



## Trade Finance Fund TFF

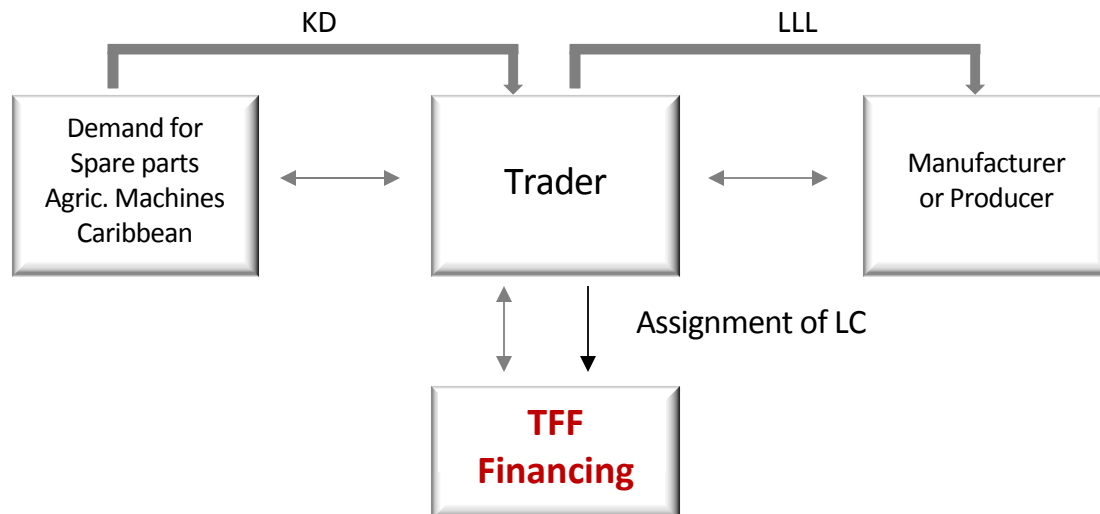
AIF - Alternative Investment Fund - for qualified & professional investors

## Trade Finance Fund TFF - Highlights

- ✓ Trade financing creates a big opportunity for international investors to get above average returns whilst helping small and medium-sized companies to expand their export & production -> **Impact Investing**
- ✓ The trades and companies that we support and finance cover only **civilian** and **consumer goods**
- ✓ Access to trade financing through **experienced** local industry **specialists**
- ✓ Diversified list of countries: i.e. Caribbean, Greece, the Philippines and Algeria are exciting opportunities for private investors to finance and partake in **highly profitable** trades where the normal financing channels are too slow or inefficient
- ✓ **Positive diversification** effects in any portfolio due to **low correlation** to bond and equity markets
- ✓ **Volatility** of **interest rate** markets has **no impact** on the performance of the fund - no negative performance during rising interest rates (unlike bonds)
- ✓ **Timing** of investment is of **no relevance** due to the expected constant growth profile of the fund

## Trade Finance Fund TFF - Highlights

- Trade finance relates to the process of financing certain activities related to commerce and international trade. Trade finance includes such activities as lending, issuing letters of credit, factoring, export credit and insurance
- Trade financing may not necessarily indicate a lack of funds or liquidity on the buyers part. It is mainly used where there is limited access to bank financing and to protect against the unique risks present in international trade, such as currency fluctuations and political instability



Trade Financing is usually secured by Letter of Credit's (LC's). TFF/TAM first to be paid before Trader.

## A typical Trade – The logic of Trade Finance

- Local demand of specific goods which can not be sufficiently produced in the local market, e.g. automobile spare parts
- Said demand and trades are brought to a specialized trader who contacts the manufacturer/producer and a trade financing institute (eg TFF/TAM) in order to bridge-finance the trade until final payment by the buyer
- The buyer issues a Letter of Credit (LC) in favour of the trader who grants the LC (sometimes formally assigned) to TFF/TAM as collateral
- In case no LC is provided other securities have to be accepted before the loan agreement can be signed.
- TFF/TAM is collecting principle and interest/profit share and transfers the remaining amount to the trader

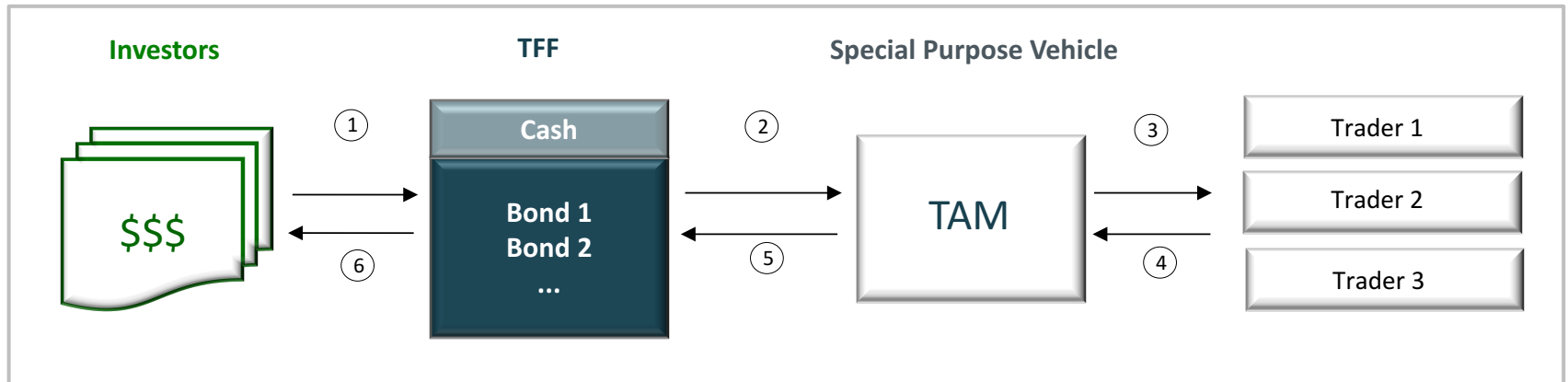


## Trade Finance Fund TFF - Investment Strategy

- The aim of the fund is to achieve a positive, stable and superior risk-adjusted return through capital growth
- The fund invests indirectly via a special purpose vehicle in bridge financing of trade transactions through financing of holding companies. These holding companies buy outstanding trade related debits which are, due to their geographical position or political barriers or absence of decent financing opportunities not or only partially financed by banks
- Only critically needed consumer goods (eg medical equipment / medicine, spare parts, food additives etc) for civil use are in the scope of TFF
- TFF therefore helps to avoid further shortage of strategic goods supplied to the civil population



# Trade Finance Fund TFF – Investment Process



- (1) Investors subscribe to the fund and receive shares of the fund
- (2) The fund invests in bonds of the special purpose vehicle (SPV)
- (3) TAM invest's the proceeds at their discretion within the given term structure and guidelines
- (4) Repayment of principle and interest to TAM
- (5) Repayment of principle and interest to TFF
- (6) The NAV of the fund reflects the growth of the fund

➡ **The fund has a target yield of 10% p.a. after all costs and applicable taxes considered. Such does not include eventual taxes to be payed on the investors side once profits paid**



## Trade Finance Fund TFF - Implementation

- The fund invests indirectly in bridge financing of trade transactions through financing of holding companies. These holding companies buy outstanding trading related debits which are, due to their geographical position or political barriers or a lack of financing structures not or only partially financed by banks
- Irrevocable letter of credits issued by renowned banks are by far the most common security. Alternatively enforceable promissory notes/bills of exchange can be accepted as well in some cases
- TFF/TAM only deals with renowned trade agents and focuses on strategic products assigned to buyers in key industries
- Transaction checks are based on the following criterias:
  - Potential of interest yield above average
  - High diversification through financing different industries in various markets, products and geopolitical regions with a maximum period of 18 months
  - Entire or partial collateralisation of the financing and the returns

## A typical trade with Caribbean

- A trader asks TFF/TAM to finance a specific product to be imported to Caribbean. This product must be determined by TAM's team to be of key strategic importance e.g. medication, milk powder, spare parts for the rice or sugar harvesters
- The financing is granted if and when the sale to the Caribbean purchasing agency has been signed and an irrevocable payment instrument is in place. Disbursement is made only with the irrevocable instructions to the traders (foreign) bank, to repay TFF/TAM upon receipt of said funds from Caribbean
- Usually TFF/TAM agrees to finance up to 85% of the trade, though this can be as low as 70%
- Interest is calculated by number of days.
- TFF/TAM receives principal plus part of the profits of the deal (interest)





## Trade Finance Fund TFF - Possible Investment Risks

The investments underlie the following two major risks:

- **Credit Risk / Risk of Default:** Irrevocable letter of credits issued by renowned banks are used for collateral/security. In 20 years of trade financing the team has experienced late payments but never a default. Nevertheless there is no guarantee for the future. Anyhow the SPV will provide a first line of defense as the fund is only impacted if the SPV cannot repay interest or principle on an outstanding bond. However late payments can eat up all profits of the trader as well as his own capital invested . Therefore TFF/TAM will only accept deals with a max. duration of 18 months and a decent capital contribution by the trader
- **Currency Exchange Rate Risk:** All trades are done in EUR. Therefore the traders bear all of the currency risk within a financing deal. Potentially TFF/TAM will hedge the currency risk if seen as too high

# TFF/TAM – Team with long lasting experience in trade financing since 2001

## Investors yields always between 10% - 12% per annum

- Laroc fund , Curacao, 16 Mio US, from 2001 – 2011, each year 12% additional NAV
- CILC/CRTC , Panama, 2008 – 2012 , 12 Mio US, average 12% per annum
- Trade Finance Fund , Saint Vincent , 10 Mio Euro, 2014 – 2016, 10 % per annum

**➔ Team with over 15 years of experience**



# TFF - an investment policy away from mainstream

## Trade Financing

- High yields far above average
- Less affected by financial crisis
- Emerging markets away from main stream
- No or low correlation with main stream economy
- Simplicity of business model

## Mainstream (i.e. straight bonds)

- T-Bonds between -0.16% (Switzerland) and 2.34% (US)
- Yields completely unattractive
- Bond portfolios with capital losses once interest rates rise
- Ongoing financial crisis and constant central bank interventions

# Trade Finance Fund TFF - Facts & Figures I

Fund	Class EUR	Class CHF
Valor / ISIN	34661523 / LI0346615235	34661531/ LI0346615318
Fund type	AIF (Alternative Investment Fund)	
Promotor	Dr. Reto Mebes	
Asset manager	NSF Wealth Management Trust reg.	
Fund administrator	CAIAC Fund Management AG	
Custodian	Bank Frick & Co. AG	
Auditor	Revitrust Grant Thornton AG, Schaan	
Currency	EUR	CHF
Initial price	EUR 100.--	CHF 100.--
Minimum investment	Equivalent EUR 100'000.– (pooling possible)	
Additional information	<a href="http://www.lafv.li">www.lafv.li</a>	

## Trade Finance Fund TFF - Facts & Figures II

Fund	Class EUR	Class CHF
NAV calculation	30.06. and 31.12.	
Subscriptions	Half yearly	
Redemptions	Half yearly	
Distributions	Accumulating	
Target yield after costs	10 % p.a.	
Management Fee	0.2 % p.a.	
Max. fees administration	0.2% p.a., min. CHF 25'000 + CHF 2'500 each class	
Max. subscription fee	Up to 3%	
Max. redemption fee	none	
Authorized for public sale in	Principality of Liechtenstein	
Sales restriction	All US citizens, US taxpayers and US corporations	

# Trade Finance Fund TFF - Asset Manager and Custodian

## Asset Manager: NSF Wealth Management Trust reg.



- Negele Sele Frommelt & Partner since 1988 provides trust services, independent asset management, investment advisory and Family Office Services to complement the range of advisory services offered by Sele Frommelt & Partner Attorneys at Law
- Independent, licensed wealth management company
- Regulated by the Liechtenstein Financial Market Authority
- Range of services
  - Active investment advisory
  - Portfoliomanagement
  - Investment fund management
- Management: Michael Negele M.A. HSG, CAIA

## Custodian: Bank Frick & Co. AG



- Bank Frick & Co. AG was founded in December 1998 by Kuno Frick senior and is owned by his family foundation.
- Bank Frick is active in modern wealth management and provides a range of advisory services. As well it specializes in fund development and fund administration
- Bank Frick is a member of the Liechtenstein Bankers Association (LBA) and of the Deposit Guarantee and Investor Protection Foundation of the LBA. They operate as a fully licensed universal bank. Supervision of all Liechtenstein banks is conducted by the Liechtenstein Financial Market Authority (FMA).
- Comprehensive services as a universal bank
  - Private banking
  - Asset management
  - Fund services
  - Trust services



# Trade Finance Fund TFF - Your contact

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