate at the time or near the time of the determination of the Strategy-Level or the Redemption Amount.
<b>Minimum Trade Size</b>	10 Certificates and multiples of 1 Certificate thereafter
<b>Valoren</b>	132084752
<b>ISIN</b>	CH1320847523
<b>Listing</b>	Not listed

<b>Business Day Convention</b>	Following
<b>Business Day</b>	Shall mean any day other than a Saturday, Sunday, or public holiday on which banks are open for business in Guernsey and Switzerland
<b>Secondary Market</b>	<p>Daily secondary market trading orders are received and processed on a best effort basis, with a bid offer spread of 1% under normal market conditions. Acceptance of an order cannot be guaranteed and is subject to, amongst other things, sufficient liquidity. Orders must be placed with the Paying Agent before 14:30 CET for same day trading. Orders after 14:30 CET will be executed on the next trading day.</p> <p>On Secondary Market transactions, additional transaction fees may apply and are charged to the Strategy-Level.</p>
<b>Clearance Institution / Clearing Code</b>	SIX SIS AG / ISP 116441

## MISCELLANEOUS

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<b>Selling Restrictions</b>	<p>Russian Federation, Belarus, Canada, United Kingdom, Guernsey, United States of America, US Persons.</p> <p>Under no circumstances may the product be distributed to any sanctioned person, entity or country identified by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, the United Nations Security Council, the European Union, His Majesty's Treasury of the United Kingdom, Bailiwick of Guernsey sanctions regime, Swiss sanctions framework implemented by SECO or other relevant sanctions authority.</p> <p>In and from Switzerland the Product can only be offered or sold to institutional and professional clients pursuant to the Swiss Financial Services Act.</p> <p>The Product shall be distributed only by way of private placement; public distribution is not permitted. The Product may not be offered out of, or into Guernsey and/or to any person domiciled in Guernsey.</p> <p>For jurisdiction-specific tax and any regulatory considerations, investors should consult their independent advisors.</p>
<b>Product Representation</b>	Products to be represented by Intermediated Securities (Bucheffecten)

<b>United States IRC Section 871(m)</b>	In scope
<b>Applicable Law / Place of Jurisdiction</b>	Swiss Law under exclusion of the Swiss Private International Law Act and of the CISG / City of Zurich
<b>Risks</b>	<p>Regarding investments in the Product, there are several kinds of risks, inter alia:</p> <ul style="list-style-type: none"><li>• The market, credit and liquidity risk with respect to the Strategy-Components.</li><li>• The counterparty risk with respect to the Issuer.</li><li>• The currency risk with respect to the Strategy-Components which are not denominated in the Currency of the Product (if any).</li><li>• The risk of sub-optimal adjustments of the Strategy-Components by the Strategy-Manager.</li><li>• The counterparty risk with respect of the Custodian . Amongst other things, Custodian default could generate loss of Strategy-Components impacting the Strategy-Level.</li></ul> <p>In a worst case scenario, Holders of the Product may lose their total investment.</p>
<b>Limitation of Transferability</b>	The Certificate can only be sold back to the Issuer.
<b>Tax Treatment in Switzerland</b>	<p>For individuals holding the Product for private investment purposes with tax domicile in Switzerland the portion of income realised on the underlying Strategy-Level attributable to their respective portion in the underlying Strategy-Level will be subject to Swiss income taxes on an annual basis (by financial year end) or upon redemption. Gains and losses realised on the Strategy-Level as well as gains and losses derived from the sale of the Product should be considered as income tax-free private capital gains and non-tax deductible private capital losses respectively.</p> <p>The Product is not subject to the Swiss withholding tax. The Product may be subject to Swiss stamp duty of up to 0.15% on the primary as well as the secondary market. There is no Swiss stamp duty upon redemption of the Product. For Swiss paying agents, payments under the Product are not subject to the EU savings tax. Investors and other interested parties are advised to consult their tax advisors to determine the special tax consequences of the purchase, ownership or disposition of the Product before any commitment/investment is made.</p>

**Common Depository**

SIX SIS AG



## ANNEX 1

It is the sole responsibility of the Strategy-Manager to ensure that the Strategy and the Strategy-Components as well as the investments correspond to the Investment Universe, the Strategy-Guidelines, and the Investment Restrictions. Neither the Issuer, nor the Paying Agent, nor the Custodian, nor the Calculation Agent, nor any other involved party apart from the Strategy-Manager carries out any supervision in that regard.

The Strategy-Manager, acting on behalf of the Issuer, is not obliged to invest according to the Strategy, e.g. it can invest in assets other than the Strategy-Components. However, the investor is still entitled to receive the Redemption Amount as outlined in this Termsheet independent of the returns of the investments of the Issuer.

### Investment Universe

The Investment Universe consists of the following asset / asset classes and represents the basis for the selection, adjustment and rebalancing of the Strategy-Components by the Strategy-Manager. The Investment Universe may be amended by the Strategy-Manager at any time and in its sole discretion.

<b>Asset Class</b>	<b>Range allocation (% of total portfolio value)</b>	<b>Permitted Instruments</b>
Equities	Min 0% - Max 100%	<ul style="list-style-type: none"> <li>• Exchange traded stocks</li> <li>• Derivatives on listed equities and global indices</li> <li>• Exchange traded funds (ETFs), mutual funds, structured products</li> </ul>
FX	Min 0% - Max 100%	<ul style="list-style-type: none"> <li>• Futures and options of all currency pairs</li> <li>• Cash in any currency different than the Product Currency</li> </ul>
Cash	Min 0% - Max 49%	Cash in the Product Currency (max 49 %)

### Strategy Guidelines

The Strategy-Components are selected, adjusted and rebalanced by the Strategy-Manager in accordance with the following guidelines (the "Strategy-Guidelines"):

- Full investment target (> 98% invested on average), short term market exposure can be hedged through derivatives
- Minimum of 50 single stock positions.
- Maximum weight of a single stock position: 5%.
- Leverage is allowed to hedge secondary trades

### Investment Restrictions

The following Investment Restrictions are applicable for the Strategy-Manager:

- no short-selling of individual stocks.
- derivatives only for hedging purposes (incl currencies) or maintaining full exposure to the equity market.

## ANNEX 2

### Broker Fees

Average Broker Transaction Fee: According to the website of Interactive Brokers.

### Performance Fee

#### **High Watermark**

Applicable. For the first Performance Fee Observation Date (t=1) which on the 8 May 2024, the High Watermark is equal to one (1.0). Thereafter, the High Watermark is measured against the Return Ratio defined as:

$$\text{Return Ratio } (t) = \frac{\left(\frac{\text{Strategy Level}(t)}{\text{Strategy Level}(1)}\right)}{\left(\frac{\text{Benchmark Level}(t)}{\text{Benchmark Level}(1)}\right)}$$

If the Return Ratio (t) on the Performance Fee Observation Date (t) is higher than the previous High Watermark, the High Watermark is set to the Return Ratio calculated using the Strategy Level (t) after deduction of the performance fee.

#### **Benchmark**

Morningstar US Small Cap Extended NR USD

Bloomberg Ticker: MUSSCENU Index

Benchmark Level (1): 8175.56

#### **Benchmark-Level**

The closing price of the Benchmark as calculated by Morningstar and published under the following page:

<https://indexes.morningstar.com/indexes/details/morningstar-us-small-cap-extended-FS0000GHCC?currency=USD&variant=NR&tab=overview>

If a market disruption event take place that delay the publication of the Benchmark Level, the Issuer has the right to delay the calculation of the Strategy-Level until the Benchmark is available or calculate the Strategy-Level without the Performance Fee.

#### **Performance Fee Entitlement**

A Performance Fee is paid to the Strategy Manager if the Return Ratio with respect to the High Watermark on the relevant Performance Fee Observation Date is positive, ie

$$\left( \frac{\text{Return Ratio}(t)}{\text{HighWatermark}} - 1 \right) > 0.0$$

**Performance Fee Calculation**

Performance Fee Amount is equal to:

$$\text{Strategy Level}(t - 1) \times \left( \left( \frac{\text{Return Ratio}(t)}{\text{HighWatermark}} - 1 \right) \right) \\ \times \text{Performance Fee}$$

where

- Strategy Level(t-1) is the value of the Certificate on the Performance Fee Observation Date (t-1)
- Return Ratio (t) is the value calculated on the Performance Fee Observation Date (t), before deduction of the Performance Fee
- High Watermark is the highest level of the Return Ratio on any of the previous Performance Fee Observation Dates (i<t).

The Performance Fee Amount cannot be a negative number. The Performance Fee Amount will be capped at 1.5% of the Strategy-Level(t) before deducting the performance fee.

**Performance Fee Observation Dates**

Daily, from closing the 8 May 2024 to and including the Final Valuation Date.

**Performance Fee Release Dates**

Quarterly on the last business day of March, June, September and December, from and including the Issue Date to and including the Final Valuation Date.

## Final Termsheet

DISCLAIMER- IMPORTANT PLEASE READ This termsheet as published by the Issuer is purely for information purpose only and is not intended as an offer or solicitation of the purchase or sale of any securities, funds, structured products or any other investment ("Investment Products"). Nothing herein constitute investment, legal, accounting or tax advice or a representation that any Investment Product is suitable for or appropriate to your investment objectives, financial situation and particular needs, or otherwise constitutes a personal recommendation to you. This termsheet does not purport to identify or suggest all the risks or material considerations which may be associated with any Investment Products. If you are in doubt as to any information in respect of any Investment Product, please consult your own financial, legal and/or tax advisers. Any assumptions, data, projections, forecasts or estimates are forward looking statements and based upon information furnished to the Issuer or publicly available information and reflect subjective estimates and assumptions concerning circumstances and events that have not yet taken place. Accordingly, there can be no assurance or guarantee that any projected or forecasted results will be attained. Actual results may vary from such projections and forecasts. Past performance is not necessarily indicative of future performance, and such variations may be material. While based on the information believed to be reliable, this termsheet and its contents are provided on an "as is" basis. The Issuer does not make any representation or warranty as to the accuracy or completeness of the information in this termsheet. Information in this termsheet is confidential. Distribution of this termsheet to any person other than the original recipient will be strictly prohibited. The Issuer and its affiliates, connected or related corporations, directors and/or employees may have an interest in the Investment Products including without limitation, in relation to the Investment Products, marketing, dealing, holding, acting as market-makers, performing financial or advisory services, acting as a manager or co-manager of private offering. The Issuer and its affiliates, connected or related corporations, directors and/or employees may also have alliances, contractual agreements or broking or investment banking or other relationships for the provision of financial services, with any counterparty mentioned in this termsheet. This termsheet may only be distributed in countries where its distribution is legally permitted and described herein within selling restrictions. This information is not directed to any person in any jurisdiction where by reason of that person's nationality, residence or net worth otherwise will be prohibited. Furthermore, this termsheet may not be publicly distributed or distributed to persons who are not institutional or professional investors by the Issuer or any other person.