



AARGOS Global Real Estate Fund



MASTER DATA

Structure:	SICAV
Name of the SICAV-Fund:	AARGOS FUNDS SICAV
Name of the sub-fund:	AARGOS Global Real Estate Fund
Fund domicile:	Liechtenstein
Asset classes:	Worldwide real estate
Fund currency:	EUR
Initial subscription date:	01.02.2020
End of the financial year:	December 31st
NAV calculation:	annual
Commercialisation:	Professional and qualified investors
Minimum investment:	EUR 100,000.00
ISIN (fund shares):	LI0485071844
ISIN (AARGOS TOKEN):	LI0485071877
Initial issue price:	EUR 100.00
Utilisation of profits:	reinvesting
AIFM:	Ahead Wealth Solutions AG, Vaduz
Portfolio manager:	ArInvest AG, Vaduz
Depository:	Bank Frick & Co. AG, Balzers
Auditor:	Grant Thornton AG, Schaan
Global REM:	Griso Group DMCC, Dubai

The AARGOS Funds SICAV and its sub-fund AARGOS Global Real Estate Fund offer investors the possibility to invest in a blockchain-based security token holding a globally diversified real estate portfolio. The first of its kind, the AARGOS Funds SICAV is supervised by the Financial Market Authority of Liechtenstein (FMA).

Investment policy:

The investment strategy consists in the acquisition real estate properties in the area of core plus/value added, especially using so-called property or special purpose entities, as well as the long-term preservation, improvement and creation of their assets and the generation of a consistent return. The primary long-term focus is combined with an active portfolio management oriented towards the cycles of the real estate market. In addition, properties in the opportunistic area may be acquired. Furthermore, participations in other real estate companies may be purchased. The selection of investments pursues an optimal earnings and risk structure by diversifying by object, type of exploitation, location and size. The distribution of the investments over different currency areas may result in a diversification of currencies.

Investment process

All investments undergo a multi-stage selection process. Fundamentally, during the selection of investments, the value drivers specific to real estate (location, market, construction quality, tenant/creditworthiness, rental contracts, cost structures, future developments, property management, etc.) as well as tax aspects are examined.

Generally, the AIF is not subject to geographical limitations, i.e., the investments can take place anywhere in the world. However, it cannot be ruled out that the investment or purchased object concentrate on a specific region, even over an extended period of time. The main priority lies on covering the different value drivers regarding real estate. The largest possible potential to create value shall be achieved with an investment strategy combining two components: a selective and focused transaction strategy, and an active approach to property management. The portfolio will be structured by weighting the asset classes, the types of exploitation of the properties, the investment strategies as well as the distribution by countries.

What are security tokens?

Security tokens are tradable financial assets such as stocks, fund shares, bonds, warrants and other financial products. If these securities are stored on a blockchain and issued in the form of tokens, we speak of security tokens. They confer their investors the same rights as traditional financial products, such as the right to dividends, equity capital, profit participation and voting rights. Since tokens issued by a Security Token Offering are digital financial products, they must, in accordance with the Securities & Exchange Commission, comply with the same legal guidelines and requirements as traditional financial products, and therefore ensure investors the necessary transparency as well as protection from fraud and misuse on the cryptomarket.

Advantages of Security Tokens

Transaction costs and fees

In a first phase, the wallets must be held at the custodian bank/depository. Later, depending on regulatory adjustments by the authorities, intermediaries such as banks will become redundant due to STOs, and with the use of smart contracts (contracts based on computer protocols), the need for lawyers will also be greatly reduced. This way, transaction costs and fees can be lowered significantly. Assets can be tokenised easily and traded quickly via the blockchain without intermediaries.

Compliance

Security tokens are programmable assets which allow to design the token in a way that compliance with the legal requirements is automatically saved in the token and thereby guaranteed. For example, investors must identify themselves before the purchase, a system known as know-your-customer regulation (KYC).

Particularities of the issuance and custody of shares in the form of tokens

For the issuance of share classes that stipulate shares in form of tokens, a trading agent (Bank Frick & Co. AG) is used for the technical execution.

The trading agent supervises the so-called AARGOS Whitelist Smart Contract by order of the AIFM. This contract regulates the on-boarding of investors and therefore their incorporation to the AARGOS Whitelist (Whitelist). During on-boarding, an identification process is carried out, a business and investor profile is elaborated, and the tax categorisation is defined. The Whitelist is a register where wallet addresses are kept. The register is connected to a smart contract, which technologically monitors that shares in the form of tokens are only assigned or transferred to wallet addresses kept in the register. A wallet address is only included in the register (Whitelist) if the investor the wallet address is assigned to is authorised to dispose of the wallet and has been previously identified and categorised by the trading agent during an on-boarding process by order of the AIFM. Shares in the form of tokens can only be transferred to investors whose wallet address is included in the Whitelist. The whitelist function, besides identifying the investor, also ensures that tokens are only commercialised to qualified investors after assessment by the trading agent by order of the AIFM.

The smart contract used for the tokenisation of shares (accounting for shares in form of tokens) is based on the Ethereum blockchain, as is the Whitelist smart contract. If an investor wants to receive or transfer tokenised shares, the AARGOS Token smart contract checks whether the receiver's address (so-called "public key") is included in the whitelist. If this is not the case, the transaction cannot be carried out technologically.

As soon as a new investor and their wallet are identified and the investor profile is created successfully, the address is included in the AARGOS Whitelist. Subsequently, new AARGOS tokens can be "minted" (creation of new shares in the form of tokens) and transferred in accordance with the subscription value by the trading agent by order of the AIFM. The whitelist function ensures that token holders are identified at all times. The share register is also created based on the whitelist.

Moreover, the trading agent has the so-called "owner function" of the AARGOS Token smart contract. With this function, the trading agent can enforce order of courts or authorities (e.g. blocking tokenised shares) in the owner's name.

The tokenised shares are held by the trading agent after the signing of an asset management agreement in accordance with art. 62 section 1 lit. b) Z. 3 AIFMV. The investor must comply with the on-boarding process outlined above before the assignment of shares in the form of tokens. By order of the AIFM, the trading agent ensures that the investor is the economic beneficiary.

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