

# **FPM Funds**

*Open-ended investment company*

Registered office of the Company

15, rue de Flaxweiler  
L-6776 Grevenmacher  
Grand Duchy of Luxembourg

## **SALES PROSPECTUS**

**October 2020**

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## IMPORTANT INFORMATION

FPM Funds ("Company" or "Fund") is structured as an umbrella fund and offers various classes of shares ("share classes") each of which is associated with its own portfolio ("sub-fund") as stated in the description of the sub-fund in question in the respective Annex.

This Sales Prospectus is only valid in conjunction with the key investor information ("Key Investor Information Document" or "KIID") and with the last annual report and annual financial statements of the Company, or the last semi-annual report if this report was published after the annual report. By purchasing shares, the investor acknowledges the Sales Prospectus and all approved and published amendments thereto.

It is understood that all decisions relating to the subscription for or purchase of shares are only made on the basis of the information in the KIIDs that are part of this Sales Prospectus, the last audited annual report of the Company, and the last semi-annual report if this report has been published after the annual report. It is not permissible to give information or explanations which deviate from the Sales Prospectus. The Company shall not be liable if any information or explanations are given which deviate from the terms of the current Sales Prospectus.

If an investor invests in the Company via an intermediary who makes the investment in his/her own name but on behalf of the investor, it is not always possible for the investor to exercise certain investor rights directly against the Company.

The information in this Sales Prospectus is based on current legislation and practices in the Grand Duchy of Luxembourg and may be subject to change.

The current version of this Sales Prospectus may be amended and updated in future.

The Management Company and the Company reserve the right to refuse subscription applications for shares at their sole discretion and to only accept some applications. The Company and Management Company do not allow any business practices in relation to market timing and they reserve the right to refuse subscription requests from investors who are suspected by the Company or the Management Company of applying these practices, and to take appropriate measures to protect other investors in the Company.

Some jurisdictions may impose restrictions on the distribution of this Sales Prospectus and the offer of shares. Furthermore, this Sales Prospectus does not constitute an offer to sell or an invitation to purchase in a jurisdiction in which such an offer or such an invitation to purchase is not permitted, or if the offer is made to anyone within a jurisdiction to whom it is unlawful to make such an offer or invitation.

### **U.S. persons, Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)**

The Company is neither registered in accordance with the United States Investment Company Act of 1940, as amended, nor similar or corresponding legal provisions introduced in another country with the exception of the provisions in this Sales Prospectus. The shares in the Company are neither registered in accordance with the United States Securities Act of 1933, as amended, nor corresponding legal provisions in another country with the exception of the provisions in this Sales Prospectus. Except as part of transactions which do not contravene the legislation which is in force, the shares must not be offered for sale, sold, transferred or handed over in the United States of America or one of its territories or possessions, or to U.S. persons (according to the definitions used in US federal legislation relating to securities, goods and taxes including Regulation S enacted under the law of 1933) (collectively referred to as "U.S. persons"). No documents relating to the company may be published or distributed within the United States of America.

On 28 March 2014, the Grand Duchy of Luxembourg concluded an Intergovernmental Agreement with the United States of America (IGA; hereinafter referred to as: IGA Luxembourg-USA) on promoting honesty in international tax matters and in relation to the US information and reporting provisions (Foreign Account Tax Compliance Act, FATCA) known as the law on honesty in tax matters relating to foreign accounts. The provisions of the Luxembourg-US IGA were implemented in the Luxembourg Law of 24 July 2015 relating to FATCA. Within the framework of the FATCA provisions, Luxembourg financial institutions are required to periodically report information about financial accounts held directly or indirectly by US persons to the competent authorities.

According to the current Luxembourg FATCA provisions, the company qualifies as a "Restricted Fund" pursuant to Annex II, Section IV (E) (5) of the Luxembourg-US IGA and is therefore deemed to be a Non-Reporting Luxembourg Financial Institution as well as a deemed-compliant Foreign Financial Institution. The following types of investor are consequently barred, and they cannot therefore invest in the Company:

- Specified U.S. persons pursuant to Article 1, Section 1 (and following) of the Luxembourg-US IGA,
- Nonparticipating Financial Institutions pursuant to Article 1, Section 1 (r) of the Luxembourg-US IGA, and
- Passive Non-Financial Foreign Entities (NFFEs) with one or more substantial U.S. owners within the meaning of the relevant implementing regulations issued by Department of the Treasury of the United States of America.

The Common Reporting Standard (CRS) pursuant to Directive 2014/107/EU has been implemented into the Luxembourg Law of 18 December 2015 on the automatic exchange of information on financial accounts in tax issues (hereinafter: CRS law). Pursuant to the current Luxembourg CRS provisions, the Company qualifies as a financial institution and is required to collect information on the financial accounts of investors and to report it to the competent authorities as necessary.

Each investor declares that he is prepared to make corresponding voluntary disclosures to the Company for FATCA and CRS purposes, and to provide it with any further documents that may be required (such as W8 tax forms). If there is a change in the information provided, the investor must inform the Company without delay (i.e. within 30 days) by sending a corresponding updated form to it.

Should the Company become subject to withholding tax or to reporting requirements or suffer any other loss due to an investor's failure to comply with FATCA or CRS, the Company reserves the right, notwithstanding other rights, to make claims for damages against the investor concerned.

For any questions concerning FATCA/CRS and the FATCA status of the Company, investors and prospective investors are advised to contact their tax and/or legal adviser.

# GENERAL SECTION

## INTRODUCTION

### The Company

**FPM Funds** ("Company" or "Fund") is a Luxembourg investment company with variable capital (*Société d'investissement à capital variable*, "SICAV") established on 10 January 2001 in the form of a public limited company (*société anonyme*, "S.A."). As an undertaking for collective investment in transferable securities (UCITS), it is subject to Part I of the current version of the Luxembourg Law dated 17 December 2010 (the "Law of 2010"). The Company qualifies as an undertaking for collective investment in transferable securities in line with the current version of Article 1(2) in Directive 2009/65/EC of the European Parliament and the Council dated 13 July 2009 on coordinating the legal and regulatory provisions relating to certain undertakings for collective investment in transferable securities (the UCITS directive), and it may therefore be offered for sale subject to registration in each EU Member State. The Company was established for an indefinite period.

The Company is structured as an umbrella fund which may offer investors investment opportunities in a number of different sub-funds. The Company currently consists of the following sub-funds:

- **FPM Funds Stockpicker Germany All Cap,**
- **FPM Funds Stockpicker Germany Small/Mid Cap,**
- **FPM Funds Ladon – European Value.**

This Sales Prospectus consists of a general section ("General Section") which contains all provisions valid for all sub-funds and the Annexes ("Annexes") in which the sub-funds and the provisions that apply to them are described.

The Board of Directors may decide, from time to time, to establish two or more share classes within the Fund. The share classes may differ from one another on account of their characteristics and rights, the investors that may acquire and hold units, their transferability, their use of income, fee structures or other specific characteristics and rights. If share classes are established for the Fund, this shall be mentioned in the corresponding table entitled "Overview of the Fund", stating the specific characteristics or rights.

The liabilities of the individual sub-funds are listed separately for each sub-fund and external creditors only have access to the assets of the individual sub-funds.

The reference currency of the Company is the euro (EUR).

Furthermore, a KIID will be provided at the latest when each corresponding share class is established. By subscribing for new shares, investors confirm that they have received the relevant KIID.

The Company's capital consists of no-par-value shares ("shares") and always corresponds to the Company's total net assets.

A shareholder may request the redemption of all or some of his/her shares by the Company on any trading day (the "trading day", i.e. the valuation date (the "valuation date") on which a shareholder who subscribes for the shares specified in the description in the relevant Annex may redeem the shares), and the Company is required to redeem the shares subject to certain conditions (explained in more detail in the section "*Redemption of shares by the Company*"). The redemption price of these shares (the "redemption price") is the same as the net asset value per share less a redemption fee (if applicable) that is stated in the relevant Annex for the sub-fund.

The mechanism for calculating the issue price per share plus the subscription fee levied (if applicable) is specified in the description provided in the Annex for the respective sub-fund.

The Company's Articles of Association (the "Articles of Association") contain some provisions that give the Board of Directors the authority to impose restrictions on the ownership and acquisition of shares (see section "*Restrictions on share ownership*"). If at a later date a person becomes an owner of shares in a scenario described in the Company's Articles of Association and the Company becomes aware of this fact, these shares that are owned by this person may be compulsorily redeemed by the Company.

Potential subscribers/buyers of shares must themselves collect all the necessary information about the statutory provisions, exchange control requirements and applicable taxes in their countries of citizenship, habitual residence or domicile.

## **MANAGEMENT AND ADMINISTRATION**

### **THE COMPANY**

FPM Funds  
15, rue de Flaxweiler  
L-6776 Grevenmacher  
Grand Duchy of Luxembourg

### **MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS**

Thomas F. Seppi  
Chairman of the Board of Directors of  
FPM Funds, Luxembourg;  
Member of the Management Board of  
FPM Frankfurt Performance Management AG  
Frankfurt am Main

Peter Sasse  
Member of the Board of Directors of  
FPM Funds, Luxembourg;  
Director Legal/Fund Set-up  
Group Manager Non-Alternative Investments  
Universal-Investment-Luxembourg S.A.

Dr. Marcus Göring  
Member of the Board of Directors of  
FPM Funds, Luxembourg

### **MANAGEMENT**

Thomas F. Seppi  
Member of the Board of Directors of  
FPM Funds, Luxembourg;  
Member of the Management Board of  
FPM Frankfurt Performance Management AG  
Frankfurt am Main

### **MANAGEMENT COMPANY**

Universal-Investment-Luxembourg S.A.  
15, rue de Flaxweiler  
L-6776 Grevenmacher  
Grand Duchy of Luxembourg

Equity: EUR 21.821.675,90  
(as at: 30 September 2019\*)

### **Management Board of the Management Company**

Sean O'Driscoll  
Chairman of the Management Board  
Universal-Investment-Luxembourg S.A.  
Grevenmacher/Grand Duchy of Luxembourg

Stefan Rockel  
Member of the Management Board  
Universal-Investment-Luxembourg S.A.  
Grevenmacher/Grand Duchy of Luxembourg

Matthias Müller  
Member of the Management Board

Universal-Investment-Luxembourg S.A.  
Grevenmacher/Grand Duchy of Luxembourg

**Supervisory Board of the Management Company**

Michael Reinhard  
Chairman of the Supervisory Board  
Universal-Investment Gesellschaft mbH  
Frankfurt/M.

Frank Eggloff  
Member of the Supervisory Board  
Universal-Investment Gesellschaft mbH  
Frankfurt/M.

Markus Neubauer  
Member of the Supervisory Board  
Universal-Investment Gesellschaft mbH  
Frankfurt/M.

**DEPOSITARY, PAYING AGENT**

Hauck & Aufhäuser Privatbankiers AG,  
Luxembourg Office  
1c, rue Gabriel Lippmann,  
L-5365 Munsbach

**PORTFOLIO MANAGER**

FPM Frankfurt Performance Management AG  
Freiherr-vom-Stein-Straße 11  
60323 Frankfurt am Main

**CENTRAL ADMINISTRATION AGENT,  
DOMICILIARY AGENT AND COMPANY  
SECRETARY**

Universal-Investment-Luxembourg S.A.  
15, rue de Flaxweiler  
L-6776 Grevenmacher

**AUDITOR**

KPMG Luxembourg, Société coopérative  
39, avenue John F. Kennedy  
L-1855 Luxembourg

**DISTRIBUTOR**

FPM Frankfurt Performance Management AG  
Freiherr-vom-Stein-Straße 11  
60323 Frankfurt am Main

**TRANSFER AGENT AND REGISTRAR**

Hauck & Aufhäuser Fund Services S.A.  
1c, rue Gabriel Lippmann,  
L-5365 Munsbach

(\* Current information on the equity of the Management Company and on the members of the Boards can be found in the latest annual and semi-annual reports.)



## THE COMPANY

### General remarks

The Company is a Luxembourg open-ended investment company (*société d'investissement à capital variable*, "SICAV") which was founded on 10 January 2001. It was adapted to the requirements of the law dated 20 December 2002 with effect from 28 November 2005 and since 1 December 2001 has been organised under Part I of the Law of 2010 and meets the requirements of the UCITS Directive.

The Company's Articles of Association were published on 16 February 2001 in the "Recueil électronique des sociétés et associations" ("RESA")<sup>1</sup>, the electronic publication platform of the Grand Duchy of Luxembourg and were filed in the commercial register of the district court in Luxembourg ("commercial register") under number B 80 070. The latest amendment to the Articles of Association was published in RESA on 28 January 2015. Copies of the Articles of Association are available at the Company's registered office on request. The Company's registered office is Luxembourg.

The Company has minimum capital equivalent to EUR 1,250,000 which was achieved within six (6) months after receiving approval.

The registered office of the Company is located at 15, rue de Flaxweiler, L-6776 Grevenmacher, Grand Duchy of Luxembourg

The Company has been established for an indefinite period. Its financial year ends on 31 December of each year.

## THE MANAGEMENT COMPANY

The Company is managed by Universal-Investment-Luxembourg S.A. which is subject to the provisions of Section 15 of the Law of 2010.

Universal-Investment-Luxembourg S.A., a public limited company under the Law of the Grand Duchy of Luxembourg, was founded on 17 March 2000 in Luxembourg for an indefinite period. It has its registered office at 15, rue de Flaxweiler, L-6776 Grevenmacher, Grand Duchy of Luxembourg and is entered in the register under the number B 75014.

The Articles of Incorporation of the Management Company were published in the Mémorial C, Recueil des Sociétés et Associations ("*Mémorial*") (replaced by the electronic collection of companies and associations (Recueil électronique des sociétés et associations - hereinafter "RESA") on June 3, 2000 and filed with the Luxembourg Commercial and Companies Register (R.C.S. Luxembourg). The Articles of Association of the Management Company were last amended by resolution of the General Meeting of Universal-Investment-Luxembourg S.A. on 5 December 2019. The amendment to the Articles of Association was published in RESA on 29 January 2020 and deposited with the Luxembourg Commercial and Company Register.

The Management Company has three Supervisory Board members who make up the Supervisory Board. The Management Company also has a Management Board consisting of three members appointed by the Supervisory Board who are entrusted with the day-to-day management of the Company in accordance with the provisions of the law of 2013 and within the limits of the powers granted by the Articles of Association and who represent the Management Company vis-à-vis third parties (the "Management Board"). The Management Board ensures that the Management Company and the respective service providers perform their duties in accordance with the relevant laws and regulations and this Prospectus. The Management Board will report to the Supervisory Board on a regular basis or as necessary on an ad hoc basis. The Supervisory Board exercises permanent control over the management of the Management Company by the Management Board without being authorised to manage the day-to-day business on its own and does not represent the Management Company in dealings with third parties.

The object of the Management Company is to launch and/or manage undertakings for collective investment in transferable securities ("UCITS") and/or undertakings for collective investment ("UCI") in accordance with the respective current version of the laws of 17 December 2010 or 13 February 2007, and to carry out all activities connected with the launch and management of these UCITS and/or UCIs. A further object of the Management Company is to launch and/or manage Luxembourg and/or foreign alternative investment funds ("AIFs") approved in line with the Directive 2011/61/EC of the European Parliament and the Council dated 8 June 2011 relating to the manager of alternative investment funds ("AIFM Directive"). The management of AIFs involves

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<sup>1</sup> Mémorial C (Register of Commerce and Companies) was replaced by RESA on 1 June 2016, but it is still available for viewing.

at least the investment management functions for AIFs specified in Annex I (1)(a) and/or (b) of the AIFM Directive and to a large extent the other tasks that are specified in Annex I (2) of the AIFM Directive. The Management Company may also undertake the administration of companies in accordance with the law of 15 June 2014 (SICAR law) and of single purpose vehicles (sociétés de participation financière) which qualify as wholly owned investments in UCIs and AIFs managed in line with Paragraph 1 and 2. The Management Company may engage in any other business and take any measures which promote its interests or which otherwise serve or may be useful in achieving its objectives, in accordance with Chapter 15 of the Law of 17 December 2010, the Law of 13 February 2007 and/or the Law of 12 July 2013. The Management Company may also engage in administrative activities for a securitisation company as defined in the Law of 22 March 2004.

The names and sales documents of all the funds managed by the Management Company are available from the Management Company's registered office.

The amounts received by the Company are used for purchasing securities and other legally permissible investments in accordance with the investment policy laid down in the Sales Prospectus.

The Management Company is subject to the applicable regulatory provisions governing the establishment of remuneration systems in accordance with Chapter 15 of the Law of 2010. The details of the system's structure have been specified by the Management Company in remuneration guidelines. Its structure is compatible with and facilitates the risk management procedures laid down by the Management Company, and it neither encourages the taking of risks that are incompatible with the risk profiles and the Management Regulations or Articles of Association of the funds that are managed by it, nor does it prevent the Management Company from acting according to its duty in the best interests of the Fund. The remuneration policy accords with the business strategy, objectives, values and interests of the Management Company and of the UCITS managed by it and of the investors in such UCITS, and it includes measures to prevent conflicts of interest.

At least once a year, the Universal-Investment Group's remuneration committee checks the appropriateness of the Management Company's remuneration system as well as its compliance with all the legal rules. It covers fixed and variable remuneration aspects.

Payment of remuneration based on performance appraisals is spread over several years in order to ensure that paying out of the remuneration is in line with the longer-term performance of the administered investment assets taking account of the associated investment risks. Setting ranges for overall remuneration ensures that there is no significant dependence on the receipt of variable remuneration and that the relationship between the fixed and variable remuneration is appropriate. In addition to the aforementioned remuneration elements, employees of the Management Company can obtain voluntary employer benefits-in-kind as well as material benefits and retirement benefits.

Further details of the Management Company's current remuneration policy have been published online at [www.universal-investment.com/de/Verguetungssystem-Luxemburg](http://www.universal-investment.com/de/Verguetungssystem-Luxemburg). They include a description of the methods used for calculating remuneration and allowances/bonuses paid to specific employee groups, as well as details of the persons responsible for pay allocations, including the composition of the remuneration committee. On request, the Management Company will provide the information in hard copy form without charge.

The Management Company] delegates, in accordance with the provisions of Point 394 of CSSF Circular 18/698 and Article 23 of CSSF Regulation 10-4, the exercise of the voting rights attached to listed shares belonging to the [Fund] to the external service provider IVOX Glass Lewis, GmbH., Kaiserallee 23a, 76133 Karlsruhe, Germany („Glass Lewis“), which will exercise these voting rights within the confines of the Voting Rights Policy of the Management Company without instructions.

## INVESTOR PROFILE

The sub-fund assets may be invested in any kinds of investments that are permitted by the 2010 law, provided that the principle of risk diversification is adhered to. The corresponding investor profile of the individual sub-funds is described in the relevant Annex to this Sales Prospectus.

## GENERAL INVESTMENT OBJECTIVES AND INVESTMENT POLICY

The investment objective and the investment policy of the individual sub-funds are indicated in the description of the Annex for each sub-fund.

**The Company will do everything possible to ensure that the investment objectives of each sub-fund are achieved. However, it is not possible to guarantee that these objectives will be fully achieved. The net asset values of the shares may therefore rise or fall, and this may result in various levels of either positive or negative returns.**

## 1. Permissible investments

(a) The Company may make the following investments:

in permissible securities and money market instruments consisting of:

- securities and money market instruments that have been approved or are traded on a stock exchange in an eligible state (within the meaning of the Directive 2004/39/EC) ("eligible state" means a Member State of the Organisation for Economic Cooperation and Development (OECD) and any other country in Europe, North and South America, Africa, Asia and the Pacific Region);
- securities and money market instruments which are traded on another regulated market ("regulated market") in an eligible state that maintains and recognises regular business activities and is accessible to the public;

in recently issued permissible securities and money market instruments IF:

- their issue terms and conditions involve the obligation to request an official listing on a stock exchange or another regulated market that maintains and recognises regular business activities and is accessible to the public provided that the relevant stock exchange or relevant market has been stipulated in the Company's corporate documents;
- this type of approval is required within a year of the securities and money market instruments being issued;

SUBJECT TO THE CONDITION that the Company may invest in securities and money market instruments that are not eligible securities and money market instruments if the total of investments in such securities and money market instruments does not amount to more than 10% of the net assets of the relevant sub-fund;

UCITS and/or UCIs authorised in accordance with the amended version of Directive 2009/65/EC within the meaning of Article 1(2) and the first and second indent of said directive irrespective of whether they are established in an EU Member State or not IF

- these other UCIs were authorised in accordance with legal provisions which subject them to official oversight which according to the Luxembourg supervisory authority (CSSF) is equivalent to the oversight enshrined in EU Community Law and there is sufficient guarantee of collaboration between the authorities;
- the degree of protection for the shareholders in other UCIs is equivalent to that of the shareholders in a UCITS and in particular the provisions concerning the separated custody of assets, borrowing, granting credit and short sales of securities and money market instruments are equivalent to the requirements of the amended version of Directive 2009/65/EC;
- the business activities of these other UCIs are the subject of semi-annual and annual reports which allow an assessment to be made of the assets and liabilities, and income and transactions in the reporting period;
- a total of no more than 10% of the assets of the UCITS or other UCIs whose acquisition is being considered may be invested in accordance with their corporate documents in shares of other UCITS or UCIs;

A sub-fund may invest in shares of one or more of the Company's other sub-funds subject to the conditions stipulated in Article 181(8) of the Law of 2010.

Sight deposits or other callable deposits with credit institutions with a maximum maturity period of twelve months, provided that the credit institution in question has its registered office in an EU Member State or, if the registered office of the credit institution is not in a Member State of the European Union, that it is subject to supervisory provisions which are, in the opinion of the *Commission de Surveillance du Secteur Financier* ("CSSF"), equivalent to those under EU law.

Financial derivatives including equivalent cash-settled instruments traded on a regulated market and/or financial derivatives traded over the counter ("OTC derivatives") IF:

- the underlyings are instruments within the meaning of Article 41(1) of the Law of 17 December 2010 or financial indexes, interest rates, exchange rates or currencies in which the Company may invest in accordance with the investment objectives stated in its formation documents,

- the counterparties to OTC derivative transactions are institutions which are subject to prudential supervision and belong to categories approved by the CSSF, and
- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or settled at any time by means of an offsetting transaction at the appropriate market price at the request of the Company;

money market instruments that are not traded on a regulated market, are liquid and have a value that can be determined precisely at any time if the issuer or the issuer of these instruments is already subject to requirements relating to investor and deposit protection. These instruments may be acquired IF they:

- are issued or guaranteed by a central, regional or local authority or a central bank of an EU Member State, the European Central Bank, the European Union or the European Investment Bank, a non-EU Member State or, in the case of a Federal state, one or more constituent states of the Federation, or by an international body under public law to which at least one EU Member State belongs; or
- are issued by a company whose securities are traded on a regulated market; or
- are issued or guaranteed by an institution which is, in accordance with the criteria set out in EU law, subject to official oversight, or are issued or guaranteed by an institution which is subject to supervisory provisions which are at least as rigorous, according to the CSSF, as those of EU law, and which complies with them; or
- are issued by other issuers which belong to categories that have been admitted by the CSSF, provided that investments in those instruments are subject to investor protection which is equivalent to that outlined in the aforementioned first, second or third indent of this Paragraph (vi) and provided that the issuer is either a company with equity and reserves of at least ten million euros (EUR 10,000,000) which draws up and publishes its annual financial statements according to the requirements of the fourth Directive 78/660/EEC, or a legal entity which is responsible, within a group encompassing one or more companies that are listed on the stock exchange, for financing that group, or else a legal entity whose task is to finance the securitisation of liabilities by using a credit line granted by a bank.

(b) However, the Company may acquire moveable and immoveable assets that are essential for the direct performance of its activities.

(c) The Company may invest up to 10% of its net assets in securities and money market instruments other than those listed under 1(a).

(d) The Company may also hold liquid assets.

## **2. Investment restrictions**

(a) The Company may invest no more than 10% of the sub-fund's net assets in securities and money market instruments issued by the same issuer. The Company may invest no more than 20% of the sub-fund's net assets in deposits held with a single institution.

The risk of the Company in relation to a counterparty for transactions with OTC derivatives and/or transactions for efficient portfolio management, securities lending or repos (or reverse repos) may not exceed 10% of the sub-fund's net assets if the counterparty is a credit institution stipulated in the aforementioned paragraph (1)(a)(iv) or 5% of the sub-fund's net assets in other cases.

(b) The total value of the securities held by the Company and money market instruments of issuers in which it invests more than 5% of the respective sub-fund's net assets, may not exceed 40% of the respective sub-fund's net assets. This restriction does not apply to deposits with financial institutions which are subject to supervision, or to OTC derivatives from these institutions. Irrespective of the individual limits stipulated in Paragraph 2(a) above, the following combinations are not permissible for the Company:

- investments in securities or money market instruments of a single issuer;
- deposits with a single issuer and/or
- commitments arising from transactions with OTC derivatives and/or transactions for efficient portfolio management with a single body,

which exceed 20% of the sub-fund's net assets.

(c) The upper limit stipulated in Paragraph 2(a)(1) increases to a maximum of 35% for securities or money market instruments which are issued or guaranteed by an EU Member State, its regional authorities, a non-EU Member State, or by public international bodies to which at least one EU Member State belongs.

(d) The upper limit stipulated in Paragraph 2(a)(1) increases for certain transferable debt securities to a maximum of 25% if said securities have been issued by a credit institution whose registered office is located in an EU Member State and which is subject by law in that state to special public supervision geared towards protecting holders of transferable debt securities. In particular, the funds that are derived from issuing these transferable debt securities must be invested in accordance with the Law of 2010 in assets which can cover the obligations associated with these transferable debt securities over the entire term thereof and which if the issuer became insolvent would be used primarily for the repayment of the capital and for the payment of the accrued interest.

If the Company invests more than 5% of its net assets in the transferable debt securities of a single issuer mentioned in the previous paragraph, the total value of these investments must not exceed 80% of the net assets of the sub-fund concerned.

(e) The securities and money market instruments mentioned in Paragraph 2(c) and 2(d) are not included in the calculation of the investment limit of 40% stated in Paragraph 2(b).

The investment limits stipulated in Paragraph 2(a), (b), (c) and (d) cannot be combined, and investments in securities and money market instruments of the same issuer and deposits with or derivatives of this issuer in accordance with Paragraph 2(a), (b), (c) and (d) must not therefore exceed an overall share of 35% of the net assets of the sub-fund concerned.

Companies belonging to the same company group for the purposes of drawing up the consolidated accounts in line with the amended version of Directive 83/349/EEC or according to recognised international principles of accounting shall be regarded as a single issuer for the purposes of calculating the investment limits provided for in Paragraphs 2(a) to (e).

The Company may invest a total of up to 20% of the sub-fund's net assets in securities and money market instruments of the same company group.

**(f) Without prejudice to the provisions of Paragraphs 2 (a) to (e), the Company may, in accordance with the principle of risk diversification, invest up to 100% of the assets of the sub-fund concerned in securities and money market instruments of various issuers which are issued or guaranteed by a Member State or its regional authorities or an OECD country or by public international bodies to which one or more Member States belong, provided that (i) such transferable securities belong to at least six different issues and (ii) no more than 30% of the sub-fund's overall net assets are invested in transferable securities of a single issue.**

(g)

(i) The Company or the Management Company may not acquire any shares with voting rights which would enable it to exert a considerable influence on the company management of an issuer.

(ii) Furthermore, the Company may only make purchases which do not exceed the following limits:

- 10% of the non-voting shares of the same issuer;
- 10% of the transferable debt securities of the same issuer;
- 25% of the units in the same UCITS and/or other UCI;
- 10% of the money market instruments of the same issuer.

(iii) The limits stipulated in the second, third and fourth indent may be set aside at the time of the acquisition if the gross amount of the transferable debt securities or money market instruments or the net amount of the securities in circulation cannot be determined at that time.

(iv) The upper limits included in paragraphs (g), (i) and (g) (ii) do not apply to:

- securities and money market instruments that are issued or guaranteed by an EU Member State or its regional authorities;

- securities or money market instruments that have been issued or guaranteed by a non-EU Member State;
- securities and money market instruments that are issued by an international body under public law to which at least one EU Member State belongs;
- shares that are held in the capital of a Company founded in a non-EU Member State which mainly invests its assets in securities of issuers established in this state if this kind of investment represents the only possibility for the UCITS to invest in securities belonging to issuers of this state due to the legislation of that state. This discrepancy only applies however if the Company from the non-EU Member State adheres to the restrictions stipulated in Articles 43 and 46 as well as Article 48(1) and (2) of the Law of 2010 as part of its investment policy. If the upper limits stipulated in Articles 43 and 46 of the Law of 2010 are exceeded, Article 49 of the Law of 2010 shall apply accordingly;
- shares that are held by one or more investment companies in the capital of subsidiaries which solely provide administrative, consulting or marketing services in the country where the subsidiary is located in conjunction with the redemption of shares on behalf of shareholders solely in its or their name.

(h)

- (i) The Company must not acquire any securities that are associated with an unlimited liability;
- (ii) The Company's assets may not be invested in real estate, precious metals, precious metal contracts, commodities or commodities contracts;
- (iii) The Company may acquire shares or units of UCITS and/or other UCIs up to a maximum of 10% of the assets of a single sub-fund.

The investment policy of a sub-fund may differ from the aforementioned restriction if the Company in this case invests no more than 20% of the sub-fund's net assets in a single UCITS or UCI in line with the definition in the aforementioned Point 1(a)(iii). In order to apply this investment limit, each sub-fund of a UCITS or UCI with a number of sub-funds will be considered to be a separate issuer if the principle of separating the liabilities of different sub-funds is guaranteed in relation to third parties.

Investments in other UCIs may not exceed 30% of the net assets of the sub-fund in question. If the Company has acquired units of UCITS and/or other UCIs, the assets of the UCITS in question or other UCIs are not combined for the purposes of the limits stipulated in the aforementioned Paragraphs 2(a) to (e).

Irrespective of the above, the Board of Directors may decide in the cases specified in Section 9 of the Law of 2010 that a sub-fund ("Feeder") may invest 85% or more of its assets in units of another UCITS ("Master") that has been approved in line with Directive 2009/65/EC (or a sub-fund of this UCI).

The Company must not be charged any subscription or redemption fees if the Company invests in the units of UCITS and/or other UCIs which are managed directly or via a delegation of authority by the Management Company or the portfolio manager (the "portfolio manager", as defined in more detail in the relevant Annex) or by another company with which the Management Company or the portfolio manager is associated through joint management or control or through a significant direct or indirect participation. If the Company invests a significant proportion of its net assets in other UCITS and or UCIs, it will disclose the maximum amount of administrative fees in its Sales Prospectus which can be charged to both the Company and the other UCITS and/or UCIs in which it wants to invest. The Company shall disclose in its annual report the maximum percentage of administrative fees that will be charged to both the Company itself and the other UCITS and/or UCIs in which it invests;

- (iv) purchase eligible securities or money market instruments on credit or make short sales of eligible securities or money market instruments or hold short positions. Deposits or other accounts in conjunction with derivative contracts such as options, futures, or financial future contracts that are eligible as outlined above do not apply as credit positions in the aforementioned sense;
- (v) only borrow amounts of more than 10% of the sub-fund's net assets – measured at the market value at the time the funds were borrowed – if the funds are being borrowed on a temporary basis; however this is subject to the condition that the Company may borrow more than 10% of the Company's net

assets if the funds being borrowed are being used to acquire immovable assets that are essential for the direct pursuit of the Company's business; in this latter case, the amount borrowed must not exceed 15% of the Company's net assets;

- (vi) mortgage, pledge, lend, or otherwise use as collateral to meet debts, securities that are owned by the Company unless this may be required in conjunction with the borrowed amounts that are permitted according to the above Paragraph (e) and is done subject to conditions which ensure that the total market value of the securities that are mortgaged, pledged, lent or transferred in this way does not exceed the share of the Company's assets that is required for securing these borrowed amounts; depositing securities or other assets into a separate account in connection with repos, reverse repos and derivative contracts such as options, futures or financial future transactions is not deemed to be a mortgage, pledge, loan or another debt as defined above;
- (vii) without prejudice to the application of Article 41 and 42 of the Law of 2010, neither the Management Company nor the Company may grant any loans or act as a guarantor for third parties;

the provisions of the previous paragraph shall not prevent the Company from acquiring securities, money market instruments or other financial instruments specified in Article 41(1)(e), (g) and (h) of the Law of 2010 which are not fully paid up;

- (viii) the Management Company and the Company may not short sell securities, money market instruments or other financial instruments specified in Article 41(1)(e), (g) and (h) of the Law of 2010;
  - invest in assets that are associated with the assumption of an unlimited liability;
  - take over securities of other issuers;
  - conduct securities lending transactions or repos or reverse repos unless the Company adheres to the provisions in the current version of CSSF Circular 08/356 on the applicable requirements for collective investment undertakings when using certain techniques and instruments relating to securities and money market instruments ("Circular 08/356") and the provisions specified in the guidelines of the European Securities and Markets Authority ("ESMA") on ETFs and other UCITS issues dated 18 December 2012 (ESMA/2012/832) (the "ESMA guidelines") as explained in more detail below.

- (ix) Further investment restrictions can be found under the overview of the relevant sub-fund.

The Company need not adhere to the upper limits stipulated in this section if it exercises subscription rights that are associated with securities or money market instruments that are part of its assets. As long as the principles of risk diversification are adhered to, the Company may deviate from Articles 43, 44, 45 and 46 of the Law of 2010 for six months after the date they were approved.

If the limits stipulated in the previous paragraph are exceeded for reasons that are beyond the Company's control or due to subscription rights being exercised, the Company must give priority to conducting sales transactions in the interests of their shareholders in order to rectify this situation.

Each sub-fund may subscribe, acquire and/or hold shares issued by one or more sub-funds, to the greatest extent permitted by the valid Luxembourg laws and provisions and under the conditions stipulated therein, but in accordance with the conditions set forth herein. The voting rights associated with these shares are suspended in this case and subject to the laws and provisions valid in Luxembourg if these shares are held by the sub-fund in question. If one or more sub-funds hold shares that were issued by other sub-funds, their value will not be included in the calculation of the Company's net assets for the purpose of determining minimum capital.

### **Techniques of efficient portfolio management**

Certain techniques for efficient portfolio management may be used for the Fund in accordance with the amended version of CSSF Circular 08/356, CSSF Circular 13/559 and the "ESMA guidelines on ETFs and other UCITS issues (ESMA/2012/832)" (the "ESMA guidelines"). This includes, inter alia, any form of derivative transactions as well as securities lending transactions or repos.

The relevant sub-fund receives all income from the use of techniques and instruments for efficient portfolio management less direct and indirect operating costs to be reinvested in line with the sub-fund's investment policy. The counterparties in the agreements on the use of techniques and instruments for efficient portfolio

management are selected in line with the principles of the Management Company for executing orders for financial instruments (the "guidelines for best execution"). These counterparties will essentially comprise the recipients of the direct and indirect costs and fees incurred in this context. The costs and fees payable to the respective counterparty or to a third party will be negotiated under market conditions.

The counterparties are generally not companies associated with the Management Company.

The use of derivatives or other techniques and instruments for efficient portfolio management must not result in the Fund abandoning its investment policy described in this Sales Prospectus or the Fund being exposed to additional substantial risks that are not described in this Sales Prospectus.

The Fund may reinvest cash which it receives as collateral as a result of using techniques and instruments for efficient portfolio management in line with the conditions of the valid laws and provisions including CSSF Circular 08/356, as amended by CSSF Circular 11/512 and the ESMA guidelines.

### **Use of derivatives**

Subject to an appropriate risk management system, the Fund/the relevant sub-fund may invest in derivatives which are from assets that may be acquired for the Fund/the relevant sub-fund or which relate to recognised financial indices, interest rates, exchange rates or currencies. This includes, in particular, options, financial futures and swaps as well as combinations thereof. These derivatives may be used as part of the investment strategy as well as for hedging purposes.

Trading in derivatives shall be conducted within the investment limits and shall serve for efficient management of the Fund/sub-fund assets and for managing investment terms and risks.

### **Securities lending transactions and repos**

The Company may transfer securities from its assets to a counterparty for a certain period in return for a customary market fee. The Company shall ensure that all securities transferred for securities lending purposes can be returned at any time and that any securities lending agreements entered into can be terminated at any time.

#### **(a) Securities lending transactions**

If the investor guidelines of the Fund/a sub-fund in the special section of this Sales Prospectus below, the Fund/a sub-fund may conduct securities lending transactions. The respective restrictions can be found in the latest valid version of CSSF Circular 08/356.

These transactions may be conducted for one or more of the following purposes: (i) risk reduction, (ii) cost reduction (iii) capital or income increase at a risk rate that corresponds to the risk profile of the Fund/sub-fund as well as to the provisions applicable thereto regarding risk diversification. These transactions can be conducted in relation to 100% of the assets of the Fund/sub-fund, provided that (i) the volume of transactions is always limited to a reasonable value or the redemption of the securities lent can be requested in such a way that the Company or the portfolio manager of the relevant sub-fund can meet its/their redemption obligations at any time, and (ii) the transactions do not endanger the administration of the Fund/sub-fund assets in accordance with the investment policy of the respective sub-fund. The risks associated with these transactions are managed as part of the risk management procedure of the Management Company.

The Company or the portfolio manager of the relevant sub-fund may only conclude securities lending transactions in accordance with the following provisions:

(i) The Company may only lend securities through a standardised system run by a recognised clearing house or through a securities lending programme operated by a first-rate financial institution, provided that the said financial institution specialises in such transactions and is subject to supervisory provisions which, in the opinion of the CSSF, are comparable to the provisions under EU law.

(ii) The borrower must be subject to supervisory provisions which, in the opinion of the CSSF, are comparable to the provisions under EU law.

(iii) The counterparty risk in relation to one or more securities lending transaction(s) with a single counterparty (this risk can be avoided by using collateral) – if it relates to a financial institution in accordance with Article



41(1)(f) of the Law of 2010 – must not exceed 10% of the assets of the relevant sub-fund or in all other cases 5% of its assets.

The Company shall disclose the full value of the securities lent in the annual and semi-annual reports.

Securities lending transactions may be concluded in relation to individual share classes taking into account their particular characteristics and/or investor profiles. All income and collateral in conjunction with these securities lending transactions are accumulated at the level of the share class concerned.

## **b) Repos**

Unless otherwise stipulated in the Articles of Association, the Sales Prospectus or the relevant sub-fund Annex, the Company may (i) carry out repos consisting of the purchase and sale of securities and the right or obligation of the seller to buy back the sold securities from the buyer at a price and under conditions contractually agreed between both parties, and it may (ii) conduct reverse repos which consist of futures transactions where, upon maturity, the seller (counterparty) is obliged to buy back the sold securities and the Fund/the sub-fund is obliged to return securities received in the transaction (collectively "repos").

The Company may act as the buyer or seller for individual repos or a series of consecutive repos. Participation in such transactions is, however, subject to the following terms:

- i. The Company may only buy or sell securities as part of a repo if the counterparty of said transaction is subject to supervisory provisions which, in the opinion of the CSSF, are comparable to the provisions under EU law.
- ii. The counterparty risk in relation to one or more repo(s) with regard to a single counterparty (this risk can be avoided by using collateral) – if it relates to a financial institution in accordance with Article 41(1)(f) of the Law of 2010 – must not exceed 10% of the assets of the relevant sub-fund or in all other cases 5% of its assets.
- iii. Throughout the duration of a repo in which the Company acts as the purchaser, it may not buy the security contained in the contract until the counterparty has exercised its right to repurchase this security or the period for repurchase has expired, unless the Company has other means of coverage.
- iv. The securities acquired by the Company in connection with a repo must comply with the investment policy and investment restrictions of the relevant sub-fund and are limited to:
  - short-term bank certificates or money market instruments pursuant to the definition in Directive 2007/16/EC of 19 March 2007;
  - bonds issued or guaranteed by a UCITS Member State or its regional bodies or by supranational institutions and authorities at EU, regional or international level;
  - units of a UCI invested in money market instruments for which a net asset value is calculated daily and which has a rating of AAA or a comparable rating;
  - bonds from non-sovereign issuers which provide adequate liquidity and
  - shares listed or traded on a regulated market of a European Union Member State or on a stock exchange of an OECD Member State if said shares are contained in an important index;
- v. The Company shall disclose the total amount of open repos on the reporting date for the annual and semi-annual reports.

Repos may be concluded in relation to individual share classes taking into account their particular characteristics and/or investor profiles. All income and collateral in conjunction with these repos are accumulated at the level of the share class concerned.

## **Management of collateral for transactions with OTC derivatives and techniques for efficient portfolio management**

The Company may obtain collateral from transactions with OTC derivatives and reverse repos to reduce the counterparty risk. As part of its securities lending transactions, the Company must receive collateral, the value of which is equal to at least 90% of the total value of the securities lent for the term of the agreement (taking into account interest, dividends, other possible rights and any agreed discounts or minimum transfer amounts).

In order to secure obligations, the Company may accept all collateral which corresponds to the rules of CSSF Circulars 08/356, 11/512 and 13/559.

- I. The Company must obtain this collateral as part of securities lending transactions before or at the time the securities lent are transferred. If the securities are lent through intermediaries, the transfer of the securities prior to receipt of the collateral is permitted if the respective intermediary guarantees the proper completion of the transaction. These intermediaries may provide collateral instead of the borrower.
- II. In principle, the collateral for securities lending transactions, reverse repos and transactions with OTC derivatives (excluding currency futures transactions) must be provided in one of the following forms:
  - a. liquid assets such as cash, short-term bank deposits, money market instruments pursuant to the definition in Directive 2007/16/EC of 19 March 2007, letters of credit and guarantees payable on first demand issued by first-rate credit institutions which are not connected to the counterparty, e.g. bonds issued by an OECD Member State or its regional bodies or by supranational institutions and authorities at community, regional or international level;
  - b. units of a UCI invested in money market instruments for which a net asset value is calculated daily and which has a rating of AAA or a similar rating,
  - c. units of a UCITS which primarily invests in the bonds/shares listed below the next two indents,
  - d. bonds which are issued or guaranteed by first-rate issuers and are reasonably liquid or
  - e. shares that are approved or traded on a regulated market of a European Union Member State or on a stock exchange of a UCITS Member State if said shares are contained in an important index.
- III. Collateral which is not in the form of cash or UCI/UCITS units must be issued by a legal entity which is not connected to the counterparty.
- IV. If collateral is not provided in the form of cash and the Company faces a credit risk arising from the administrator of this collateral, it is subject to the restriction of 20% stipulated in Article 43(1) of the Law of 2010. This cash collateral must also not be held by the counterparty unless this collateral is protected against the consequences of the counterparty suffering a payment default.
- V. Non-cash collateral must not be held by the counterparty unless it is separated from the counterparty's assets in a suitable manner.

If the collateral meets a series of criteria such as the standards for liquidity, valuation, the credit rating of the issuer, correlation and diversification, it may be offset against the gross commitment of the counterparty. If collateral is offset, its value may be reduced by a percentage (a "discount") which reflects the price volatility of the securities and is intended, amongst other things, to offset short-term fluctuations in the value of the commitment and the collateral.

A discount of at least 2% is generally offset for collateral that is provided in conjunction with OTC transactions, e.g. for short-term government bonds with an excellent credit rating. A higher discount of up to 33% at present is estimated for securities with a longer term or securities from issuers that have a lower rating. As part of securities lending transactions, the outstanding credit rating of the counterparty and the collateral may be completely credited, while discounts of up to 30% can be offset for shares that have a lower value and other securities taking into account the credit rating of the counterparty.

<b>Discount in relation to:</b>	<b>Amount of the discount:</b>
OTC transactions	2% to 33%
Securities lending transactions	0% to 30%

The criteria for reasonable diversification with respect to issuer concentration shall be considered to be met if the sub-fund receives a collateral basket from the counterparty for the efficient management of the portfolio or for transactions with OTC derivatives, and the maximum total value of the open positions in it in relation to a specific issuer does not exceed 20% of the net asset value. If the sub-fund has various counterparties, the various collateral baskets should be aggregated in order to calculate the 20% limit for the total value of the open positions in relation to a single issuer.

- VI. The discounts applied to collateral are influenced either by:
  - the credit rating of the counterparty;
  - the liquidity of the collateral;
  - the price volatility of the collateral;
  - the credit rating of the issuer; and/or
  - the country or the market on which the collateral is traded.

- VII. In order to be able assess the risks associated with the relevant collateral appropriately, the Company determines whether the value of the collateral to be invested should be increased or reduced with a suitably conservative discount ("collateral discount"). The greater the fluctuations the value of the collateral is subject to, the higher the discount will be.

The Board of Directors of the Company stipulates an internal regulation which defines the details of the aforementioned requirements and values, especially in relation to the types of accepted collateral, the amounts to be added to or subtracted from this collateral and the investment policy for liquid assets which are deposited as collateral.

The discounts applied are regularly evaluated at least once a year to ensure that they are adequate. They will be adapted accordingly if necessary.

- VIII. The Company (or its representatives) value(s) the collateral received. If the value of the collateral already granted appears to be insufficient in relation to the amount to be covered, the counterparty must provide additional collateral very quickly. If the value is adequate, the exchange rate or market risks associated with the assets accepted as collateral will be taken into consideration by collateral margins.
- IX. The Company will ensure that its collateral rights can be enforced if an event requires the exercise thereof, i.e. the collateral must be available in such a form, either directly or via an intermediary of a first-rate financial institution, or a wholly-owned subsidiary of said institution that allows the Company to acquire or value assets provided as collateral if the counterparty fails to meet its obligations to return the securities lent.
- X. Throughout the duration of the agreement, collateral may not be disposed of, provided as collateral in another form or pledged unless the Company has other means of coverage.
- XI. If a sub-fund receives collateral for at least 30% of its assets, the associated risk will be evaluated using, inter alia, regular stress tests which are conducted under normal and exceptional liquidity conditions in order to evaluate the impact of changes to the market value and the liquidity risk associated with collateral.

The description of the individual sub-funds in the Annex may contain parameters relating thereto. In order to achieve the investment objective, the derivative instruments (inter alia) may be used if and to the extent stipulated in the Annex for the sub-fund.

- XII. The Company's annual report shall contain information on income from techniques for efficient portfolio management for the entire reporting period of the sub-fund and details on direct (e.g. transaction fees for securities, etc.) and indirect (e.g. general costs for legal advice) operating costs and fees of the sub-fund unless said costs and fees are connected to the administration of the relevant Fund/sub-fund.
- XIII. Universal-Investment-Luxembourg S.A. as the Management Company of the Company does not operate as a securities lending agent. If Universal-Investment Luxembourg S.A. also carries out this function and activity, the Sales Prospectus will be updated accordingly.

The Company's annual report shall contain details of the identity of companies associated with Universal-Investment-Luxembourg S.A. or the Company's Depositary if said companies receive direct and indirect operating expenditure and fees.

- XIV. The Company may reinvest cash which it receives as collateral as a result of using techniques and instruments for efficient portfolio management in accordance with the provisions of the applicable laws and provisions, including CSSF Circular 08/356 as amended by CSSF Circular 11/512, Circular 13/559, and the ESMA guidelines.

## **PORTFOLIO MANAGER**

The Management Company may, under its own responsibility and control, appoint one or more portfolio managers (each of which shall be referred to as the "portfolio manager") in order to implement the investment policy on a daily basis. The activities of such a portfolio manager include the day-to-day implementation of the investment policy and taking direct investment decisions. The portfolio manager will implement the investment policy, make investment decisions and continuously adapt these decisions to market developments as appropriate, taking into account the interests of the relevant sub-fund. The portfolio manager receives a fee for this from the assets of the Company or from the management fee, the amount of which is specified in the Annex for the relevant sub-fund.

In accordance with the portfolio management agreement, each portfolio manager manages the investment and

re-investment of this sub-fund's assets in accordance with the investment objective determined by the Company and the investment policy of said sub-fund, and he is responsible for issuing investment purchasing and selling orders to the brokers, traders and counterparties which he has selected according to his own judgement. As part of the portfolio manager agreement, each portfolio manager is entitled to a fee which is calculated in line with the data in the Annex for the relevant sub-fund and paid. A performance fee may also be paid under the conditions stipulated in the description of the sub-fund in the relevant Annex.

The Management Company has appointed FPM Frankfurt Performance Management AG (FPM), Freiherr-vom-Stein-Straße 11, 60323 Frankfurt am Main, Germany, as the Company's portfolio manager. FPM has been approved by the Federal Financial Supervisory Authority ("BaFin") to provide financial services. FPM shall implement the investment policy, make investment decisions and continuously adapt these decisions to market developments as appropriate, taking into account the interests of the relevant fund. FPM contributes its extensive knowledge of the investment markets and makes the necessary investment decisions as part of the investment policy stipulated for the Company, but the control and responsibility lies with the Management Company.

The appointed portfolio manager may delegate individual portfolio management services in part or in full under its supervision, control and responsibility and at its own cost. However, in this case, prior approval is required from the Management Company along with the CSSF's approval, and the current Sales Prospectus must be supplemented. The portfolio manager may also get advice from one or more investment advisors at its own cost.

Furthermore, the Management Company may obtain advice from one or more investment advisors, for which the investment advisor will receive a fee from the Fund's assets or from the administrative fee, the amount of which is stipulated in the Annex for the relevant sub-fund.

The Management Company may also be assigned an investment committee to provide support and advice in respect of the management of the Fund.

## **INVESTMENT ADVISOR**

The Management Company may appoint various investment advisors (each respectively referred to as the "investment advisor") in line with the information in the Annex for the relevant sub-fund. Each investment advisor will make investment recommendations subject to the overall responsibility and control of the Management Company. Each of these investment advisors may be supported by one or more advisors or transfer their functions and tasks to one or more of the sub-investment advisors upon receiving approval from the Management Company.

A description of the individual investment advisors can be found in the Annex for each sub-fund.

## **DEPOSITARY, TRANSFER AGENT AND REGISTRAR, PAYING AGENT, DOMICILIARY AGENT AND CORPORATE SERVICES AGENT OF THE COMPANY**

### **DEPOSITARY**

The depositary is a branch of Hauck & Aufhäuser Privatbankiers AG, Kaiserstr. 24, D-60311 Frankfurt am Main, a German credit institution with a full banking license within the meaning of the German Banking Act (KWG) and within the meaning of the Luxembourg law of April 5, 1993 on the financial sector (in its most recent version). It is entered in the Commercial Register of the Local Court of Frankfurt am Main under the number HRB 108617. Both Hauck & Aufhäuser Privatbankiers AG and its Luxembourg branch are supervised by the German Federal Financial Supervisory Authority (BaFin). In addition, Hauck & Aufhäuser Privatbankiers AG, Luxembourg Branch is subject to the Commission de Surveillance du Secteur Financier (CSSF) with regard to liquidity, money laundering and market transparency.

The Depositary undertakes the following tasks in particular:

- a) ensuring that the sale, issue, redemption, paying out and cancellation of the company's shares takes place according to the applicable national law and contract terms or Articles of Association;
- b) monitoring of the payment flows of the company;
- c) ensuring that the calculation of the value of the company's shares takes place according to the applicable national law and contract terms or Articles of Association;

- d) The Depositary carries out the instructions of the Management Company or the Company unless these instructions contravene applicable national law or the contract terms or Articles of Association;
- e) Examination of title and recording keeping in the case of assets that are not held in safekeeping;
- f) The Depositary ensures that in transactions involving the assets of the Company the equivalent is remitted to the Company within the usual time limits;
- g) The Depositary ensures that the income of the Company is used according to the applicable national law and the contract conditions or Articles of Association,

In carrying out its functions, the Depositary acts independently, honestly, fairly, professionally, and in the interests of the Company and its shareholders. Conflicts of interest must be avoided where possible, and where they exist they should be handled in accordance with the legal provisions.

The Depositary must not reuse the assets which form part of the Fund's assets.

The Depositary is entitled to transfer the safekeeping of the Fund's financial instruments that can be held in custody to a third party ("sub-depositary") subject to compliance with the applicable legal rules. The sub-depositary may for its part assign its assigned duties subject to the same conditions.

The Depositary may delegate the following depositary duties to another company:

Potential conflicts of interest can arise if the Depositary transfers individual deposit tasks or the sub-depositing to an outsourcing company. If the further outsourcing company is an associated company which is linked to the Management Company or the Company or the Depositary, this could produce potential conflicts of interest in the interplay between this outsourcing company and the Management Company or Depositary (e.g. the Management Company or the Depositary could give preference to one of its associated companies when awarding depositary duties or when choosing a sub-depositary in preference to equivalent other providers).

The Management Company and the Depositary have reasonable and effective measures (e.g. policies and organisational measures) for completely avoiding potential conflicts of interest, or in cases where it is not possible to do so excluding any potential damaging of the interests of investors. Compliance with these measures is monitored by an independent Compliance Function.

The information stated above has been provided by the Depositary to the Management Company and the Company. The Management Company has checked the credibility of the information. It is however reliant upon the Depositary providing the information, and it cannot check the details of its accuracy and completeness.

The Depositary is always responsible for all the assets which are held by it, or held by another party with its agreement. In the event of the loss of such an asset the Depositary is liable to the Fund and the investor, except if the loss is attributable to events outside the influence of the Depositary.

Current information regarding the specific tasks of the Depositary, possible conflicts of interest between the parties, and the list of sub-depositaries can be obtained from the Management Company on request.

## TRANSFER AGENT AND REGISTRAR

The company's Transfer Agent and Registrar is Hauck & Aufhäuser Privatbankiers Luxembourg, Fund Services S.A., with its registered office at 1c, rue Gabriel Lippmann,, L-5365 Munsbach,Luxembourg.. The tasks of the Transfer Agent and Registrar comprise executing applications and orders for the subscription, redemption and transfer of shares.

## DOMICILIARY AGENT AND CORPORATE SERVICES AGENT

Universal-Investment-Luxembourg S.A. has also been appointed Domiciliary Agent and Corporate Services Agent of the Company.

## AUDITOR

KPMG Luxembourg Société coopérative, whose registered office is in the Grand Duchy of Luxembourg, 39 Avenue John F. Kennedy, L-1855 Luxembourg and which is entered in the register under number B.149.133, has been appointed as the auditor (*Réviseur d'entreprises agréé*) of the Company.

## RISK MANAGEMENT PROCEDURE

The Management Company has established a risk management procedure to describe all the framework conditions, processes, measures, activities and structures required in order to efficiently and effectively implement and develop the risk management and risk reporting system. In accordance with the Law of 17 December 2010 and the applicable supervisory authority documents issued by the CSSF (CSSF Circular 11/512 of 30 May 2011 and ESMA Guidelines 10-788 of 28 July 2010), the Management Company reports regularly to the CSSF on the risk management procedure that is used. The CSSF supervisory authority documents describe the code of conduct to be observed by undertakings for collective investment in transferable securities with regard to the application of a risk management procedure and the use of derivative financial instruments. In the CSSF supervisory authority documents, funds subject to Part I of the Law of 17 December 2010 are provided with additional information on the use of a risk management procedure within the meaning of Article 42(1) of the Law of 2010 and on the use of derivative financial instruments within the meaning of Article 41(1)(g) of this law.

The risk management principles set out in the supervisory authority documents must enable, for example, measurement of the market risk (including the overall risk) which is of potential significance for the Funds with regard to their investment objectives and strategies, the management styles or methods used to manage the Funds and the valuation processes, and which therefore could also have a direct impact on the interests of the shareholders of the managed Funds.

To this end, the Management Company makes use of the following methods as provided for by law:

### *Commitment approach:*

With the "commitment approach" method, the positions from derivative financial instruments are converted into their corresponding underlying instrument equivalents using the Delta approach (for options). Any netting and hedging effects between derivative financial instruments and their underlying instruments are taken into account. The total of these equivalent positions in the underlying instruments must not exceed the total net value of the Fund portfolio.

### *VaR approach:*

The Value-at-Risk (VaR) ratio is a mathematical and statistical concept, which is used as a standard measure of risk in the financial sector. The VaR indicates which loss level will not be exceeded within a given time period (called the holding period) and at a given probability level (called the confidence level).

### *Relative VaR approach:*

In the relative VaR approach, the VaR (confidence level 99%, 1 day holding period, 1 year observation period) of the fund may not exceed the VaR of a reference portfolio by more than a given ratio (called VaR limit level) in relation to the market risk potential of derivative-free reference assets. With this approach, the reference portfolio is strictly a representation of the fund's investment policy.

### *Absolute VaR approach:*

In the absolute VaR approach, the VaR (99% confidence level, 1 day holding period, 1 year observation period) of the fund may not exceed a given ratio of the fund's assets.

*Leverage:*

The use of derivatives can have a positive or negative major impact on the value of the fund's assets which could be higher compared to the direct investment into the asset. Due to these circumstances the investment into derivatives is connected to special risks.

Please note the leverage effect can turn out to be higher as the legal market risk limit from the VaR determination, since its calculation is based on the total nominal values of the derivatives (Sum of Notional) held by the fund. Any possible reinvestment effects arising from securities in repurchase agreements are also taken into account. The actual leverage, on the other hand, is subject to fluctuations on the security markets over the course of time and can therefore also turn out to be higher as expected as a result of exceptional market conditions.

As a result of the sum of notional calculation rules this, the leverage can be significant (in certain cases) and may not necessarily represent the exact leverage risk that the investor sees himself as facing. The expected leverage is therefore not a target value, but an expected value that may, as an average estimate, consist of lower and higher leverages. Consequently, the leverage is not an investment restriction and no compensation can be claimed in events of disregard.

Specific Information and the description of the Risk Management Procedure for each Sub-Fund will be described in the description of the Appendix relating to the relevant Sub-Fund.

## RISK FACTORS

An investment in the Company shares entails financial risk. The details below are intended to provide investors with information about uncertainties and risks relating to investments and transactions in securities, money market instruments, structured financial instruments and other derivative financial instruments. Shareholders should bear in mind that the price of shares and any income generated from them may rise or fall and the shareholders may not recoup the entire amount that they have invested. **Past performance does not necessarily have implications for future performance and shares should be considered medium to long-term investments.** If the currency of the relevant sub-fund differs from the currencies of the investor or if the currency of the relevant sub-fund differs from the currencies of the markets in which the sub-fund invests, the chance of additional losses (or the chance of additional profit) for the investor is greater than the usual investment risks.

**No guarantee can be given that the Fund's/sub-fund's investment objectives will be achieved.** Depending on market conditions and the overall economic environment, achieving these investment objectives may become more difficult or even impossible. **The probability that the investment objective will be achieved for a sub-fund is neither expressly nor implicitly guaranteed.**

The investment results of the individual sub-funds are linked directly to the investment results of the underlying instruments held by said sub-funds. The possibility of the sub-fund achieving its investment objective is dependent on the distribution of the sub-fund's investments between the underlying instruments and the potential of an underlying instrument achieving its own investment objective. An underlying instrument may not be able to pursue its investment strategies effectively. An underlying instrument may therefore not achieve its investment objective, and this would adversely affect the investment results of the sub-fund.

### Risks associated with Fund units

Investing in Fund units is a form of investment which is marked by the principle of risk diversification. However, it cannot be ruled out that risks may be associated with this type of investment, mainly due to the investment policy of the Fund, the value of the asset contained in the Fund and unit transactions. Fund units are similar to securities in terms of the opportunities and risks involved, in particular if they are combined with instruments and techniques. If Fund units are denominated in foreign currencies, opportunities and risks will occur in relation to exchange rates. It must also be borne in mind that such units are exposed to what is referred to as transfer risk. The purchaser of Fund units only generates a profit from the sale of his/her Fund units if the increase in value thereof exceeds the frontend load paid when they were purchased and the redemption fee is also taken into account. The front-end load may reduce the profit for the investor or may even lead to losses in the case of a shorter investment period. A risk of loss may be associated with holding assets in custody, primarily abroad; this risk may result from insolvency, a breach of the duty of care or misconduct on the part of the Depositary or sub-depositary (safekeeping risks). The Fund may become a victim of fraud or breach of trust or other criminal acts. It may suffer losses as a result of misunderstandings or errors on the part of employees of the Company, the Management Company or external parties or it due to external events such as natural disasters (operational risks).

## **Risks in relation to the Company's assets**

### **Market risk**

The performance of financial product prices or market value depends particularly on that of the capital markets, which is in turn affected by the general situation of the global economy and the economic and political situations in the relevant countries. Irrational factors such as sentiment, opinions and rumours may also have an impact on general price trends, especially on a stock market.

### **Counterparty default risk**

The Company will be subject to the risk that a counterparty is not able to complete transactions whether it be as a result of insolvency, bankruptcy or for other reasons.

### **Counterparty risk**

Transactions on the OTC markets (on which futures and options, credit default swaps, total return swaps and certain options on currencies as well as other derivative financial instruments are normally traded) are generally subject to less regulation and supervision than transactions which are completed on organised stock exchanges. Many of the protective measures that benefit market players on some of the organised stock exchanges such as the performance guarantee of a stock exchange clearing house may not be applicable in relation to OTC transactions. A sub-fund which concludes OTC transactions is therefore subject to the risk that its direct counterparty does not meet its obligations from the transactions and the sub-fund may incur losses. The counterparty risk increases with contracts that have an extended maturity period as events may prevent agreement being reached or if the sub-fund has geared its transactions towards a single counterparty or a small group of counterparties. The sub-fund only concludes transactions with counterparties that it considers to be creditworthy and is able to reduce the risk incurred in entering into these transactions by accepting letters of credit or securities from certain counterparties. As the OTC market may be illiquid, the conclusion of a transaction or the closing of a position may also not be possible under certain circumstances at the price at which they may be valued at in the sub-fund.

### **Concentration risk**

A risk may occur as a result of concentrating investments in certain assets or markets. In these cases, the Company is particularly dependent on the development of these assets or markets.

### **Liquidity risk**

Liquidity risks arise when a particular security is difficult to sell. In principle, the sub-fund shall only purchase securities which can be resold at any time. Nevertheless, individual securities during particular phases or in certain market segments may possibly encounter difficulties hindering their sale at the intended time. There is also the risk that securities that are traded in a rather tight market segment will be subject to considerable price volatility.

### **Company-specific risks**

Company-specific risks denote risks that directly and indirectly relate to the Company itself. These risks primarily include the situation of the Company in the market environment, management decisions and similar circumstances that directly affect the Company. Other general conditions include in particular the rate of inflation, the level of base interest rates, tax and legal conditions and the general psychology of the market. It has often been the case that shares or entire stock markets are subject to significant price and valuation fluctuations, but the general situation doesn't change.

### **Special features of equities**

Experience shows that equities and equity-like (e.g. index certificates) are subject to major price fluctuations. They therefore offer opportunities for achieving considerable price gains but also involve comparable risks. The factors influencing the price of shares are, in particular, the profit levels of individual enterprises and sectors as well as general economic developments and political perspectives which determine expectations on the stock markets and ultimately the pricing of stocks.



### **Special features of fixed-income securities**

Interest rate movements on the capital markets, which are in turn influenced by general economic factors, have an effect on the prices of fixed-income securities. If the interest rates increase on the capital markets, there may be a negative impact on fixed-income securities. However, if capital market interest rates start to drop, they may increase in price. The changes in price also depend on the term or remaining term of the fixed-income securities. Fixed-income securities with shorter terms are generally exposed to lower price risks than fixed-income securities with longer terms.

### **Issuer risk**

Even with a cautious selection of securities to be purchased, the credit risk, i.e. the risk of losses when issuers become insolvent or are unwilling to pay (issuer risk) cannot be excluded. This may lead to price reductions in the relevant security which exceed the general market fluctuations.

### **Credit risk**

The Company may invest some of its assets in government or corporate bonds. If an issuer of bonds or debt instruments experiences financial or economic difficulties, this may have an impact on the value of the bonds or debt instrument (said instrument may decrease to zero) and on the payments made on these bonds or this debt instrument (these payments may decrease to zero). Due to the dependence on the issuer's credit rating and the general liquidity of the market, there may be an increase in volatility.

### **Country risk**

If the Company focuses on certain countries as part of its investment activities, this will also reduce risk diversification. The Company is therefore particularly dependent on the development of individual countries or mutually interdependent countries or on companies that are registered or active in these countries.

### **Risks with investments in emerging countries**

The political and economic situation in countries with emerging markets may be subject to significant and rapid changes. These countries may be less stable compared to more advanced countries from a political and economic viewpoint and may be subject to a considerable risk of price fluctuations. This instability is caused, inter alia, by authoritarian governments, the involvement of the military in political and economic decisions, hostile relations with neighbouring countries, ethnic and religious issues, etc. This, as well as unexpected political and social developments, may influence the value of the Company's investments in these countries as well as the availability of such investments. There may also in some cases be a delay to the payment of income from the redemption of the Company's shares which are invested in emerging markets. As the securities markets in some of these countries are tried and tested to a much lesser extent and the tradable volumes are potentially limited, the Company may have increased illiquidity and higher administrative expenditure may be required before acquiring an investment.

Investments issued by companies whose registered office is in countries with emerging markets may be affected by the tax policy in those countries. It must also be noted that no precautions will be taken to ensure existing standards. This means above all that the tax regulations may change at any time without prior notice, and, in particular, retroactively. These changes may in certain cases have a detrimental effect on investors.

### **Special features of structured products**

The risk features of derivatives and other special investment techniques and financial instruments as well as the risk features of securities must be taken into account when investing in certificates and structured products. They are also generally exposed to risks from their underlying markets and/or underlying instruments and are therefore often associated with increased risk. The potential risks of these instruments may, for example, arise as a result of complexity, non-linearity, high volatility, low liquidity, limited valuation possibilities, the risk of lack of income or even a total loss of invested capital or due to the counterparty risk.

### **Currency risks**

If assets of the Company are invested in currencies other than the sub-fund's currency, the sub-fund will receive income, repayments and proceeds from those investments in that currency. If the value of that currency should fall against the currency of the sub-fund, the value of the sub-fund's assets will also fall.

Sub-funds in which share classes are offered in a different currency to the base currency may be subject to positive or negative currency effects due to the delay that results from the necessary steps in the order management and booking procedure.

### **Foreign exchange hedging transactions**

Foreign exchange hedging transactions serve to reduce exchange rate risks. As these hedging transactions may only partially hedge the assets of the Company or protect them to a limited extent against exchange rate losses, it cannot be ruled out that changes to the exchange rate may have a negative impact on the performance of the Company's assets.

### **Forward exchange contracts**

Costs and potential losses arising through forward exchange contracts or the acquisition of corresponding option rights and warrants reduce the earnings of the Fund. Transactions with forwards, in particular OTC transactions, entail increased counterparty risk. If a counterparty defaults, the Fund may not receive the expected payments or countervalues. This may result in losses.

### **Risks in relation to securities lending transactions and repos**

In the event of a payment default by the counterparty of a securities lending transaction or repo, the sub-fund may suffer a loss to the extent that the income from the sale of collateral held by the sub-fund in connection with the securities lending transaction or repo is less than the securities handed over. In addition, the sub-fund may also suffer losses as a result of the bankruptcy or other correspondingly similar proceedings against the counterparty of the securities lending transaction or repo or any other form of failure to comply with the return of the securities, such as the loss of interest or the loss of the respective security, as well as default and enforcement costs in connection with the securities lending transaction or repo. It is to be assumed that the use of an acquisition with a repurchase option or a reverse repo and a securities lending agreement will have no significant impact on the performance of the sub-fund. An acquisition used in this way may however have a significant impact – positive or negative – on the net asset value of the sub-fund.

### **Investments through nominees**

Investors who want to invest in a sub-fund through a nominee which invests on behalf of the investor but in their own name should ensure that they are completely aware of their rights and of the funds available to them for exercising these rights against the sub-fund when commissioning the services of this nominee or in the case of a registration through this nominee. The investors should if necessary seek external advice.

### **Credit default swaps**

Credit default swaps (CDS) are generally used to hedge credit rating risks which arise for an investor or a Fund from purchasing bonds or from granting loans.

A credit default swap is an agreement between two parties, with the collateral taker making premium payments to the collateral provider over the term of the hedging instrument so that it is compensated for future losses (credit default payment) if the credit rating of the issuer deteriorates or the issuer defaults (credit event).

The counterparties are first-rate financial institutions which specialise in such business.

### **Legal and tax risk**

The treatment of funds for legal and tax purposes can change in unpredictable ways that cannot be influenced.

Under the version of the German Investment Tax Act in force until the end of 2017, taxes are levied at investor level only, not at fund level. This will change once the Investment Tax Reform comes into force on 1 January 2018.

From this point onwards, certain income generated in Germany (in particular income from dividends, rent and gains from the sale of property) will have to be taxed at fund level. Exemptions to this fund-level taxation are only possible if the fund units are held by certain tax-privileged investors or held under old-age provision or basic pension agreements (Riester/Rürup pension plans). In addition, from 2018 withholding taxes levied on income earned by the fund will no longer be able to be deducted at investor level.

To compensate for prior tax encumbrances, investors may, subject to certain conditions, be entitled to receive a tax-free lump sum of part of the income earned by the fund (referred to as "partial relief"). However, since the partial relief is provided as a flat-rate, this mechanism cannot be relied upon to fully compensate for said charges in all cases.

## **Compliance with data protection and privacy laws**

The General Data Protection Regulation (GDPR) came into effect on May 25, 2018, replacing data protection laws in the European Union previously in effect. The GDPR seeks to harmonize national data protection laws across the European Union while, at the same time, modernizing the law to address new technological developments. The GDPR is automatically binding on entities processing personal data (data controllers or processors) in all member states of the European Union, without the need for national implementation. The GDPR notably has a greater extra-territorial reach and will have a significant impact on controllers and processors having an establishment in the European Union, which offer goods or services to data subjects in the European Union, or which monitor data subjects' behaviour within the European Union. The new regime imposes more stringent operational requirements on both data controllers and processors, and introduces significant penalties for non-compliance with fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach.

Further legislative evolution in the field of privacy is expected. The current ePrivacy Directive will also be repealed by the European Commission's Regulation on Privacy and Electronic Communications (the "ePrivacy Regulation"), which aims to reinforce trust and security in the digital single market by updating the legal framework. The ePrivacy Regulation is in the process of being negotiated and is due to come into force in the near future.

Compliance with current and future privacy, data protection and information security laws could significantly impact ongoing and planned privacy and information security related practices. This includes the collection, use, sharing, retention and safeguarding of personal data and some of the current and planned business activities of the Fund and UIL. A failure to comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect the operating results and overall business, as well as have an impact on reputation.

**Special risks associated with investments in the sub-funds are described in the relevant Annex to this Sales Prospectus.**

## **POTENTIAL CONFLICTS OF INTEREST**

The Company and the Management Company shall maintain adequate and effective organisational and administrative arrangements to take all reasonable steps to identify, prevent, settle and monitor conflicts of interest so as to prevent them from adversely affecting the interests of the Company and its shareholders.

If a member of the Board of Directors of the Company or a member of the Management Board or Supervisory Board of the Management Company has a personal interest that is contrary to the interests of the Company in connection with a business transaction of the Company, he will disclose his contrary personal interest and will not participate in any discussions or votes in connection with this business transaction. This business transaction, as well as the personal interest of the member of the Company's Supervisory Board or a member of the Management Board or Supervisory Board of the Management Company, will be reported to the subsequent shareholders' meeting or General Meeting. The above provisions do not apply to resolutions concerning day-to-day business entered into under normal conditions.

If a quorum cannot be reached due to a conflict of interest of one or more members of the Board of Directors of the Company or one or more members of the Management Board or Supervisory Board, valid resolutions shall be adopted by a majority of the members of the Board of Directors or members of the Management Board or Supervisory Board of the Management Company who are present or represented at such meeting.

No contract or other transaction between the Company and other companies or enterprises is affected or invalidated by the fact that one or more members of the Board of Directors or members of the Management Board or Supervisory Board of the Management Company has/have a personal interest or are directors or members of the Board of Directors, partners, shareholders, authorised signatories or employees of another company or enterprise. A director of the Company or a member of the Management Board or Supervisory Board who simultaneously exercises functions as a managing director, director, member of the Management Board, member of the Supervisory Board or employee in another company or firm with which the Company enters into contracts or otherwise enters into a business relationship is not prevented from expressing his opinion, casting his vote or performing any other actions on all matters relating to such contract or transaction for the sole reason of his membership of such company or firm.

The Management Company, its employees, agents and/or affiliates may act as directors, investment advisors, fund managers, central administration, registrar and transfer agent or otherwise as service providers for the fund or sub-fund. The function of depositary or sub-custodian entrusted with custody functions may also be

performed by an affiliated company of the Management Company. The management company is aware that conflicts of interest may arise due to the various activities it carries out itself in relation to the management of the fund or subfund. In accordance with the Law of 17 December 2010 and the applicable management regulations of the CSSF, the Management Company has sufficient and appropriate structures and control mechanisms, in particular it acts in the best interests of the funds or sub-funds and ensures that conflicts of interest are avoided. Any conflicts of interest arising from the delegation of tasks are described in the "Policy on the management of conflicts of interest" published on the Management Company's website [www.universal-investment.com](http://www.universal-investment.com). Insofar as the interests of investors are affected by the occurrence of a conflict of interest, the Management Company will disclose the nature or sources of the existing conflict of interest on its website. If tasks are outsourced to third parties, the Management Company shall ensure that the third parties have taken the necessary measures to comply with all requirements for the organisation and avoidance of conflicts of interest as laid down in the applicable Luxembourg laws and regulations and shall monitor compliance with these requirements.

### **ISSUING OF SHARES BY THE COMPANY**

All shares are issued and redeemed at an unknown net asset value.

If the Company issues shares, the issue price per share (the "issue price") is based on the net asset value per share for the relevant sub-fund, which is calculated using the method specified under "*Calculating the net asset value*". However, the issue price per share when setting up a sub-fund is a fixed initial issue price which is stated in the Annex for each sub-fund.

The latest issue and redemption prices are also published on the Management Company's website ([www.universal-investment.com](http://www.universal-investment.com)).

The Company may stipulate a minimum subscription amount for each sub-fund which, if applicable, will be stated in the description provided in the Annex for each sub-fund.

The mechanism for calculating the issue price less the subscription fee levied (if applicable) is indicated in the description of the Annex for each sub-fund. The subscription fee(s) is/are allocated to the relevant sub-fund and/or the sales company (as stipulated in the Annex for each sub-fund). The fee(s) can be dispensed with provided that all investors who have submitted a subscription application under the same circumstances for the same trading day are treated equally.

The shares are only issued by the Company once the price for the relevant shares has been received by the Registrar and Transfer Agent (the "Registrar and Transfer Agent"). Payment for the shares must always be made in the currency of the relevant sub-fund as stated in the Annex for that sub-fund. The Company or the Management Company may decide at their own discretion to accept payment in the form of a depositing of assets in accordance with the investment policy and the investment objective of the relevant sub-fund. The valuation of such a subscription in kind must be confirmed in a report issued by the auditor of the Company where required by Luxembourg law.

A correctly completed and irrevocable application must be received by the Registrar and Transfer Agent at the latest by 4:00 pm (Luxembourg time) on the business day before the relevant trading day if this application has to be received in writing via fax or post. After this deadline, application forms received will be processed on the next trading day if the credited subscription amounts have been received in accordance with the following paragraph. Due to the Luxembourg laws on combating money laundering, the Registrar and Transfer Agent requires that the appropriate documents are enclosed with an application to subscribe for shares, as stipulated in the Annex to the subscription form, in order to enable the Registrar and Transfer Agent to check the identity of the investors. The Registrar and Transfer Agent reserves the right to delay the processing of an application until it has received sufficient evidence or documents to comply with the applicable laws.

The subscription price to be paid in the reference currency of the relevant share class must be paid by the investor and received by the Registrar and Transfer Agent within two (2) business days following the valuation date.

The Company and Management Company may refuse subscription applications at their own discretion. The prerequisite for the acceptance of a subscription application is the receipt of credited subscription amounts. Persons who have already made the payment, but whose subscription application has been rejected will receive a refund by credit transfer (interest-free) which is made entirely at the risk of that person. The Company reserves the right to dispense with requirements relating to the minimum subscription amount, the investment advisor/portfolio manager fee and the front-end load from time to time at its own reasonable discretion.

The Company may refuse subscriptions in full or in part, and members of the Board of Directors may at their own discretion suspend the issuing and selling shares of any share classes belonging to one or more sub-funds at any time and in due course without incurring any liability or providing prior notice.

Subject to the Company's prior approval, in specific cases shares may also be issued against contributions in kind of securities and other assets, including when the subscription is accepted, provided that this is compatible with the Company's investment policy and investment objective. The value of this contribution in kind shall be confirmed in a report issued by the auditor of the Company where required by Luxembourg law.

If the Board of Directors decides that it would be detrimental for existing shareholders to accept a subscription for shares of a sub-fund which exceeds a certain amount stipulated by itself, the Board of Directors may delay accepting this subscription and after consulting with the relevant subscriber request that he/she staggers his/her required subscription over an agreed period.

If a subscription is refused in full or in part, the subscription amounts or the outstanding balance will be paid back to the subscriber immediately by postal order or bank transfer without interest in accordance with the applicable laws and at the risk of said subscriber.

### **CONFIRMATIONS FOR THE SHAREHOLDERS**

The shares are issued exclusively in the form of bearer shares. Confirmations of the share portfolio are issued and delivered at the latest on the first business day (the "business day", i.e. any day (except Saturday or Sunday) on which the commercial banks and foreign exchange markets in Luxembourg and Frankfurt am Main process payments, or a day specified in the description provided in the relevant Annex) after the subscription order has been executed. Shares may be issued in fractions of up to three (3) decimal places (0.001) or other fractions as stated in the description in the Annex for each sub-fund.

No share certificates are issued.

Shares may also be issued in the form of a global certificate and traded through Euroclear and Clearstream or another approved clearing system.

The Management Company may also decide that subscription applications can be made by electronic data exchange.

### **REDEMPTION OF SHARES BY THE COMPANY**

All shares are redeemed at an unknown net asset value.

A shareholder may request the redemption of shares on any trading day of the relevant sub-fund provided that this application has been received by the Registrar and Transfer Agent in writing via fax or letter and (where applicable) the relevant share certificates are enclosed as well as the documents that provide evidence of the transfer of shares within the permitted period for the relevant sub-fund (and the relevant share class) which is stated in the Annex. If the application is received outside of this period, the Registrar and Transfer Agent will postpone the redemption until the next trading day. The Company must accept this application and redeem the relevant shares. Applications for share redemptions are irrevocable once they have been received by the Registrar and Transfer Agent. Shares redeemed by the Company are cancelled.

A redemption fee which is stated in the Annex for each sub-fund may be charged (where appropriate). As stipulated in the description of the relevant Annex, the redemption fee may be allocated to the relevant sub-fund and/or the sales company. The redemption fee can be dispensed with provided that all shareholders who have submitted a redemption application under the same circumstances for the same trading day are treated equally.

Redemption applications must be received by the Registrar and Transfer Agent at the latest by 4:00 pm (Luxembourg time) on the business day before the relevant trading day. The proceeds from the redemption will be paid out at the latest on the payment date.

Unless otherwise stated in the relevant Annex, the redemption applications must contain the number, form, share class and the name of the sub-fund holding the shares to be redeemed as well as the necessary reference information for enabling the redemption proceeds to be paid out. Notifications with the order confirmation will

be sent to the shareholders at the latest on the first business day after the redemption application has been executed.

On any given valuation date, the Company is not obliged to redeem more than 10% of the shares issued up to that point. If redemption applications are received by the Company on any given valuation date with a higher number of shares, the Company reserves the right to postpone the redemption of shares exceeding 10% of the shares issued up to that point until the fourth (4th) valuation date following the current valuation date. These applications will have priority over applications received at a later date on these trading days.

The redemption price to be paid by the Company to redeem its shares is the same as the net asset value per share (see section "*Calculation of the net asset value*") on the trading day on which the shares are redeemed, less (if applicable) a redemption fee as stated in the relevant Annex. The redemption price shall be paid in the sub-fund currency stated in the relevant Annex.

The redemption price may be higher or lower than the price paid by the shareholder at the time of the subscription/the purchase depending on whether the net asset value per share has increased or decreased.

The redemption price must be paid within a period after the relevant trading day, or after the date on which the share certificates (if issued) have been received by the Registrar and Transfer Agent, which is specified in the description within the relevant Annex.

The Company shall endeavour to maintain a sufficient level of liquidity for its assets so that under normal circumstances the shares can be redeemed without delay once an application has been submitted by the shareholders.

However, if in exceptional circumstances over which the Management Company or the Company have no influence, the liquidity of the investment portfolio of individual sub-funds is not sufficient to enable payments to be made within the normal period, these payments will be made as soon as possible following this.

The shareholders should be aware that the Company can redeem the entire existing shareholding if a redemption application relates to a partial redemption of an existing shareholding and the remaining balance of the shareholding is below the minimum investment value. The minimum investment value for each share class is indicated in the relevant Annex.

Due to the Luxembourg laws on combating money laundering, the Registrar and Transfer Agent requires that the documentation enabling said Registrar and Transfer Agent to check the identity of the shareholder and to fill out the AML and KYC documents for the investor, which are explained in more detail on the subscription form be attached to the application for redemption of shares. The Registrar and Transfer Agent reserves the right to delay the processing of an application until it has received satisfactory evidence or information to comply with the applicable laws.

The redemption price may also be paid by allocating securities with the same value as the redemption price at the request of a shareholder and with the approval of the Company. Securities transferred to a shareholder of the Company instead of the redemption price are determined according to their sort and type in an equitable manner and in a way that does not harm the interests of other shareholders. The value of all securities transferred from the Company or paid into the Company must be confirmed by the independent auditor of the Company in an evaluation report.

The Management Company may also decide that redemption applications can be made by electronic data exchange.

Furthermore, the Management Company or any delegate is responsible to register the ultimate beneficial owners of the Company with the Luxembourg beneficial owner register in accordance with the provisions of the Luxembourg law of 13 January 2019 on the register of beneficial owners (registre des bénéficiaires effectifs) ("RBE Register Law"). As a consequence certain beneficial owners fulfilling the conditions of such RBE Register Law will appear in such register, which is also available to the public. The Management Company or its delegate respectively will contact concerned beneficial owners before their registration is carried out.

## **TRANSFERRING SHARES**

A shareholder may in principle request the transfer of all or some of his/her shares to another person. The transfer can only be effected if the Company is of the opinion that the transferor and the transferee meet all the

requirements which apply to the redemption and subscription of shares which are explained in more detail in the relevant Annex. Reasonable fees may be charged for these transfers.

The shares may normally be transferred by sending a certificate of transfer in an appropriate form (the "transfer application") to the Registrar and Transfer Agent. When the transfer application has been received and the endorsement(s) have been checked, the signatures may have to be confirmed by an authorised bank, a stockbroker or a notary.

The right to transfer shares is subject to compliance with the minimum investment amount specified in the relevant Annex.

It is recommended that shareholders contact the Registrar and Transfer Agent before requesting a transfer in order to ensure that they have the right documents for the transaction.

Transfer applications must be received by the Registrar and Transfer Agent on the day indicated for each sub-fund in the relevant Annex and up to the time also indicated therein, which also applies to subscriptions and redemptions. Transfer applications which are received by the Registrar and Transfer Agent on a day that is not a business day or after the deadline on a business day or which are deemed to be received by said Registrar and Transfer Agent will be considered as being received on the next business day.

### **RESTRICTIONS ON SHAREHOLDINGS**

Investors should be aware that some sub-funds or share classes are not available for all investors.

The Company reserves the right to offer only one or more share classes for purchase to investors in a particular country in order to adhere to local laws, customs or business practices or for other reasons.

The Company may also reserve one or more sub-funds or share classes solely for institutional investors (in accordance with Article 174 of the Law of 2010 as interpreted by the CSSF).

The restriction on shareholdings is described in the relevant Annex.

### **USE OF INCOME / DIVIDENDS**

The Company's Board of Directors proposes to the General Meeting that dividends be distributed appropriately from the distributed shares of the sub-fund on an annual basis whilst ensuring that the net asset value does not drop below the minimum capital of the Company.

Distributions may be made at regular and irregular intervals. Subject to the same restriction, the Board of Directors may also stipulate interim distributions.

A distribution is carried out for the shares which are in circulation on the distribution date.

No dividend payments are made on accumulation shares, but the values allocated to the accumulation shares are reinvested in favour of the investors who hold them.

The dividend policy of the individual sub-funds and share classes is described in the relevant Annex.

## CREATING ADDITIONAL SUB-FUNDS AND SHARE CLASSES

The Company may create additional sub-funds and/or share classes at any time. In this case, the Sales Prospectus will be amended. If different share classes are issued within a sub-fund, detailed information on each share class will be included in the description of the Annex for each sub-fund.

## CALCULATION OF THE NET ASSET VALUE

The net asset value per sub-fund, the net asset value per share, the net asset value per share class, the redemption price of shares and the issue price of shares are calculated on each valuation date and at least twice a month. The valuation dates for each sub-fund are indicated in the Annex for each sub-fund.

The net asset value of each sub-fund and the net asset value of the relevant share class are stated in the currency of the individual sub-funds as specified in the respective Annex. The reporting currency of the Company may be the euro, but the net asset value will be made available in the currency of the individual sub-funds indicated in the Annex for each sub-fund. The net asset value is calculated separately on each valuation date for all shares of each sub-fund and for each share class by dividing the total net asset value of the relevant sub-fund and the relevant share class by the appropriate number of shares in circulation of this sub-fund and of the relevant share class.

The net asset value is calculated by subtracting the total liabilities of the sub-fund or share class from the total assets of this sub-fund or share class; this calculation is made in accordance with the principles in the Company's Articles of Association and other valuation principles which may be adopted by the Company's Board of Directors.

### Valuation of investments

Investments are valued as follows:

- (1) The value of all cash or time deposits, bills of exchange, bills on demand and receivables, accruals and deferrals, cash distributions and interest declared or accumulated but not yet received is determined as their full nominal value unless it is unlikely that this value will be paid or received in full. In this case, the value is determined after a provision has been formed which the Company considers appropriate to reflect the actual value of these assets.
- (2) The value of all securities listed on an official stock exchange is determined at their latest available price. If the securities are listed on more than one stock exchange, the Company's Board of Directors may select, at its own discretion, one stock exchange as the main stock exchange for this purpose.
- (3) Securities traded on a regulated market are also valued in the same way as listed securities.
- (4) Securities which are not traded on an official stock exchange or traded on a regulated market are valued by the Company in accordance with the valuation principles agreed by the Board of Directors at a price that is not lower than the bid price and not higher than the ask price on the relevant valuation date.
- (5) Derivatives and pension transactions which are not listed on an official stock exchange or traded on a regulated market are valued by the Company in accordance with the valuation principles agreed by the Board of Directors on the basis of their marked to market price.
- (6) Term deposits are valued at their current value.
- (7) Tradable options and futures contracts to which the Company is a party and which are traded on a stock exchange, financial futures stock exchange or other stock exchanges are valued with reference to the profit or loss which occur when closing the relevant contract or directly before close of trading on the relevant market.

All securities and other assets whose valuation in accordance with the above provisions would not be possible or feasible or would not be representative of their fair realisable value are valued at their fair realisable value, estimated with due diligence and in good faith in accordance with the procedure stipulated by the Company's Board of Directors.



The amounts calculated in accordance with these valuation principles are converted into the currency of the accounts of the sub-fund at the average exchange rates, using the prices stipulated by a bank or another first-rate financial institution as the basis for this calculation.

### **Valuation of liabilities**

The liabilities of the Company include:

- (1) all loans, bills of exchange and other amounts due;
- (2) all due or accumulated administrative costs including (inter alia) the costs incurred from its establishment and registration with the regulatory authorities as well as legal and auditing costs and expenses, the costs of mandatory publications, listing costs, the Sales Prospectus, financial reports and other documents made available to shareholders, translation costs and all other general expenses incurred through managing the Company;
- (3) all known liabilities that are due or not yet due, including all due contractual obligations for payment in cash or in kind including the amount of all distributions determined by the Company which are not paid out by the day on which these distributions revert back to the Company in accordance with legal provisions;
- (4) all reasonable provision amounts for taxes due on the valuation date of the net asset value and other provisions authorised and approved by the Board of Directors; and
- (5) all other liabilities of the Company to third parties of any type.

In order to measure the value of its liabilities, the Company may take into account all ongoing and regular administrative and miscellaneous costs, measuring these costs for the entire year or a different period and dividing the relevant amount pro-rata by the relevant fractions for this period.

The amounts calculated in accordance with these valuation principles are converted into the currency of the sub-fund accounts at the respective exchange rates, using the corresponding prices specified by a bank or another first-rate financial institution as the basis for this calculation.

### **SUSPENSION OF THE SALE OR REDEMPTION OF SHARES AND OF THE CALCULATION OF THE NET ASSET VALUE**

The Company may temporarily suspend all calculations relating to net asset value and/or the sale or redemption of sub-fund shares if one of the following events occur:

- (a) during any period (apart from ordinary weekends or holidays) in which a stock exchange or another regulated market, which operates regularly and is recognised and open to the public and on which a significant portion of the assets of the Company is listed or traded, is closed, or during which trading on this stock exchange or market is suspended or restricted;
- (b) in the event of circumstances which in the opinion of the Board of Directors constitute an emergency as a result of which the sale or valuation of the assets attributable to a sub-fund is not feasible;
- (c) in the event of a failure or breakdown of the communication media and calculation systems which are normally used to calculate the price or value of assets attributable to a sub-fund;
- (d) in a period in which the Company is unable to repatriate funds to pay for redemptions of shares, or in which funds connected with the implementation or acquisition of investments or due payments for redemptions of shares cannot in the view of the Board of Directors be transferred at normal exchange rates;
- (e) if for any other reason the prices of components of a sub-fund's assets cannot be promptly or accurately determined;
- (f) in the event of the Company's liquidation or where a closure notification is published in relation to the liquidation of a sub-fund or a share class;

- (g) if, in the opinion of the Board of Directors, it is impossible or unfair to shareholders to continue trading in the shares due to circumstances beyond the control of the Board of Directors;
- (h) in the event that a sub-fund is merged with another sub-fund of the Company or another UCITS (or a sub-fund thereof) if this suspension is in the interests of the shareholders; or
- (i) if the calculation of the master UCITS's net assets is suspended in the case of a feeder sub-fund.

The Company suspends the sale and redemption of shares immediately if an event occurs which causes it to initiate its liquidation, or by order of the CSSF.

Shareholders who have applied for the redemption of their shares or asked the Company to issue shares will be informed in writing of this suspension within seven days of their making their application and will be informed immediately when this suspension comes to an end.

The suspension of a sub-fund or a share class has no impact on the calculation of the net asset value or on the issue or redemption of shares in another sub-fund or share class if the aforementioned circumstances do not arise in relation to the other sub-fund or share class.

## **LIQUIDATION, MANDATORY REDEMPTION AND MERGERS**

### **Liquidation**

The Company or a sub-fund may be liquidated at any time by decision of the shareholders' General Meeting according to the provisions of the Law of 10 August 1915. The liquidation shall be undertaken by one or more liquidators who may be natural or legal persons that are appointed by the General Meeting of shareholders at which the liquidation was resolved. The powers and remuneration of the liquidator(s) shall be determined at the General Meeting of shareholders.

If the Company's net assets fall below half the value of the Company's registered capital, the Board of Directors must convene an extraordinary General Meeting within two (2) months of when it becomes aware of or should have become aware of this fall. The Board of Directors must promptly convene an extraordinary General Meeting to discuss the liquidation of the Company if the net assets of the Company fall below two thirds of the statutory minimum capital; no quorum is required for the decision to liquidate the Company, which is effective if passed by a simple voting majority of the shares present or represented at the meeting. If the net assets of the Company fall below a quarter of the statutory minimum capital, no quorum is required for the decision to dissolve and liquidate the Company, which is effective if passed by a simple majority of votes representing a quarter of the shares present or represented at the meeting.

The liquidator(s) shall sell the assets of the Company in the interests of shareholders and distribute the net proceeds from the liquidation, less the liquidation fees and costs, to the shareholders in proportion to their shareholding based on the relevant net asset value per share of the relevant share classes or categories.

If prescribed by law at the relevant point in time, amounts in respect of which no claim has been made following the completion of the liquidation are converted into euros and deposited by the liquidator(s) with the "*Caisse de Consignation*" in Luxembourg on behalf of the authorised claimants until the statutory period of limitation has expired.

### **Mandatory redemption**

If the net value of the total assets of a sub-fund or a share class on a particular trading day is lower for one (1) month than the minimum net value of the total assets for the relevant sub-fund, or if the Company believes a change in the political or economic situation may be detrimental to a sub-fund or a share class and to the interests of the relevant shareholders, the Board of Directors may decide upon the mandatory redemption of all the shares of the relevant sub-fund or share class at the net asset value per share without charging a redemption fee (the net sales prices of the investments and the costs of the sale must be taken into account); the redemption is calculated on the trading day which is specified as the date on which this redemption came into effect. The Company shall notify the affected shareholders of the redemption in writing and/or through publication in daily newspapers in accordance with the Articles of Association. This notification to the shareholders will include the reasons for the redemption measure.

In addition, the General Meeting may decide to redeem all the shares issued in the respective sub-fund or share class and to repay to the shareholders the net asset value per share for their shares (the net sales prices of the investments and the costs of the sale must be taken into account); the calculation is made on the trading

day on which this decision takes effect. There are no attendance requirements for this General Meeting of shareholders, whose decision is effective with a simple majority of the shares present or represented.

Any subscription and redemption applications are suspended as from the time when the decision is taken to undertake mandatory redemption of the shares issued in the respective sub-fund or share class.

All shares that have been redeemed are cancelled and declared void. Following mandatory redemptions, the respective sub-fund or share class is closed.

Redemption proceeds which cannot be distributed to the relevant shareholders are deposited with the *Caisse de Consignation* for the eligible claimants until the statutory limitation period expires.

### **Merger**

Furthermore, the Board of Directors will decide to undertake the merger of a sub-fund unless the Board of Directors decides to submit the merger resolution at a General Meeting for that sub-fund. In accordance with the procedure in Section 8 of the Law of 2010, the Board of Directors may merge a sub-fund with another UCITS or with a sub-fund of this UCITS (irrespective of whether this sub-fund has been established in Luxembourg or in another Member State or whether this UCITS has been established as a Company or is a contractually defined investment fund) in accordance with the provisions of the Directive 2009/65/EC.

This merger is binding for the shareholders of the relevant sub-fund if said shareholders have been informed of it in writing with thirty days' notice in which the shareholders may redeem their shares; this means an agreement has been reached that the merger comes into effect five business days after this notice period has expired.

The application of a shareholder to redeem shares in the aforementioned period will be processed free of charge.

If the Company decides upon its dissolution as a result of a merger, this decision must be taken by means of a resolution which is passed at a General Meeting and certified by a notary. There are no attendance requirements for this General Meeting and it makes decisions with a simple majority of the shares present or represented which have voting rights at this meeting.

## **FISCAL CONSIDERATIONS**

The following is a general description of the law and the de facto practice which is currently in effect on the date of this Sales Prospectus in the Grand Duchy of Luxembourg in relation to the Company and the shares. It does not claim to be a comprehensive discussion on the fiscal treatment of shares. Potential investors should consult their own professional advisor about the consequences of an investment in shares or about their ownership or sale and the receipt of interest for these shares in accordance with the laws of the countries in which they are subject to taxation. Tax rates and tax assessment bases may be subject to change.

The following composition was created on the basis of the Company's understanding of the currently valid legislation and the de facto practice in the Grand Duchy of Luxembourg and is subject to the same changes.

### **The Company**

In Luxembourg the Company is exempt from paying corporation tax, trade tax and the tax on assets. The Company's income and profits may however be subject to a withholding tax or other taxes in the countries where the Fund's assets are invested. The issuing of shares in Luxembourg is not subject to tax.

The Company is in principle liable to pay a "taxe d'abonnement" within the Grand Duchy of Luxembourg pursuant to Article 174 of the law of 2010, at a rate of 0.05% p.a., which is payable every quarter on the value of the Company's net assets as stated at the end of each quarter. The "taxe d'abonnement" rate reduces to 0.01% p.a. if the investment in sub-funds or share classes is restricted to "institutional investors". An exemption from the "taxe d'abonnement" applies to the value of the shares held by the Company in other UCIs insofar as they have already been subject to the "taxe d'abonnement".

## **The shareholders**

The Company's dividend distributions are not subject to any Luxembourg withholding tax and they are not taxed in Luxembourg in the case of shareholders who do not have their tax domicile in Luxembourg. Different rules may apply to shareholders who do have their tax domicile in Luxembourg.

The shareholders are responsible for seeking advice regarding fiscal and other consequences which may result from subscribing for, owning, redeeming (redemption) and transferring shares, including regarding rules for monitoring the movement of capital.

## **DATA PROTECTION**

Certain personal data of investors (especially the name, address and investment amount of each investor) can be collected and/or processed and used by the Fund and UIL.

The Fund and UIL is/are committed to maintaining the privacy and integrity of all personal data processed in relation to the Fund. The Fund and UIL shall process personal data in compliance with the applicable data protection laws, including, but not limited to, Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "GDPR").

The shareholder acknowledges having read and understood the Privacy Notice available at <https://www.universal-investment.com/en/privacy-notice-investors-ubos>. This Privacy Notice may be amended from time to time and shall be maintained at all times via the aforementioned link.

## **ANTI-MONEY LAUNDERING**

In accordance with the Luxembourg Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended, the Grand-Ducal Regulation of 1 February 2010, CSSF Regulation 12-02 of 14 December 2012 on the fight against money laundering and terrorist financing, and the relevant CSSF circulars and regulations, professionals of the financial sector, as defined under Art. 2 of the Law of 2004, are subject to certain anti-money laundering and counter-terrorist financing obligations in order to prevent the use of undertakings for collective investment for money laundering purposes. This includes, inter alia, the obligation to identify and legitimise investors and investment funds.

The Management Company or the Registrar and Transfer Agent of the Fund implements these identification proceedings and, if necessary, carries out a detailed verification in accordance with these requirements.

Investors must attach their identification documents as required by law to the subscription documents. These documents vary depending on the type or corporate form of the investor.

The Fund and the Registrar and Transfer Agent reserve the right to request (additional) relevant information which is required to verify the identity of an applicant. If there is a delay or if the applicant fails to deliver the information required for verification purposes, the Management Company or the Registrar and Transfer Agent may refuse the application and will not be liable for any interest, costs or compensation.

The Management Company reserves the right to refuse an application in full or in part for any reason. The monies paid as part of an application or corresponding balances are in this case immediately returned to the applicant either into the account he/she has specified or by post at the applicant's own risk, provided that the identity of the applicant can be reliably established in accordance with the Luxembourg money laundering requirements. The Fund or the Management Company is in this case not liable for any interest, costs or compensation.

The collection of data pursuant to the subscription process shall be for the sole purpose of complying with the requirements on the prevention of money laundering. All documents retained for this purpose will be held for five years after termination of the business relationship.

## **COMPANY FEES**

### **Management Company fee**

The Management Company is entitled to a fee for each share class within each sub-fund. This fee is dependent on the average net asset value over the relevant period. The Management Company fee to be charged for the

individual sub-funds or share classes is indicated in the relevant Annex. The actual amount of this fee is disclosed in the financial reports.

#### **Remuneration of the portfolio manager or investment adviser**

The portfolio manager or investment adviser receives a fee directly from the relevant sub-fund(s) or from the management fee, the amount of which is stated in the respective Annex for each share class of each sub-fund. The actual amount of this fee is disclosed in the financial reports.

#### **Distribution fee**

The distribution fee to be charged for the individual sub-funds or share classes is indicated in the relevant Annex.

#### **Fee of the Domiciliary Agent, Corporate Services Agent and Registrar and Transfer Agent**

The Company pays monthly fees for the services provided by the Domiciliary Agent and Corporate Services Agent, the Registrar and Transfer Agent and for stock exchange listing services in accordance with usual banking practice in Luxembourg. The Company also pays all appropriate cash expenditure and expenses and fees incurred from the assets of the relevant sub-fund.

The fees are stated in the Annex for the relevant sub-fund. The actual amount of these fees is indicated in the financial reports.

#### **Fee for the Depositary and Paying Agent**

The Depositary is entitled to a fee which is payable from the assets of the Company and which is calculated in accordance with usual banking practice in Luxembourg and is stated in the Annex for each sub-fund. The Depositary is also entitled to the reimbursement from the assets of the sub-fund concerned of its appropriate cash outlays, expenses and the fees for correspondent banks.

The fees are stated in the Annex for the relevant sub-fund. The actual amount of these fees is indicated in the financial reports.

#### **Launch costs**

The Company pays its foundation costs, including the costs and expenses for drawing up the first Sales Prospectus, and the legal and miscellaneous costs and expenses incurred in stipulating the Company structure. These expenses are allocated on a pro-rata basis to the first sub-fund and written off over a period of five (5) years for accounting purposes. The writing off of costs can be shared with new sub-funds at the discretion of the Board of Directors. Costs relating to the launch of additional sub-funds are charged to these additional sub-funds and written off over a period of five (5) years following the launch of the relevant sub-fund.

#### **Other expenses**

The Company will also pay all the Company's administrative costs that are payable or accumulated, including all fees to be paid to the Company's Board of Directors, representatives and officials and the costs of their registration with the regulatory authorities as well as legal, auditing and administrative costs, the costs of performance analyses and other special reports, company fees and expenses, government duties, the costs of mandatory publications, sales prospectuses, financial reports and other documents to be provided for the shareholders, as well as marketing and advertising costs and all other general expenses that result from managing the Company. All expenses are accumulated on each valuation date in order to determine the net asset value and they are initially debited from income.

The costs incurred in managing the Company during the reporting period and charged to the Company (except for transaction costs) are indicated in the annual report and are shown in relation to the average volume of the Company (TER – "Total Expense Ratio").

The Management Company may make use of the services of third parties for the management of derivative transactions and collateral. The Management Company has the right to charge a fee in respect of the sub-fund assets or one or more share classes. These fees shall not be covered by the management fee and they shall consequently be additionally charged to the sub-fund assets by the Management Company.

Furthermore the Company will pay the costs for the appointment of a proxy for the handling of general meetings amounting to EUR 130 per general meeting. If the settlement is carried out for several investment funds, a pro rata calculation is made for the fund. The number of General Meetings that the voting proxy handles for the fund depends on the current portfolio composition. There is therefore no maximum amount that can be determined or estimated in advance."

#### **Repayment of collected management fees to certain investors and commission sharing agreements**

At its sole discretion, the Management Company may agree with individual investors to repay to these investors part of the management fee which it has collected from them. This applies especially if institutional investors invest large amounts directly and on a long-term basis.

The Management Company generally passes on portions of its management fee to intermediaries. This is done as remuneration for sales services on the basis of brokered stocks. This may also involve significant portions. The Management Company does not receive any refunds from the remuneration and reimbursement of expenses that is to be paid from the Fund's assets to the Depositary and third parties. Non-cash benefits which are offered by brokers and dealers and used by the Management Company in the interests of investors remain unaffected. The Management Company may enter into agreements with selected brokers pertaining to the provision of research or analysis services for the Management Company, under which the respective broker transfers to third parties, either immediately or subsequently, portions of the payments it receives pursuant to the relevant agreement from the Management Company for the purchase or sale of assets to brokers. The Management Company will use these broker services for the purposes of managing the investment fund ("commission sharing agreement").

The Company or Management Company may make use of derivative transactions and collateral for derivative transactions which result from the provision of services by third parties. This involves these third parties jointly receiving a fee at the market rate which is charged to the relevant sub-funds. The Company or Management Company may charge the Fund, a sub-fund or one or more share classes a lower fee at its own discretion or exempt them from this fee. The latter fees are not covered by the administrative fee and the Fund/sub-fund will therefore also not be charged said fees. The Company discloses the fees calculated by these third parties for all share classes in the annual and semi-annual reports.

### **REPORTS AND GENERAL MEETINGS**

The Company sends an audited annual report to the shareholders within four months of the year end containing information on the Company's assets, activities and results. The Company sends an unaudited semi-annual report to the shareholders within two months of the end of the first half-year with information on the assets and activities of the Company in this period. The Company's financial year begins on 1 January and ends on 31 December of each year.

The net asset value, redemption price and issue price of each share class is (unless otherwise stated in Annex for the respective sub-fund) available on or before the payment date (the "payment date" stated in the Annex for the relevant sub-fund) in Luxembourg at the Company's registered office and the premises of the Depositary and the Paying Agent. The Company reserves the right to introduce a list of media in which this information is published. The media list selected (where applicable) by the Company is published in the annual and semi-annual report. The annual report and all the Company's other regular reports are made accessible to the shareholders at the Company's registered office and the Depositary.

Shareholder meetings are convened in accordance with Luxembourg law. The ordinary Annual General Meeting is held on 27 April of each year at 10:00 am. If this day is not a business day in Luxembourg, the General Meeting will be held on the following business day in Luxembourg.

Other General Meetings are held on the dates and at the locations which are specified in the invitations to these meetings.

Invitations to General Meetings and other meetings are issued in accordance with Luxembourg law. They will be published at least fifteen (15) days in advance in the RESA, in a Luxembourg daily newspaper, and in other newspapers if the Board of Directors deems it necessary. If it is legally required or is considered to be appropriate by the Board of Directors, these invitations will also be published in other newspapers in the respective sales countries. The published notices and invitations contain information about the location and time at which General Meeting is to be held as well as the agenda. The shareholders of a sub-fund or a share class may hold General Meetings at any time on issues that relate solely to this sub-fund or this share class.

The shareholders of a sub-fund or a share class may hold General Meetings at any time on issues that relate solely to this sub-fund or this share class.

If legally permitted, the invitation to a General Meeting may require that the quorum and the majority requirements are assessed based on the number of shares issued and in circulation at midnight (Luxembourg time) on the fifth day before the relevant meeting (the "determination date"). In this case, the entitlement of a shareholder to attend the General Meeting is determined in relation to his/her shareholding on the determination date.

### **GOVERNING LAW AND JURISDICTION**

Legal disputes between the Company, investors, the Depositary and Paying Agent, the Management Company, the Domiciliary Agent, the Central Administration Agent, the Registrar and Transfer Agent, the portfolio managers, the investment advisers and any sales agents are subject to the jurisdiction of the Grand Duchy of Luxembourg. Luxembourg law shall apply. However, in relation to claims of investors from other countries, the aforementioned bodies may submit to the jurisdiction of the countries in which shares are offered and sold.

Legal disputes arising among or between the shareholders, the Company and the Management Company or the Depositary shall be subject to the jurisdiction of the competent court in Luxembourg; the Company may however submit to the jurisdiction of the competent courts in those countries where this is stipulated by provisions for registering shares for offer and for sale to market participants in relation to subscription and redemption issues or other claims connected with the ownership of shares by persons who are resident in that country or claims which have clearly been made in such a country. Claims of shareholders against the Company or the Depositary shall lapse 5 years after the date of the event which led to these claims (with the exception of claims of shareholders to the liquidation proceeds to which they are entitled, which shall lapse 30 years after they have been filed with the *Caisse de Consignation* in Luxembourg).

### **GENERAL INFORMATION**

The following documents can be viewed at the Company's registered office during normal business hours on weekdays (except Saturdays):

- the Articles of Association;
- the Management Company agreement;
- the Key Investor Information Document (KIID);
- the agreement (the agreements) with the portfolio manager/investment advisor and
- the agreement with the Depositary and Paying Agent, and
- the agreement with the Transfer Agent and Registrar and the Domiciliary Agent.

The current Sales Prospectus, the "Key Investor Information Document" as well as the annual and half-yearly reports for the Fund can be obtained free of charge from the Management Company's website ([www.universal-investment.com](http://www.universal-investment.com)). Hard copies of the current Sales Prospectus, the "Key Investor Information Document" as well as the annual and half-yearly reports for the Fund are also available free of charge from the registered office of the Management Company and from any sales agents.

Information, particularly notices to investors, is also published on the Management Company's website ([www.universal-investment.com](http://www.universal-investment.com)). In addition, notices will be published in Luxembourg in the RESA and in a Luxembourg daily newspaper, where required by law, and also, if required, in another daily newspaper that has sufficient circulation.

In cases where disputed claims are enforced for the Company in or out of court, the Management Company may charge a fee of up to 5% of the amounts collected for the Company, after deducting and offsetting the expenses incurred by the Company as a result of these proceedings.

**The Company hereby informs investors that an investor may only exercise directly the full extent of his/her investor rights in relation to a UCITS if the investor is entered in the register of shareholders of the UCITS under his/her own name. If an investor has invested in one or more UCITS via an intermediary who has made the investments in his/her own name on behalf of the investor, the investor will under certain circumstances be unable to exercise all his/her investor rights directly in relation to the UCITS. Investors are advised to be aware of their rights.**



## ANNEX I

### FPM Funds Stockpicker Germany All Cap

("FPM Funds Stockpicker Germany All Cap" or the "sub-fund")

In addition to the information provided in and the provisions of the "General Section" of this Sales Prospectus, the following provisions apply to the sub-fund. This Annex is therefore only applicable in conjunction with the latest Sales Prospectus.

<b>Name of the sub-fund</b>	<b>FPM Funds Stockpicker Germany All Cap</b>
<b>Currency of the sub-fund</b>	EUR
<b>Investment objectives</b>	<p>The aim of the FPM Funds Stockpicker Germany All Cap sub-fund's investment principles is to generate the maximum appreciation of the investments in euros.</p> <p>No assurance can be given that the objectives of the investment policy will be achieved.</p>
<b>Investment principles</b>	<p>These entail at least 75% of the sub-fund's assets being invested in shares of issuers based in an EU Member State, Norway and/or Iceland.</p> <p>The sub-fund also invests in share certificates, convertible bonds, convertible and warrant bonds, participation certificates, warrants on securities and variable and fixed-interest securities from issuers with their registered office in the Federal Republic of Germany. The assets of the sub-fund may also be invested in any other permissible assets.</p> <p>Up to 10% of the value of sub-fund assets may be invested in investment units and shares in investment stock corporations.</p> <p>The sub-fund may employ derivative financial instruments such as forwards, futures, single stock futures and options for investment and hedging purposes</p> <p>The sub-fund will not conclude any securities financing transactions or Total Return Swaps in accordance with Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.</p> <p>No investments are made in Asset Backed Securities (ABS) and Mortgage Backed Securities (MBS).</p> <p>Additionally for tax purposes: At least 51% of the value of the fund/sub-fund net asset value shall be invested in the following equity investments:</p> <ul style="list-style-type: none"> <li>- units in corporations admitted for official trading on a stock exchange or another organised market, which meet the requirements of a regulated market, or included in such a market, provided they are not units in investment funds;</li> <li>- units in other investment funds either at the unit value price published on the valuation date at which they actually invest in equity participations as defined by § 2(8) of the German Investment Tax Act, or at the minimum price stipulated in the other investment fund's investment conditions.</li> </ul>
<b>Investor profile</b>	<p>The Fund is designed for <u>risk-oriented investors</u> seeking profitable investments offering targeted opportunities for improving returns and who accept unavoidable and occasionally substantial fluctuations in the value of speculative investments. High risks resulting from price fluctuations and high credit rating risks are likely to result in temporary price falls, while the higher earnings expectations and greater risk appetite mean that there is a possibility of incurring significant losses of the capital invested.</p>

<b>Risks with an impact on sub-fund performance</b>	The sub-fund has <b>significantly increased</b> volatility due to its composition and the technique used by the fund management. This means that the share prices may also be subject to <b>significant upward or downward fluctuations</b> even within short periods. <b>The sub-fund is therefore only suitable for experienced investors who are aware of the opportunities and risks entailed in volatile investments and are also able to cope with temporarily high losses.</b>	
<b>Management Company</b>	Universal-Investment-Luxembourg S.A.	
<b>Depository</b>	Hauck & Aufhäuser Privatbankiers AG, Luxembourg Office	
<b>Transfer Agent and Registrar</b>	Hauck & Aufhäuser Privatbankiers AG Fund Services S.A.	
<b>Paying Agent in Luxembourg</b>	Hauck & Aufhäuser Privatbankiers AG, Luxembourg Office	
<b>Portfolio manager</b>	FPM Frankfurt Performance Management AG	
<b>Share value calculation</b>	Each banking day in Luxembourg and Frankfurt am Main (with the exception of 24 and 31 December of every year)	
<b>Payment of issue and redemption price</b>	Within two (2) business days after the valuation date	
<b>Financial year</b>	1 January to 31 December	
<b>Term of the sub-fund</b>	Unlimited	
<b>Order acceptance</b>	All orders are processed based on an unknown share value. Orders received by the Registrar and Transfer Agent by 4:00 pm (Luxembourg time) at the latest on a valuation date shall be settled on the basis of the share value on that valuation date. Orders received after 4:00 pm (Luxembourg time) shall be settled on the basis of the share value on the following valuation date.	
<b>Issuing fractions of shares</b>	Sub-fund shares may also be issued in fractions with up to three decimal places. Share fractions entitle the holders to a share in any distributions on a pro-rata basis.	
<b>Share classes</b>	C	I
<b>ISIN</b>	LU0124167924	LU0850380873
<b>WKN</b>	603 328	DWS1TV
<b>Launch date</b>	29 January 2001	20 December 2012
<b>Initial issue price</b>	EUR 104 (incl. front-end load)	EUR 10,000
<b>Share class hedging</b>	N/A	N/A
<b>Front-end load</b> (borne by the shareholder)	up to 3.0%	none
<b>Redemption discount</b> (borne by the shareholder)	none	none
<b>Use of income</b>	distributing	distributing
<b>Minimum investment*</b>	none	EUR 3,000,000
<b>Taxe d'abonnement</b>	0.05% p.a.	0.05% p.a.

<b>Management fee</b> (borne by the sub-fund)	up to 1.05% p.a.; currently not subject to Luxembourg value added tax.	up to 0.8% p.a.; currently not subject to Luxembourg value added tax.
	The management fee also comprises the portfolio manager fee. In return for managing the sub-fund, the Management Company receives a fee based on the average value of the investment assets which is payable quarterly and is calculated on the basis of the values on any given valuation day.	
<b>Performance fee for share class "C"</b>	The portfolio manager may also receive a performance fee from the sub-fund's assets if the performance of the shares is above 4% for each half year (accounting period). The performance fee is up to 15% of performance achieved. No performance fee is incurred for performance of up to 4% in a half-year period; for performance exceeding 4%, a fee of up to 15% is incurred in relation to the entire performance over the accounting period. If performance is slightly above the fixed threshold, the deduction of the performance fee must not result in a net performance of less than 4%. If the performance fee is payable, it is calculated based only on the level of performance in excess of the respective highest price of the shares at the end of the respective preceding accounting periods.	
<b>Accounting period for the performance fee</b>	The six-monthly accounting periods start on 1 January or 1 July and end on 30 June or 31 December of each calendar year. The first accounting period begins with the modification to the performance fee and ends on 30 June 2015. Accounting periods may be shortened, for example, in the event of mergers, short financial years or the closure of sub-fund assets.	
<b>Calculation of the performance fee</b>	The performance fee is usually calculated on a daily basis and settled semi-annually based on the reporting dates. This means that any performance fee calculated daily is accrued in the net assets of the sub-fund. If share performance on the semi-annual settlement date is below the 4% performance limit, any performance fee already deducted shall be refunded accordingly. If share performance is above the 4% performance limit, any performance fee outstanding at the end of the half-year may be deducted	
<b>Reversal / high water mark rule</b>	The performance fee may only be deducted if the value of the shares in the FPM Funds Stockpicker Germany All Cap at the end of the accounting period exceeds the highest value of the shares in the FPM Funds Stockpicker Germany All Cap (high water mark) obtained at the end of the ten preceding accounting periods. Sentence 1 is not applied to the end of the first accounting period after this cost regulation has come into effect (1 January 2015); Sentence 1 is applied to the end of the second, third, fourth, fifth, sixth, seventh, eighth, ninth and tenth accounting period after the cost regulation has come into effect under the proviso that the share value must exceed the highest share value at the end of the one, two, three, four, five, six, seven, eight and nine preceding accounting periods.	

<b>Performance fee for share class "I"</b>	<p>The portfolio manager also receives a performance fee for share class I from the sub-fund's assets which corresponds to 20% of the amount by which share performance exceeds the performance of the CDAX Performance Index (benchmark index) from the beginning to the end of a financial year (accounting period). An accounting period generally ends at the end of the sub-fund's financial year.</p> <p>Underperformance compared to the benchmark index over the preceding 5 accounting periods must be made up again before a performance fee can be calculated (if the share class has not been in place for 5 years, based on the preceding accounting periods since the launch). The performance fee may also be payable if the share value at the end of the accounting period is less than the share value at the beginning of the accounting period (absolute negative share performance).</p> <p>The performance fee for share class I is calculated daily and settled annually. Payment of any accrued performance fee in respect of the sub-fund assets for share class I shall be deferred in accordance with the result of the daily comparison. If share value performance during a financial year is below the benchmark index performance, then any performance fee already deducted during the relevant annual period will be refunded in accordance with the daily comparison. Any accrued performance-related fee can be deducted at the end of the financial year.</p>
<b>Fee of the Depositary, Registrar and Transfer Agent and Paying Agent</b>	<p>up to 0.10% p.a. net (in relation to the overall amount of the sub-fund); minimum 30,000 EUR p.a.</p>
<b>Domiciliary Agent and Company Secretary fee</b>	<p>Minimum fee of up to EUR 5,000 p.a.; additional external costs may also arise that will be charged to the sub-fund.</p>
<b>Risk management procedure</b>	<p>Relative VaR approach</p>
<b>Reference portfolio</b>	<p>100% CDAX Index</p>
<b>Expected leverage</b>	<p>The average leverage of the Sub-Fund, under normal market conditions, calculated as the "Sum of the Notionals" of the financial derivative instruments used, is expected to be 25% although lower and higher levels are possible.</p>
<b>Countries in which shares are offered for sale</b>	<p>Luxembourg, Germany, Austria, Spain, France and Switzerland</p>

\* The Management Company reserves the right to deviate from the minimum investment amount in specific cases.

## ANNEX II

### FPM Funds Stockpicker Germany Small/Mid Cap

("FPM Funds Stockpicker Germany Small/Mid Cap" or the "sub-fund")

In addition to the information provided in and the provisions of the "General Section" of this Sales Prospectus, the following provisions apply to the sub-fund. This Annex is therefore only applicable in conjunction with the latest Sales Prospectus.

<b>Name of the sub-fund</b>	<b>FPM Funds Stockpicker Germany Small/Mid Cap</b>
<b>Currency of the sub-fund</b>	EUR
<b>Investment objectives</b>	<p>The aim of the FPM Funds Stockpicker Germany All Cap sub-fund's investment principles is to generate the highest possible appreciation in value.</p> <p>No assurance can be given that the objectives of the investment policy will be achieved.</p>
<b>Investment principles</b>	<p>The sub-fund assets may be invested in shares, share certificates, convertible bonds, convertible and warrant bonds, participation certificates, warrants on securities, and variable and fixed-interest securities.</p> <p>At least 51% of the sub-fund's assets are invested in shares of small and mid-cap German issuers. The following in particular shall be taken into account in the selection procedure:</p> <ul style="list-style-type: none"> <li>– Market capitalisation up to 10 billion euros, although up to 20% of the sub-fund assets may be invested in companies with a market capitalisation exceeding 10 billion euros;</li> <li>– Companies with promising business models.</li> </ul> <p>In addition to these criteria, a company's fundamentals, such as balance sheet quality, management capability, profitability, competitive position and valuation, are analysed in the stockpicking process. These criteria may be weighted differently and do not always have to be cumulative.</p> <p>The assets of the sub-fund may also be invested in any other permissible assets. These entail at least 75% of the sub-fund's assets being invested in shares of issuers based in an EU Member State, Norway and/or Iceland.</p> <p>Up to 10% of the value of sub-fund assets may be invested in investment units and shares in investment stock corporations.</p> <p>The sub-fund may employ derivative financial instruments such as forwards, futures, single stock futures and options for investment and hedging purposes</p> <p>The sub-fund will not conclude any securities financing transactions or Total Return Swaps in accordance with Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.</p> <p>No investments are made in Asset Backed Securities (ABS) and Mortgage Backed Securities (MBS).</p> <p>Additionally for tax purposes: At least 51% of the value of the fund/sub-fund net asset value shall be invested in the following equity investments:</p> <ul style="list-style-type: none"> <li>- units in corporations admitted for official trading on a stock exchange or another organised market, which meet the requirements of a regulated market, or included in such a market, provided they are not units in investment funds;</li> <li>- units in other investment funds either at the unit value price published on the valuation date at which they actually invest in equity participations as defined by § 2(8) of the German Investment Tax Act, or at the minimum price stipulated in the other investment fund's investment conditions.</li> </ul>

<b>Performance-Fee benchmark of the share class "I"</b>	<p>The Fund uses a benchmark as the basis for calculating performance fees and therefore falls within the scope of the Benchmark Regulation (Regulation (EU) 2016/1011). The benchmarks, MDAX and SDAX, is administered by STOXX, ("the Administrator").</p> <p>The Administrator is registered with the European Securities and Markets Authority (ESMA) in a public register of administrators and benchmarks.</p> <p>The FPM Funds has established robust written plans setting out the actions it would take in the event that the benchmark materially changes or ceases to be provided. A copy of the contingency plan is available free of charge at the registered office of Universal-Investment-Luxembourg S.A.</p>	
<b>Investor profile</b>	<p>The Fund is designed for <u>risk-oriented investors</u> seeking profitable investments offering targeted opportunities for improving returns and who accept unavoidable and occasionally substantial fluctuations in the value of speculative investments. High risks resulting from price fluctuations and high credit rating risks are likely to result in temporary price falls, while the higher earnings expectations and greater risk appetite mean that there is a possibility of incurring significant losses of the capital invested.</p>	
<b>Risks with an impact on sub-fund performance</b>	<p>The sub-fund has <b>significantly increased</b> volatility due to its composition and the technique used by the fund management. This means that the share prices may also be subject to <b>significant upward or downward fluctuations</b> even within short periods. <b>The sub-fund is therefore only suitable for experienced investors who are aware of the opportunities and risks entailed in volatile investments and are also able to cope with temporarily high losses.</b></p>	
<b>Management Company</b>	Universal-Investment-Luxembourg S.A.	
<b>Depository</b>	Hauck & Aufhäuser Privatbankiers AG, Luxembourg Office	
<b>Transfer Agent and Registrar</b>	Hauck & Aufhäuser Privatbankiers AG Fund Services S.A.	
<b>Paying Agent in Luxembourg</b>	Hauck & Aufhäuser Privatbankiers AG, Luxembourg Office	
<b>Portfolio manager</b>	FPM Frankfurt Performance Management AG	
<b>Share value calculation</b>	Each banking day in Luxembourg and Frankfurt am Main (with the exception of 24 and 31 December of every year)	
<b>Payment of issue and redemption price</b>	Within two (2) business days after the valuation date	
<b>Financial year</b>	1 January to 31 December	
<b>Term of the sub-fund</b>	Unlimited	
<b>Order acceptance</b>	<p>All orders are processed based on an unknown share value. Orders received by the Registrar and Transfer Agent by 4:00 pm (Luxembourg time) at the latest on a valuation date shall be settled on the basis of the share value on that valuation date. Orders received after 4:00 pm (Luxembourg time) shall be settled on the basis of the share value on the following valuation date.</p>	
<b>Issuing fractions of shares</b>	<p>Sub-fund shares may also be issued in fractions with up to three decimal places. Share fractions entitle the holders to a share in any distributions on a pro-rata basis.</p>	
<b>Share classes</b>	C	I
<b>ISIN</b>	LU0207947044	LU1011670111
<b>WKN</b>	A0DN1Q	DWS1K8

<b>Launch date</b>	20 December 2004	22 April 2014
<b>Initial issue price</b>	EUR 104 (incl. front-end load)	EUR 1,000
<b>Share class hedging</b>	N/A	N/A
<b>Front-end load</b> (borne by the shareholder)	up to 3.0%	none
<b>Redemption discount</b> (borne by the shareholder)	none	none
<b>Use of income</b>	distributing	distributing
<b>Minimum investment*</b>	none	EUR 1,000,000
<b>Taxe d'abonnement</b>	0.05% p.a.	0.05% p.a.
<b>Management fee</b> (borne by the sub-fund)	up to 1.40% p.a.; currently not subject to Luxembourg value added tax.	up to 1% p.a.; currently not subject to Luxembourg value added tax.
	The management fee also comprises the portfolio manager fee. In return for managing the sub-fund, the Management Company receives a fee based on the average value of the investment assets which is payable quarterly and is calculated on the basis of the values on any given valuation day.	
<b>Performance fee for share class "C"</b>	The portfolio manager may also receive a performance fee from the sub-fund's assets for share class C if the performance of the shares is above 4% for each half year (accounting period). The performance fee is up to 15% of performance achieved. No performance fee is incurred for performance of up to 4% in a half-year period; for performance exceeding 4%, a fee of up to 15% is incurred in relation to the entire performance over the accounting period. If performance is slightly above the fixed threshold, the deduction of the performance fee must not result in a net performance of less than 4%. If the performance fee is payable, it is calculated based only on the level of performance in excess of the respective highest price of the shares at the end of the respective preceding accounting periods.	
<b>Accounting period for the performance fee</b>	The six-monthly accounting periods start on 1 January or 1 July and end on 30 June or 31 December of each calendar year. The first accounting period begins with the modification to the performance fee and ends on 30 June 2015. Accounting periods may be shortened, for example, in the event of mergers, short financial years or the closure of sub-fund assets.	
<b>Calculation of the performance fee</b>	The performance fee is usually calculated on a daily basis and settled semi-annually based on the reporting dates. This means that any performance fee calculated daily is accrued in the net assets of the sub-fund. If share performance on the semi-annual settlement date is below the 4% performance limit, any performance fee already deducted shall be refunded accordingly. If share performance is above the 4% performance limit, any performance fee outstanding at the end of the half-year may be deducted	
<b>Reversal / high water mark rule</b>	The performance fee may only be withdrawn if the value of the shares in the FPM Funds Stockpicker Germany Small/Mid Cap at the end of the accounting period exceeds the highest value of the shares in the FPM Funds Stockpicker Germany Small/Mid Cap (high water mark) which was achieved at the end of the ten preceding accounting periods. Sentence 1 is not applied to the end of the first accounting period after this cost regulation has come into effect (1 January 2015); Sentence 1 is applied to the end of the second, third, fourth, fifth, sixth, seventh, eighth, ninth and tenth accounting period after the cost regulation has come into effect under the proviso that the share value must exceed the highest share value at the end of the one, two, three, four, five, six, seven, eight and nine preceding accounting periods.	

<b>Performance fee for share class "I"</b>	<p>The portfolio manager also receives a performance fee in relation to the sub-fund's share class I assets which equals 20% of the amount by which the performance of the shares exceeds the increase in the composite index comprising MDAX (50%) and SDAX (50%) (benchmark index), in each case over the period from the beginning of a financial year to the end of a financial year (accounting period). An accounting period generally ends at the end of the sub-fund's financial year.</p> <p>The performance fee for share class I is calculated daily and settled annually. Payment of any accrued performance fee in respect of the sub-fund assets for share class I shall be deferred in accordance with the result of the daily comparison. If share value performance during a financial year is below the benchmark index performance, then any performance fee already deducted during the relevant annual period will be refunded in accordance with the daily comparison. Any accrued performance-related fee can be deducted at the end of the financial year.</p> <p>Underperformance compared to the benchmark index over the preceding 5 accounting periods must be made up again before a performance fee can be calculated (or if the share class has not been in place for 5 years, based on the preceding accounting periods since the launch). The performance fee may also be withdrawn if the share value at the end of the accounting period falls below the share value at the beginning of the accounting period (absolute negative share performance). This means if the performance of the Fund is above the performance of the benchmark index.</p>
<b>Fee of the Depositary, Registrar and Transfer Agent and Paying Agent</b>	<p>up to 0.10% p.a. net (in relation to the overall amount of the sub-fund); minimum 30,000 EUR p.a.</p>
<b>Domiciliary Agent and Company Secretary fee</b>	<p>Minimum fee of up to EUR 5,000 p.a.; additional external costs may also arise that will be charged to the sub-fund.</p>
<b>Risk management procedure</b>	<p>Relative VaR approach</p>
<b>Reference portfolio</b>	<p>MDAX (50%) and SDAX (50%)</p>
<b>Expected leverage</b>	<p>The average leverage of the Sub-Fund, under normal market conditions, calculated as the "Sum of the Notionals" of the financial derivative instruments used, is expected to be 25% although lower and higher levels are possible.</p>
<b>Countries in which shares are offered for sale</b>	<p>Luxembourg, Germany, Austria, Spain, France and Switzerland</p>

\* The Management Company reserves the right to deviate from the minimum investment amount in specific cases.



## ANNEX III

### FPM Funds Ladon – European Value

("FPM Funds Ladon – European Value" or the "sub-fund")

In addition to the information provided in and the provisions of the "General Section" of this Sales Prospectus, the following provisions apply to the sub-fund. This Annex is therefore only applicable in conjunction with the latest Sales Prospectus.

<b>Name of the sub-fund</b>	<b>FPM Funds Ladon – European Value</b>
<b>Currency of the sub-fund</b>	EUR
<b>Investment objectives</b>	<p>The aim of the FPM Funds Ladon – European Value sub-fund's investment principles is to generate the highest possible risk-adjusted return.</p> <p>In order to achieve this, the Fund invests in various markets and financial instruments which are selected in the light of the general economic situation and based on the judgement of the fund management.</p> <p>No assurance can be given that the objectives of the investment policy will be achieved.</p>
<b>Investment principles</b>	<p>The sub-fund's assets may be invested in shares, interest-bearing securities, convertible bonds and options, participation certificates, investment funds, certificates (e.g. share, pension, index or commodity certificates), warrants on securities and derivatives thereof, or in money market instruments, short-term deposits and liquid assets.</p> <p>Up to 100% and at least 25% of the sub-fund's assets shall be invested in European shares.</p> <p>A maximum of 49% of sub-fund assets may be invested in non-European shares.</p> <p>A maximum of 49% of sub-fund assets may be invested in interest-bearing securities, convertible bonds and bond options, participation and profit sharing certificates and general certificates.</p> <p>Up to 49% of the sub-fund's assets may be invested in money market instruments, money market funds, money market funds with a short maturity structure, short-term deposits and liquid assets.</p> <p>Structured financial instruments are investment instruments listed on a stock exchange which are considered securities within the meaning of Article 41 (1) a) - d) of the 2010 law. Investments may be made in certificates of domestic and foreign issuers (e.g. 1:1 certificates based on shares or on indices, currencies or interest rates) as well as in certificates based on a commodity index/commodity which fulfil the requirements of Article 41 (1) a) - d) of the 2010 Law and do not contain embedded derivatives. Up to 10% of the value of sub-fund assets may be invested in investment units and shares in investment stock corporations.</p> <p>The assets of the sub-fund may also be invested in any other permissible assets.</p>

	<p>The sub-fund may employ derivative financial instruments, such as forwards, futures, single stock futures and options, for investment and hedging purposes.</p> <p>The sub-fund will not conclude any securities financing transactions or Total Return Swaps in accordance with Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.</p> <p>No investments are made in Asset Backed Securities (ABS) and Mortgage Backed Securities (MBS).</p> <p>Additionally for tax purposes: At least 51% of the value of the fund/sub-fund net asset value shall be invested in the following equity investments:</p> <ul style="list-style-type: none"> <li>- units in corporations admitted for official trading on a stock exchange or another organised market, which meet the requirements of a regulated market, or included in such a market, provided they are not units in investment funds;</li> <li>- units in other investment funds either at the unit value price published on the valuation date at which they actually invest in equity participations as defined by § 2(8) of the German Investment Tax Act, or at the minimum price stipulated in the other investment fund's investment conditions.</li> </ul>
<b>Investor profile</b>	The Fund is designed for <u>growth-oriented investors</u> seeking returns in excess of capital-market interest rates, with capital appreciation generated primarily through opportunities in the equity and currency markets. Collateral and liquidity are secondary to earnings prospects. This involves greater risks with shares, interest rates and currencies as well as credit rating risks, which may lead to potential losses.
<b>Risks with an impact on sub-fund performance</b>	The sub-fund has <b>increased</b> volatility due to its composition and the technique used by fund management. This means that share prices may be subject to <b>greater upward and downward fluctuations</b> even within short periods.
<b>Management Company</b>	Universal-Investment-Luxembourg S.A.
<b>Depository</b>	Hauck & Aufhäuser Privatbankiers AG, Luxembourg Office
<b>Transfer Agent and Registrar</b>	Hauck & Aufhäuser Privatbankiers AG Fund Services S.A.
<b>Paying Agent in Luxembourg</b>	Hauck & Aufhäuser Privatbankiers AG, Luxembourg Office
<b>Portfolio manager</b>	FPM Frankfurt Performance Management AG
<b>Share value calculation</b>	Each banking day in Luxembourg and Frankfurt am Main (with the exception of 24 and 31 December of every year)
<b>Payment of issue and redemption price</b>	Within two (2) business days after the valuation date
<b>Financial year</b>	1 January to 31 December
<b>Term of the sub-fund</b>	Unlimited
<b>Order acceptance</b>	All orders are processed based on an unknown share value. Orders received by the Registrar and Transfer Agent by 4:00 pm (Luxembourg time) at the latest on a valuation date shall be settled on the basis of the share value on that valuation date. Orders received after 4:00 pm (Luxembourg time) shall be settled on the basis of the share value on the following valuation date.
<b>Issuing fractions of shares</b>	Sub-fund shares may also be issued in fractions with up to three decimal places. Share fractions entitle the holders to a share in any distributions on a pro-rata basis.

<b>ISIN</b>	LU0232955988
<b>WKN</b>	A0HGEX
<b>Launch date</b>	7 November 2005
<b>Initial issue price</b>	EUR 104 (incl. front-end load)
<b>Share class hedging</b>	N/A
<b>Front-end load</b> (borne by the shareholder)	up to 3.0%
<b>Redemption discount</b> (borne by the shareholder)	none
<b>Use of income</b>	distributions
<b>Minimum investment*</b>	none
<b>Taxe d'abonnement</b>	0.05% p.a.
<b>Management fee</b> (borne by the sub-fund)	<p>up to 1.40% p.a.; not currently subject to Luxembourg value added tax.</p> <p>The management fee also comprises the portfolio manager fee.</p> <p>In return for managing the sub-fund, the Management Company receives a fee based on the average value of the investment assets which is payable quarterly and is calculated on the basis of the values on any given valuation day.</p>
<b>Performance fee</b>	<p>The portfolio manager may receive a performance fee per issued share for managing the sub-fund's assets if the value of the shares at the end of an accounting period exceeds the value of the shares at the start of the accounting period by 6% (absolute positive share performance).</p> <p>No performance fee is incurred for an absolute positive performance of up to 6% in share value of shares during an accounting period; if performance exceeds 6%, the performance fee amounts to up to 15% (maximum amount) of the entire amount by which the value of the shares in FPM Funds Ladon – European Value exceeds the value of the shares in FPM Funds Ladon – European Value at the end of an accounting period. If performance is slightly above the fixed threshold, the deduction of the performance fee must not result in a net performance of less than 6%. However, the performance fee shall not amount in total to more than 4% of the average value of the shares in FPM Funds Ladon – European Value during the accounting period (cap). The threshold value defined in Sentence 1 shall be taken into account accordingly on a pro rata temporis basis in the event of shorter or longer accounting periods. If the performance fee is payable, it is calculated based only on the level of performance in excess of the respective highest price of the shares at the end of the respective preceding accounting periods.</p>
<b>Accounting period for the performance fee</b>	<p>The accounting period shall begin on 1 January and end on 31 December of each calendar year. The first accounting period begins with the modification to the performance fee and ends on 31 December 2014. Accounting periods may be shortened, for example, in the event of mergers, short financial years or the closure of sub-fund assets.</p>

<b>Calculation of the performance fee</b>	The performance fee is generally calculated on a daily basis and settled annually at the end of the accounting period. This means that any performance fee is accrued daily in the net assets of the sub-fund. The performance fee is determined during the accounting period taking into account the additional threshold value and the cap, and based on the performance of the shares in FPM Funds Ladon – European Value, calculated according to the BVI method. If share performance at the end of the accounting period is below the 6% performance threshold, any performance fee that has already been accrued in the accounting period shall accordingly be cancelled. If share performance is above the 6% performance threshold, the accrued performance fee at the end of the accounting period may be taken.
<b>Reversal / high water mark rule</b>	The performance fee may only be paid if the value of the shares in the FPM Funds Ladon – European Value at the end of the accounting period exceeds the highest value of the shares in FPM Funds Ladon – European Value (High Water Mark) that was achieved at the end of the five preceding accounting periods. Sentence 1 is not applied to the end of the first accounting period after this cost regulation has come into effect; Sentence 1 is applied to the end of the second, third, fourth and fifth accounting period after the cost regulation has come into effect under the proviso that the share value must exceed the highest share value at the end of the one, two, three or four preceding accounting periods.
<b>Fee of the Depositary, Registrar and Transfer Agent and Paying Agent</b>	up to 0.10% p.a. net (in relation to the overall amount of the sub-fund); minimum 10,000 EUR p.a.
<b>Domiciliary Agent and Company Secretary fee</b>	Minimum fee of up to EUR 5,000 p.a.; additional external costs may also arise that will be charged to the sub-fund.
<b>Risk management procedure</b>	Relative VaR approach
<b>Reference portfolio</b>	Portfolio ex derivatives
<b>Expected leverage</b>	The average leverage of the Sub-Fund, under normal market conditions, calculated as the "Sum of the Notionals" of the financial derivative instruments used, is expected to be 150% although lower and higher levels are possible.
<b>Countries in which shares are offered for sale</b>	Luxembourg, Germany, Austria, Switzerland and France

\* The Management Company reserves the right to deviate from the minimum investment amount in specific cases.

**ADDITIONAL REMARK CONCERNING RISK**

**SPECIAL RISKS ARISING FROM NEW TAX-RELATED OBLIGATIONS IN GERMANY**

**The Management Company must provide proof of the accuracy of the tax basis notified. Should errors from the past be identified, there shall be no retrospective correction; instead, it shall be taken into account as part of the notification for the current financial year.**

## **Annex – Additional Information for Investors in the Federal Republic of Germany**

### **INFORMATION AGENT**

in the Federal Republic of Germany

Universal-Investment-Gesellschaft mbH  
Theodor-Heuss-Allee 70  
60486 Frankfurt am Main

Units in the Berenberg Systematic Approach fund may be subscribed for, redeemed and converted by the Paying Agent stated in this Prospectus.

Redemption proceeds, distributions and other payments to unitholders are also made through the Paying Agent and may be effected in EUR in cash if so requested by the unitholder.

The current Prospectus and Management Regulations, Key Investor Information, annual and semi-annual reports, as well as the issue, redemption and conversion prices are obtainable to unitholders free of charge in German from the Management Company, Depositary, Transfer Agent and Registrar and Information Agent as well as on the website [www.universal-investment.com](http://www.universal-investment.com) in the Federal Republic of Germany.

The agreements mentioned above under "Publications" as well as the articles of incorporation of the Management Company may be viewed at the establishments referred to above.

Issue, redemption and conversions prices in the Federal Republic of Germany are published online at [www.universal-investment.lu](http://www.universal-investment.lu). Notices to unitholders are published in the electronic *Bundesanzeiger* as well as on the website [www.universal-investment.com](http://www.universal-investment.com).

### **Right of revocation pursuant to § 305 KAGB**

If investment units are purchased via verbal negotiations outside the permanent business premises of the party who is selling the units or has arranged the sale, the buyer may revoke, in writing, his declaration of intent to make a purchase via the foreign Management Company within two weeks (right of revocation). This shall also apply if the party selling the units or arranging the sale has no permanent business premises. In case of distance contracts within the meaning of § 312b of the German Civil Code (*Bürgerliches Gesetzbuch* - hereinafter: BGB), the right of withdrawal shall not apply for financial services whose price is subject to fluctuations on the financial market (§ 312d(4)(6) BGB).

Sending the notice of revocation within the allotted time period is deemed sufficient for compliance with the deadline. The revocation must be notified in writing to Universal-Investment-Luxembourg S.A., 15, rue de Flaxweiler, L-6776 Grevenmacher, Grand Duchy of Luxembourg, stating the name of the individual making the declaration and including their signature, but there is no requirement to give reasons.

The revocation period shall not begin until the buyer has been given a copy of the application to conclude the contract, or has been sent a statement of purchase, advising the buyer of the right of revocation.

If the beginning of the period is disputed, the seller shall bear the burden of proof.

The right of revocation shall not apply if the seller can prove either that the buyer purchased the units as part of his business activities or that the seller contacted the buyer for the negotiations leading up to the sale of the units on the basis of previous orders in accordance with § 55(1) of the German Trade, Crafts and Industry Act (*Gewerbeordnung* - hereinafter: GewO).

If the revocation has been executed and the buyer has already made payments, then the foreign Management Company shall be obliged to reimburse the buyer, in instalments if necessary, for

return transfer of the units acquired, for the costs paid as well as a sum corresponding to the value of the units paid for as of the day following the receipt of the statement of revocation. The right of revocation cannot be waived.

#### **ADDITIONAL REMARK CONCERNING RISK**

##### **SPECIAL RISKS ARISING FROM NEW TAX-RELATED OBLIGATIONS IN GERMANY**

**The Management Company must provide proof of the accuracy of the tax basis notified. Should errors from the past be identified, there shall be no retrospective correction; instead, it shall be taken into account as part of the notification for the current financial year.**

## **Information concerning the taxation of income from foreign investment funds for investors from the Federal Republic of Germany**

Investment fund under Luxembourg law

**The following information on taxation is not intended to provide or substitute legally binding tax advice and does not assert the claim to cover all relevant tax-related aspects which may be of importance in connection with the purchase, possession or sale of units in the Fund. The items listed are neither exhaustive nor do they take into account any individual circumstances of particular investors or investor groups.**

### **General remarks**

The statements concerning tax regulations rules apply only to investors who have unlimited tax liability within Germany. We recommend that foreign investors contact their own tax advisers prior to purchasing units in the Investment Fund described in this Sales Prospectus and obtain individual clarification regarding the possible tax-related consequences in their home country arising from the purchase of units.

The Investment Fund itself is only partially subject in Germany to corporation tax of 15% plus solidarity surcharge for specific domestic income. This income taxable in Germany includes domestic revenue from investments and other domestic income in line with the limited obligation to pay tax with the exception of gains from the sale of units in capital companies. Corporation tax is, however, discharged insofar as the income is subject in Germany to tax deduction; in this case, the 15% tax deduction already includes the solidarity surcharge. The Investment Fund is not, in principle, subject to trade tax in Germany.

The taxable income of the Investment Fund (investment income), i.e. Fund distributions, advance lump-sum amounts and gains from the disposal of units are subject to income tax for private investors as revenue from capital assets where this, combined with the investors' other capital gains, exceeds their flat-rate allowance. Income from capital assets is generally subject to a 25% withholding tax (plus solidarity surcharge and, where applicable, church tax).

The tax for the private investor has, in principle, the effect of a tax at source (known as "flat-rate withholding tax"), so that the income from capital assets usually does not have to be included on the income tax return. In principle, when deducting the tax, the custodian will have already offset losses and foreign withholding taxes from direct investments. The withholding tax does not have the effect of a final payment, however, if the investor's personal tax rate is lower than the final withholding tax of 25%. In this case, the income from capital assets can be included on the income tax return. The tax authority then applies the lower personal tax rate and offsets the tax deduction against the tax liability (known as the "reduced-rate test").

Where income from capital assets has not been subject to taxation in Germany (for example, in the case of a foreign custody account), this must be included on the tax return. Within the tax assessment, any income from capital assets is then also subject to the final withholding tax of 25%, or else to the lower personal tax rate.

Despite taxation and the higher personal tax rate, information about the income from capital assets may be required if extraordinary expenses or itemised deductions (e.g. charitable donations) are claimed as part of the income tax return.

If the units are held in the operating assets, the investment income is treated as business revenue for tax purposes. In this case, the tax will not have the effect of a final payment; there is no offsetting of losses through the domestic custodian. The tax legislation requires a sophisticated review of the income components in order to determine the income which is taxable and/or liable for capital gains tax.

### **Units held as personal assets (residents for tax purposes)**

#### **Distributions**

Fund distributions are in principle taxable. However, distributions can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions.

Taxable distributions are generally subject to a tax deduction of 25% (plus the solidarity surcharge and church tax, if relevant).



If an investor keeps units in a domestic custody account, the custodian (as the paying agent) will not deduct tax if, before the date set for distribution, it receives an exemption order for a sufficient amount that has been issued in accordance with the official template or a non-assessment certificate issued by the tax authorities for a maximum period of three years. In this case, the full distribution is credited to the investor.

### **Advance lump-sum amounts**

The advance lump-sum amount is the amount by which Fund distributions in a calendar year fall below the basic income for that calendar year. Basic income is calculated by multiplying the redemption price of the unit at the beginning of a calendar year by 70% of the basic interest rate derived from the long-term returns achievable from public bonds. Basic income is limited to the surplus arising between the first and last redemption price determined plus distributions during the calendar year. In the year the units are acquired, the advance lump-sum amount is reduced by a twelfth for each full month preceding the month of acquisition. The advance lump-sum amount is deemed accrued on the first working day of the following calendar year.

As a rule, advance lump-sum amounts are taxable. However, advance lump-sum amounts can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions.

Taxable advance lump-sum amounts are generally subject to a tax deduction of 25% (plus the solidarity surcharge and church tax, if relevant).

If an investor keeps units in a domestic custody account, the custodian (as the paying agent) will not deduct tax if, before the date of accrual, it receives an exemption order for a sufficient amount that has been issued in accordance with the official template or a non-assessment certificate issued by the tax authorities for a maximum period of three years. In this case, no tax will be paid. Otherwise, investors must make the amount of the tax to be paid available to the domestic institution maintaining their custody account. To this end, the custodian may withdraw the amount of the tax to be paid from an account held with it in the name of the investor without the investor's consent. Unless otherwise stipulated by the investor before the advance lump-sum amount accrues, the custodian may withdraw the amount of the tax to be paid from one of the accounts in the name of the investor, insofar as an overdraft agreed with the investor for this account has not been utilised. If the investor has not complied with his obligation to make the amount of the tax to be paid available to the domestic custodian, the institution must report them to the competent tax authorities. In this case, the investor must include the advance lump-sum amount in his income tax return.

### **Capital gains at investor level**

If units are sold to the Fund, the capital gains are in principle taxable and are generally subject to a tax deduction of 25% (plus solidarity surcharge and church tax where applicable). When determining the capital gains, the gains shall be reduced by the advance lump-sum amount set during the holding period.

However, capital gains can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions. Conversely, in the event of loss on disposal, the loss is not deductible from the amount of the partial exemption to be applied at investor level.

If the units are held in a domestic custody account, the custodian will apply the tax deduction, taking account of any partial exemptions. The withholding tax of 25% (plus the solidarity surcharge and, where applicable, church tax) may be waived following presentation of a sufficient exemption request or non-assessment certificate. If such units are sold by a private investor at a loss, the loss may be offset against other positive income from capital assets. If the units are held in a domestic custody account and positive income was generated from capital assets with the same custodian in the same calendar year, said institution will offset the losses.

The taxation of capital gains also applies where the units sold are old units (i.e. units acquired before 1 January 2018). In addition, these old units are regarded as sold as at 31 December 2017 and repurchased as at 1 January 2018. The gains from this notional disposal as at 31 December 2017 are also, however, only subject to taxation as at the date of actual disposal. For old units, therefore, the gains to be taxed on the date of actual disposal will be determined in two parts. Value changes in old units occurring between the time of purchase and 31 December 2017 are taken into consideration when determining the notional capital gains as at 31 December 2017. In contrast,

value changes in old units occurring from 1 January 2018 are taken into consideration when determining the gains from the actual disposal.

Old units acquired before the introduction of the flat-rate withholding tax, i.e. before 1 January 2009 are grandfathered units. For these grandfathered units, value changes occurring up to 31 December 2017 are tax-exempt. Value changes in old units occurring from 1 January 2018 are only taxable if the gains exceed EUR 100,000. This allowance can only be used if the gains are declared to the tax authorities with competence for the investor.

#### **Change to applicable partial exemption**

If the applicable partial exemption changes or the requirements for partial exemption no longer apply, the investment unit is regarded as sold and repurchased on the following day. Gains from the notional sale are regarded as accrued on the date on which the investment unit is actually sold.

### **Units held as operating assets (residents for tax purposes)**

#### **Distributions**

Fund distributions are in principle subject to income tax, corporation tax and trade tax. However, distributions can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions. For the purposes of trade tax, the tax-free amounts are halved.

Distributions are generally subject to a tax deduction of 25% (plus the solidarity surcharge and church tax).

#### **Advance lump-sum amounts**

The advance lump-sum amount is the amount by which Fund distributions in a calendar year fall below the basic income for that calendar year. Basic income is calculated by multiplying the redemption price of the unit at the beginning of a calendar year by 70% of the basic interest rate derived from the long-term returns achievable from public bonds. Basic income is limited to the surplus arising between the first and last redemption price determined plus distributions during the calendar year. In the year the units are acquired, the advance lump-sum amount is reduced by a twelfth for each full month preceding the month of acquisition. The advance lump-sum amount is deemed accrued on the first working day of the following calendar year.

Advance lump-sum amounts are in principle subject to income tax, corporation tax and trade tax. However, advance lump-sum amounts can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions. For the purposes of trade tax, the tax-free amounts are halved.

Advance lump-sum amounts are generally subject to a tax deduction of 25% (plus the solidarity surcharge and church tax).

#### **Capital gains at investor level**

Gains from the disposal of units are in principle subject to income tax, corporation tax and trade tax. When determining the capital gains, the gains shall be reduced by the advance lump-sum amount set during the holding period. However, capital gains can remain partially tax-exempt (partial exemption) if the Fund meets the requirements of the German Investment Tax Act for an equity fund or mixed fund. These requirements must arise from the investment conditions. For the purposes of trade tax, the tax-free amounts are halved.

Gains from the disposal of units are not generally subject to the deduction of capital gains tax.

In the event of loss on disposal, the loss is not deductible from the amount of the partial exemption to be applied at investor level.

#### **Change to applicable partial exemption**

If the applicable partial exemption changes or the requirements for partial exemption no longer apply, the investment unit is regarded as sold and repurchased on the following day. Gains from the notional sale are regarded as accrued on the date on which the investment unit is actually sold.

#### **Reimbursement of corporation tax levied by capital gains tax deduction for the Fund**

Capital gains tax (corporation tax) accruing at Fund level may be reimbursed to an investor if the investor is a domestic corporation, association of individuals or corporate fund which, according to its articles of association, act of formation or other by-laws and according to its effective

management exclusively and directly serves charitable, non-profitable or religious purposes or is a foundation under public law that exclusively and directly serves charitable, non-profitable or religious purposes or is a legal entity under public law that exclusively and directly serves religious purposes; this does not apply if the units are held in a commercial business. The same applies to comparable foreign investors with registered offices and central management in a foreign state providing mutual assistance for the recovery of taxes.

The prerequisite for this is that such an investor makes a corresponding application and that the capital gains tax accruing is attributable pro rata to his holding period. In addition, the investor must be the owner under civil and commercial law for at least three months before the taxable income of the Fund accrues and there is no obligation to transfer the units to another person. Furthermore, reimbursement in respect of capital gains tax on German dividends and income from German near-equity participation rights accruing at Fund level essentially presupposes that German equities and German near-equity participation rights are held by the Fund as the beneficial owner for an uninterrupted period of 45 days before and after the maturity date of the capital gains and that over these 45 days the risks of a change in the minimum value remains at a constant 70%.

Evidence of tax exemption and a statement on the investment units held issued by the custodian must be enclosed with the application. The statement on the investment units held is an official certificate drawn up on the extent of the units held continuously by the investor over the calendar year and the date and extent of unit acquisition and disposal over the calendar year.

Capital gains tax accruing at Fund level may be reimbursed by the Fund to an investor provided the units in the Fund are held on the basis of retirement or basic pension plans certified under the Pension Provision Agreements Certification Act. This presupposes that the provider of the retirement or pension plan advises the Fund within one month after its financial year-end of the dates and extent to which units were acquired or sold.

The Fund or company is not obliged to reimburse the relevant capital gains tax to the investor.

Due to the high level of complexity of the regulations, it may be advisable to consult a tax adviser.

### **Liquidation tax**

While the Fund is being liquidated, distributions only qualify as income to the extent that they include capital growth for a calendar year.

### **Solidarity surcharge**

A 5.5% solidarity surcharge is levied on the tax withheld upon distribution, advance lump-sum amounts and gains from the sale of units. The solidarity surcharge may be offset against the income and corporation tax.

### **Church tax**

If income tax is already levied by a domestic custodian (entity deducting the tax), the applicable church tax – in accordance with the rate of the church tax for that religious community to which the individual liable for church tax belongs – is levied as a surcharge to the tax deduction. The deductibility of the church tax as an itemised deduction is already treated as reducing the tax payment.

### **Foreign withholding tax**

Withholding tax on the Fund's foreign income is, in some cases, levied in the country of origin. This withholding tax cannot be used by investors to reduce the tax amount.

### **Consequences of merging investment funds**

The merger of a domestic investment fund with another domestic investment fund in accordance with one of the provisions of the German Investment Tax Act does not result in the disclosure of hidden reserves, either at investor level or at the level of the investment funds involved; in other words, this process is tax-neutral. The investment funds must be subject to the same law of a foreign state providing mutual assistance for the recovery of taxes. If the investors in the absorbed investment fund receive a cash payment, this shall be treated in the same manner as a distribution.

### **Automatic exchange of information on tax matters**

The significance of the automatic exchange of information to combat cross-border tax fraud and cross-border tax evasion has increased considerably in recent years. On behalf of the G20, the OECD published a global standard in 2014 on the automatic exchange of information on financial accounts in tax matters (Common Reporting Standard, hereinafter referred to as "CRS"). More than

90 states have signed up to the CRS (participating states) by means of a multilateral convention. Furthermore, in late 2014, it was incorporated into Directive 2011/16/EU by Council Directive 2014/107/EU of 9 December 2014 as regards mandatory automatic exchange of information in the field of taxation. Participating states (all EU Member States and a number of third states) have in principle applied the CRS from 2016 with reporting obligations from 2017. Luxembourg incorporated the CRS into Luxembourg law through the Act of 18 December 2015 and has applied it since 2016. The CRS requires reporting financial institutions (mainly credit institutions) to obtain specific information regarding their customers. Where the customers (natural persons or legal entities) are subject to reporting requirements and are resident in other participating states, their accounts and securities accounts are classified as reportable accounts. The reporting financial institutions transmit specific information for each reportable account to their domestic tax authorities. These in turn transmit the information to the customer's domestic tax authorities.

The information transmitted chiefly relates to personal data of reportable customers (name; address; tax identification number; date and place of birth (for natural persons); state of residence) and information on the customers and securities accounts (e.g. account number; account balance or account value; total gross income such as interest, dividends or distributions from investment funds; total gross proceeds from the disposal or redemption of financial assets (including fund units).

In concrete terms, those affected are reportable investors with an account and/or securities account at a credit institution established in a participating state. Therefore, Luxembourg credit institutions report information concerning investors resident in other participating states to the local tax authorities (Administration des Contributions Directes), which in turn forward the information to the relevant tax authorities of the investors' states of residence. Conversely, credit institutions in other participating states forward information concerning investors resident in Luxembourg to their respective domestic tax authorities.

**Note:**

The tax information is based on the legal position at present. It is intended for persons in Germany who are fully liable for income tax or corporation tax. However, no guarantee can be given that the tax assessment will not alter as a result of legislation, court decisions or orders issued by the tax authorities.

## **Annex – Additional Information for investors in Switzerland**

### **Representative**

The representative in Switzerland is 1741 Asset Management AG, Bahnhofstrasse 8, CH-9001 St. Gallen.

### **Paying Agent**

The Paying Agent in Switzerland is Tellco AG, Bahnhofstrasse 4, CH-6430 Schwyz.

### **Address for obtaining the relevant documents**

Publications relating to the fund are published in Switzerland on the electronic platform of "fundinfo AG" ([www.fundinfo.com](http://www.fundinfo.com)). This publication is responsible in particular for carrying significant notices for unitholders such as important changes in the Prospectus or Management Regulations and the liquidation of the Fund. The Prospectus including the Management Regulations, Key Investor Information document and the annual and semi-annual reports are obtainable free of charge from the representative in Switzerland (tel.: 0041 (058) 458 48 00).

The issue, redemption and conversion prices and/or net asset value with the note "excluding commission" are published daily on the electronic platform of fundinfo AG ([www.fundinfo.com](http://www.fundinfo.com)).

### **EU taxation of interest**

The European Community and Swiss Confederation have concluded an Agreement on rules which are equivalent to those laid down in the Directive on the taxation of savings income (the "Agreement"). On the basis of the Agreement and the relevant instructions published by the Swiss tax authorities, the significant points with regard to investment funds established outside Switzerland, but which are distributed by Swiss paying agents, may be summarised as follows:

- Swiss paying agents must pay a tax retention (the "Retention") on the payments of interest to beneficiaries who are natural persons resident in a Member State of the European Union (the "Investor"). The Investor may specifically give consent to a notification in place of the retention of tax.
- The following rules on marginality are applied:
  - a) Earnings from investment funds which directly and/or indirectly invest not more than 15% of their assets in claims as defined in Article 7(1)(a) of the Agreement are not deemed to be payments of interest.
  - b) Distributions from investment funds which directly and/or indirectly invest more than 15%, but not more than 40%, of their assets in claims as defined in Article 7(1)(a) of the Agreement are subject to retention. The earnings realised on the sale, redemption or return of the units of this investment fund are not subject to retention.
  - c) Distributions from investment funds or earnings which through the sale, redemption or return of units of investment funds which directly and/or indirectly invest more than 40% of the assets in claims as defined in Article 7(1)(a) of the Agreement and realise interest within the scope of the Agreement are subject to retention.

If the Paying Agent of the investment fund does not receive the necessary information concerning the proportion of the interest payments in the earnings, the aggregate amount of the distribution shall be deemed to constitute an interest payment and the Paying Agent must retain the entire amount of the distribution (Article 7(3) of the Agreement). The same rules apply in the case of the sale, redemption and return of units.

Interest payments from claims against debtors domiciled in Switzerland are not subject to the Agreement (with several exceptions, e.g. Swiss investment funds for which withholding tax does not have to be applied).

For investors for whom the qualification of the investment fund under the Agreement is important - i.e. the question of whether an investment fund is covered by the rules on marginality in accordance

with letters a and b above (typically the case with equity funds) - are required to contact the Paying Agent before making an investment.

#### **Payments of refunds and distribution fees**

In connection with distribution in Switzerland, the Company may pay refunds to the following qualified investors who hold units in the investment fund for third parties, considered from a commercial point of view:

- life insurance companies;
- pension funds and other such institutions;
- investment foundation;
- Swiss fund management companies;
- foreign fund management companies and funds;
- investment companies.

In connection with sales in Switzerland, the Company may pay sales fees to its distributors and sales partners:

- licensed distributors as defined in Article 9(1) KAG;
- distributors exempted from the licensing obligation pursuant to Article 19(4) KAG and Article 8 KKV;
- sales partners who place units in collective investments only with investors with a professional treasury;
- sales partners who place units in collective investments only on the basis of a written asset management mandate.

#### **Agreement concerning the division of fees**

There are no agreements concerning the division of fees.

#### **Place of performance and jurisdiction**

The place of performance and jurisdiction for units distributed in Switzerland and from within Switzerland to other countries is the representative's registered office.