

# **Sales Prospectus**

## **including Terms of Contract**

for the following UCITS investment fund:

### **UniKapital**

Management Company:  
Union Investment Privatfonds GmbH  
As at: 15 September 2025

In case of discrepancy between the English and German version, the German version shall prevail.

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# General Information

Units in this UCITS investment fund may be sold and purchased on the basis of the Sales Prospectus, the Key Information Document (KID) and the General Terms of Contract in conjunction with the Special Terms of Contract, as amended. The General Terms of Contract and Special Terms of Contract can be found in this Sales Prospectus.

Upon request, the Sales Prospectus shall be provided free of charge to any party interested in acquiring a unit or to any investors in the Fund, together with the most recently published annual report, as well as any subsequently published half-yearly report. In addition, the KID shall be made available free of charge and in good time prior to contract signature to any person interested in acquiring a Fund unit.

No information or statements deviating from this Sales Prospectus may be issued. Any acquisition of units based on information or statements that are not explicitly contained in the Sales Prospectus or in the KID shall be undertaken at the exclusive risk of the purchaser. The Sales Prospectus is supplemented in each case by the most recent annual report and any subsequently published half-yearly report.

All publications and publicity materials shall be written in German or shall be provided with a German translation. Furthermore, the management company will conduct all communication with its investors in German.

The legal relationship between the Management Company and investors, as well as any pre-contractual relationships shall be governed by German law. The registered office of the Management Company shall be the place of jurisdiction for claims by the investor against the Management Company arising from the contractual relationship. Investors who are consumers (see the following definition) and reside in another EU country may also initiate claims before a competent court in their place of residence. The enforcement of judicial decisions is governed by the Code of Civil Procedure, the Act on foreclosure sale and administrative receivership, where applicable, or the Insolvency Code. Since the management company is subject to domestic law, domestic judgements do not require recognition prior to enforcement.

To enforce their rights, investors may take legal action before the ordinary courts or, where one is available, launch an alternative dispute resolution procedure.

The Management Company has undertaken to participate in dispute resolution proceedings held before a consumer arbitration board.

In the event of disputes, consumers may contact the "Ombudsman for Investment Funds" of BVI Bundesverband Investment und Asset Management e.V. as the competent consumer arbitration board. The Management Company participates in dispute resolution proceedings held by this arbitration body.

The contact details for the Ombudsman's Office for Investment Funds are as follows:

Ombudsman's Office

BVI Bundesverband Investment und Asset Management e.V.  
Unter den Linden 42  
10117 Berlin  
Tel.: +49 (0)30 6449046-0  
Fax: +49 (0)30 6449046-29  
Email: [info@ombudsstelle-investmentfonds.de](mailto:info@ombudsstelle-investmentfonds.de)  
[www.ombudsstelle-investmentfonds.de](http://www.ombudsstelle-investmentfonds.de)

Consumers are natural persons who invest in the Fund for reasons that cannot be primarily ascribed to their commercial or their independent professional occupation, i.e. for private purposes.

The right to seek redress in court shall remain unaffected by a dispute resolution proceeding.

# General part

This Sales Prospectus consists of a general and a special part. The general part contains the general rules for UCITS investment funds managed by Union Investment Privatfonds GmbH. The special part lists regulations which deviate from or supplement the general regulations for the UCITS investment fund described in this Sales Prospectus.

## General provisions, sales documentation and disclosure of information

The UCITS investment fund described in this Sales Prospectus (hereinafter also referred to as the "Fund" or "Investment Fund") is an investment fund within the meaning of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (hereinafter: "UCITS Directive") within the meaning of the German Investment Code (hereinafter "KAGB"). It is managed by Union Investment Privatfonds GmbH, Frankfurt / Main, (hereinafter: the "Company" or "Union Investment").

The Company invests the capital deposited with it in its own name and for the joint account of the investors, but separately from its own assets. It invests these funds pursuant to the principle of risk spreading in assets permitted under the KAGB. The Fund does not form part of the Company's insolvency assets.

The corporate purpose of the Fund is limited to investing in accordance with a specified investment strategy within the framework of collective asset management, using the funds deposited with it. It does not have an operating function or active business control of the assets held. The assets in which the Company may invest its capital, along with the terms with which it must comply when doing so, are stipulated in the KAGB and its associated regulations, the German Investment Tax Act (hereinafter: "InvStG"), as well as the Terms of Contract governing the legal relationship between investors and the Company. The Terms of Contract include a general and a special part (hereinafter: the "General Terms of Contract" and the "Special Terms of Contract"). Terms of Contract for a public investment fund are subject to prior approval by the German Financial Supervisory Authority (hereinafter "BaFin").

The Sales Prospectus, the Terms of Contract, the KID and the current annual and half-yearly reports may be obtained free of charge in electronic form or as a hard copy from Union Investment, the Depositary, the Contact Office – where specified in the special part of the Sales Prospectus – as well as the sales agents and paying agents listed at the end of this Sales Prospectus.

Additional information regarding the investment limits of risk management for the Fund, the risk management methods and the most recent developments in relation to risks and returns for the most important categories of assets may be obtained from Union Investment (Tel.: +49(0)69 58998-6060, E-mail: [service@union-investment.de](mailto:service@union-investment.de)) and the Contact Office – where

specified in the special part of the Sales Prospectus – in electronic form or as a hard copy. The Company has also established procedures for dealing with any complaints from unitholders in an appropriate and timely manner. More detailed information regarding these procedures may be viewed on Union Investment's website (which can be accessed via [www.privatkunden.union-investment.de](http://www.privatkunden.union-investment.de)) or requested directly from the Company or the Contact Office – where specified in the special part of the Sales Prospectus.

If the Company provides individual investors with further information on the Fund, in particular on the assets in the Fund portfolio and their performance, it will provide this information simultaneously to all investors in the Fund on request. Investors can obtain this information electronically from Union Investment, tel.: 069 58998-6060.

If an Investment Committee has been set up, details relating thereto can be found in the section entitled "Sales agents and paying agents" at the end of this Sales Prospectus.

## Terms of Contract and amendments thereto

The Terms of Contract can be found in this Sales Prospectus.

The Terms of Contract may be amended by the Company. Amendments to the Terms of Contract must be approved by BaFin. Amendments to the Fund's investment principles are permitted only upon the condition that the Company offers investors either the redemption of their units free of charge or the exchange of their units free of charge for units of other investment funds with comparable investment principles, provided that the Company or one of its group companies manages such investment funds.

The planned amendments shall be published in the Federal Gazette and additionally in a sufficiently widely distributed economic review or daily newspaper or on the homepage of Union Investment on the internet at: [privatkunden.union-investment.de](http://privatkunden.union-investment.de). In the event of changes in costs within the meaning of Section 162 (2) no. 11 KAGB that adversely affect investors or changes in material investor rights that adversely affect investors and in the event of changes in the investment principles of the Investment Fund, investors shall also be informed via their custodians by means of a medium on which information is stored and can be viewed and reproduced unchanged for a period of time appropriate to the purposes of the information, for example in paper form or in electronic form (so-called "durable data medium"). This information includes the key content of the planned amendments, the reasons for their implementation, the rights of investors in connection therewith and a reference to where and how further information can be obtained. The amendments shall come into force at the earliest on the day following their notification or, in the event of changes to the information on costs and investment principles, no earlier than four months after the corresponding notification. With the consent of BaFin, it is possible to determine an earlier date for changes to the information on costs that are favourable to investors.

## Management Company

Union Investment Privatfonds GmbH (Legal Entity Identifier (LEI): 529900GA24GZU77QD356), with its registered office in Frankfurt/Main, is a management company pursuant to the KAGB and was founded on 26 January 1956. It has the legal form of a limited liability company (Gesellschaft mit beschränkter Haftung - GmbH). Since 23 January 2002, the Management Company has been operating under the name Union Investment Privatfonds GmbH; until that time, the Company was called Union-Investment-Gesellschaft mbH.

The Company is authorised to operate as a UCITS management company and as an AIF management company pursuant to the (KAGB), which replaced the German Investment Act (Investmentgesetz - InvG) on 22 July 2013.

It may manage the following types of domestic investment funds:

- UCITS investment fund pursuant to § 192 et seq. KAGB
- Mixed investment funds pursuant to §§ 218 et seq. KAGB
- Retirement investment funds pursuant to § 347 KAGB in conjunction with § 87 InvG in the version applicable until 21 July 2013
- Open-ended domestic special AIFs with fixed Terms of Contract pursuant to § 284 KAGB that invest in assets within the meaning of § 284(2), no. 2a), b), c), d), g) and i) KAGB
- General open-ended domestic special AIFs pursuant to § 282 KAGB – excluding hedge funds pursuant to § 283 KAGB – which invest in assets within the meaning of §§ 284(2), no. 2a), b), c), d), g) and i) KAGB.

In addition, the Company is also authorised to manage individual assets invested in financial instruments as specified in § 1(11) of the German Banking Act (Kreditwesengesetz KWG) on behalf of others with decision-making powers, including portfolio management of third-party investment funds (financial portfolio management pursuant to § 20(3)(2) KAGB).

Further details of the shareholders, members of the Supervisory Board and management team, as well as the main roles of managers and board members, to the extent relevant for the Company, may be found at the end of this Sales Prospectus. Any changes may be derived from the annual and half-yearly reports to be drawn up regularly. Details of further funds managed by the Company can also be found at the end of this Sales Prospectus.

## Subscribed and paid-in capital, own funds and additional own funds

Information on the subscribed and paid-in capital and own funds in accordance with § 1(19)(9) KAGB in conjunction with Article 72 of Union Investment Regulation (EU) No 575/2013 can be found in the section of this Sales Prospectus entitled "Capital management company, bodies, auditors and statutory auditors".

The Company has covered the professional liability risks arising from the management of AIFs that may be attributed to professional negligence of its bodies or employees through additional own funds amounting to at least 0.01% of the value of the

portfolios of all AIF managed, this amount being reviewed and adjusted annually. These are included in the Company's own funds disclosed in the section of this Sales Prospectus entitled "Capital management company, bodies, auditors and statutory auditors".

## Depository and sub-custodians

The KAGB provides for a separation between the management and custody of assets. The Company has appointed a credit institution as the depository charged with the custody of the Investment Fund's assets.

The Depository holds the assets in separate deposits or in blocked accounts / blocked deposits. In the case of assets which cannot be held in custody, the Depository shall verify whether the Management Company has acquired ownership of such assets. It monitors whether the Company's dispositions of assets comply with the provisions of the KAGB and the Terms of Contract. The investment in bank balances with other credit institutions, as well as access to such balances, is subject to the approval of the Depository. The Depository may not withhold its approval if such investment or disposition complies with the Terms of Contract and the provisions of the KAGB.

If the Depository has outsourced its depository duties to one or more sub-custodians, the responsibilities delegated shall be described in the special part of the Sales Prospectus under "Sub-custodians", along with the name of the relevant sub-custodian and, if applicable, reference to any conflicts of interest that may arise through such delegation of duties.

The Depository, furthermore, has the following specific responsibilities:

- issuing and redeeming Fund units;
- ensuring that the issue and redemption of units, as well as the calculation of the value of units, are carried out in accordance with the provisions of the KAGB and the Terms of Contract of the Fund;
- ensuring that with regard to transactions for the joint account of investors, the countervalue is received into its custody within the customary deadlines;
- ensuring that the income of the Fund is used in accordance with the provisions of the KAGB and the Terms of Contract;
- monitoring borrowings by the Company for the account of the Fund and, where appropriate, approving such borrowings, provided that they are not value date overdrafts,
- ensuring that collateral for securities lending transactions is provided in a legally valid manner and remains available at all times.

The tasks of the Depository has been taken on by the bank indicated in the section entitled "Depository" in the special part of the Sales Prospectus.

## Depository's liability

As a rule, the Depository is responsible for all assets placed either in its custody or, with its consent, in the custody of a third party. If such an asset is lost, the Depository shall be liable towards the

Fund and its investors, unless this loss is attributable to events outside the control of the Depositary. For damages other than the loss of an asset, the depositary shall generally only be liable if it has failed to fulfil its obligations under the provisions of the KAGB through negligence, as a minimum.

## Additional information on the Depositary, sub-custodians and possible conflicts of interest

Upon request, the Company shall provide investors with up-to-date information on the Depositary and its duties, on the sub-custodians as well as on possible conflicts of interest in relation to the activities of the Depositary or the sub-custodians.

It shall also provide investors, upon request, with information on the reasons why it has chosen the bank named in the section entitled "Depositary" in the special part of the Sales Prospectus as the Fund's depositary.

## Distribution and distribution restrictions

The sales and paying agents listed at the end of the Sales Prospectus have agreed to market the Fund and/or the unit classes.

**The fund units issued may only be offered or sold in countries where such offer or sale is in line with the law. This requires appropriate marketing authorisation from the competent supervisory authority.**

**The Company and/or the Fund have not been and will not be registered under the 1940 US Investment Company Act, in the version currently in force. The units of the Fund have not been and will not be registered under the 1933 US Securities Act or under the securities laws of any federal state of the United States of America. Units of the Fund may not be offered or sold in the US or to US persons or for their account. Parties interested in acquiring units must demonstrate where appropriate that they are not US persons and that they are not acquiring units on behalf of US persons or intending to transfer them to US persons. US persons include individuals if they are residents of the United States. US persons may also be partnerships or companies if they were established, for instance, in accordance with the laws of the USA or a federal state, territory or dependency of the USA.**

## Rules of good conduct

The Company has undertaken to observe the code of conduct issued by the BVI Bundesverband Investment und Asset Management e.V., Frankfurt / Main. These rules establish a standard of good and responsible conduct in connection with the capital and rights of the investors. They illustrate how capital investment and management companies can fulfil their legal duties vis-à-vis investors and how they should represent the interests of these investors vis-à-vis third parties. If the need to amend the Sales Prospectus arises from these specifications, these amendments will be taken into account in the next edition of said publication.

The Company has drawn also up a strategy determining how and when voting rights associated with assets of the funds it manages

should be exercised, such that these are used for the sole benefit of the fund or funds in question. A brief description of this strategy can be found on the Company's website (which can be accessed via [privatkunden.union-investment.de](http://privatkunden.union-investment.de)) or requested directly from Union Investment.

The Company is also required to act in the best interest of the funds it manages when executing trading decisions for the funds or forwarding trading orders to be carried out by other establishments. All appropriate measures should also be taken to achieve the best possible result for the respective fund, taking into account the stock exchange value, costs, speed and likelihood of execution and settlement, the scale and type of the order and all other aspects relevant to order execution. Against this backdrop, the Company has established a number of principles allowing it to achieve the best possible result, while also taking into account the above considerations. Information on these principles and significant amendments thereto can be found on the Company's website (which can be accessed via [privatkunden.union-investment.de](http://privatkunden.union-investment.de)) or requested directly from the Union Investment.

Furthermore, the Company has taken measures to protect investors from adverse effects arising from "market trading". This term describes the short-term trading of units, which impairs an investment fund's performance due to the volume and frequency of trading through transaction costs accruing at investment fund level. Against this backdrop, on the one hand, unit trading is regularly monitored and evaluated, while on the other, internal regulations have been issued for the employees of the Company, preventing the sale of Fund units within short time periods.

## Risk information

**Prior to any decision regarding the purchase of Fund units, investors should carefully read the following risk information, together with the other information contained in this Sales Prospectus, and take this into account in their investment decision. The incidence of one or more of these risks may, individually or together with other circumstances, negatively affect the performance of the Fund or of the assets held in the Fund, and thereby also negatively affect the unit value.**

If investors sell units of the Fund at a time when the value of assets in the Fund has decreased compared to when the units were purchased, they will not get back the capital they invested in the Fund, either in whole or in part. Investors might lose part of their assets invested in the Fund. Capital growth cannot be guaranteed. The investor's risk is limited to the amount invested. Investors are not obliged to provide any supplementary funding in addition to the money invested.

**In addition to the risks and uncertainties described below or elsewhere in the Sales Prospectus, the Fund's performance may also be affected by various other risks and uncertainties that are currently unknown. The order in which the risks are listed below does not reflect the likelihood or magnitude of the occurrence of each individual risk.**

### 1. Fund investment risks

Below is an outline of the risks typically associated with investing in a UCITS investment fund. These risks may have a negative effect on the unit value, the capital invested by the investor or

the duration of investment in the Fund as planned by the investor.

#### **Fluctuation of the Fund unit value**

The unit value of the Fund is calculated by dividing the Fund's value by the number of units in circulation. In this way, the Fund's value is the sum of the market values of all the Fund's assets, less the sum of the market values of all the Fund's liabilities. The unit value of the Fund therefore depends on the value of the assets held in the Fund and the amount of liabilities of the Fund. If the value of these assets drops, or the value of the liabilities increases, the Fund unit value will fall accordingly.

#### **Impact of taxation on individual performance**

The tax treatment of capital income depends on the individual circumstances of the respective investor and may be subject to change in future. For specific questions, particularly regarding individual tax situations, investors should contact their personal tax advisers.

#### **Changes to the investment policy or the Terms of Contract**

The Company may amend the Terms of Contract subject to BaFin approval. This may also affect the rights of investors. For instance, the Company may amend the Fund's investment policy or increase the costs to be charged to the Fund by changing the Terms of Contract. However, the Company may also change the investment policy within the legally and contractually permitted scope without the need for changing the Terms of Contract or requiring BaFin approval. As a result, the risks associated with the Fund may change.

#### **Delayed relay of information by the financial institute maintaining the securities account**

Financial institutes relay certain information to investors so that they may exercise rights in connection with the units kept on their securities account. For example, this may include information on fund measures such as the merger of investment funds or extension of the duration of an investment fund. In the event of the delayed relay of information and/or due to postal delivery times, it is possible that relevant information may not reach investors on time, or that it may reach them at such a date that very little time is left for investors to make a decision (such as accepting a redemption offer free of charge) and send relevant orders to the financial institute maintaining the securities account. The time available to investors is generally reduced further, for organisational reasons, by the financial institute maintaining the securities account. This brings with it the risk that investors may make rash decisions due to time pressure, or may even result in their de facto exclusion from exercising their rights.

#### **Changes to the risk profile**

The investor must accept that the specified risk profile of a fund may change at any time. Details are provided in the section entitled "Information on the risk profile of the Fund" in the general part of the Sales Prospectus.

#### **Risk of a restriction on the redemption of units**

The Company may restrict the redemption of units for a total of up to 15 consecutive business days if the investors' redemption requests on a settlement date exceed a pre-defined threshold above which the redemption requests can no longer be executed

in the interest of all investors due to the liquidity situation of the investment fund. If the threshold is reached or exceeded, the Company will use its discretion to decide whether to limit redemptions on that settlement day. If the Company decides to restrict redemptions, it may continue to do so for up to 14 consecutive working days at its discretion as exercised on a daily basis. If the Company has decided to restrict redemption, it will only redeem units on a pro-rata basis at the redemption price applicable on the settlement day; otherwise the redemption obligation will not apply. This means that each redemption request will only be executed on a pro-rata basis based on a quota determined by the Company. The part of the order that has not been executed will expire and will not be executed at a later date. For the investor, there is therefore the risk that the unit redemption order will only be executed on a pro-rata basis and that the remaining amount of the order will have to be re-submitted.

#### **Suspension of unit redemption**

The Company may temporarily suspend the redemption of units in the event of extraordinary circumstances which appear to make such suspension necessary in the interests of the investors. Exceptional circumstances in this sense may include economic or political crises, unusually large volumes of redemption requests, or the closure of stock exchanges or markets, trade restrictions or other factors that affect the calculation of the unit value. Moreover, BaFin may instruct the Company to suspend the redemption of units if this is deemed necessary in the interests of the investors or the public. During such periods, investors are not allowed to redeem their units. Even during periods when the redemption of units is suspended, the unit value may fall, for example, if the Company were forced to sell assets at less than their market value during this time. The unit value after the resumption of unit redemption may be lower than before suspension of the redemption.

The suspension of unit redemption may be immediately followed by the liquidation of the investment fund, without the resumption of unit redemption, for example, if the Company terminates the management of the Fund in order for it to be liquidated. Investors may then be subject to the risks that they will not be able to keep to their planned holding period and that substantial portions of the invested capital might be inaccessible for an indefinite period or be lost altogether.

#### **Liquidation of the Fund**

The Company is entitled to cease managing the Fund. The Company may fully liquidate the Fund once management has been discontinued. After a notice period of six months, the right of disposal over the Fund will pass to the depositary. This means that the investors incur the risk of being unable to complete their planned holding period. Upon transfer of the Fund to the depositary, the Fund may become subject to taxes other than German income tax. If the Fund units are removed from the securities account of the investor after termination of the liquidation procedure, the investor may become subject to income tax.

#### **Transfer of all the assets of the Fund to another investment fund (merger)**

The Company may transfer all the assets of the Fund to another UCITS investment fund. In this case, investors may either (i)

redeem their units or (ii) retain these with the result that they become investors in the absorbing fund or (iii) where possible, exchange these for units in a mutual fund with comparable investment principles, provided that the Company, or an associated undertaking, is managing such an investment fund with comparable investment principles. Investors must therefore make a new investment decision prior to any such transfer.

A redemption of units may give rise to income taxes. Upon exchanging units for units in an investment fund with comparable investment principles, the investor may be subject to taxes, for example, if the value of the units obtained exceeds the value of the old units at the time of acquisition.

#### **Transfer of the Fund to another management company**

The Company may transfer the right to manage and dispose of the Fund to another capital management company. The Fund remains unchanged as a result, as does the position of the investor. However, investors must decide in the context of the transfer whether they consider the new capital management company to be just as suitable as the previous one. If they do not wish to remain invested in the Fund under new management, they must redeem their units. Income taxes may be incurred in this connection.

#### **Profitability and achievement of the investment objectives of the investor**

There can be no guarantee that investors will achieve their desired investment objectives. The unit value of the Fund may fall and lead to losses for the investor. No guarantees are given by the Company or third parties as to any particular minimum payment upon redemption or any particular investment performance of the Fund. Investors may recover a lower amount than the amount originally invested. In addition, any initial sales charge paid upon the acquisition of units or any redemption fee paid upon the sale of units may reduce or even wholly offset the performance of an investment, particularly if the investment is only held for a short duration.

## **2. Risks of negative performance of the Fund (market risk)**

Below is an outline of the risks associated with investments in individual assets by the Fund. These risks may negatively affect the performance of the Fund or of the assets held in the Fund, and may thereby have a negative effect on the unit value and the capital invested by the investor.

#### **Risks of value fluctuation**

The assets in which the Company invests for the account of the Fund are subject to risks. Losses may thus occur if the market value of the assets decreases in comparison to the cost price, or if spot and futures prices evolve differently.

#### **Capital market risk**

The development of the market values of financial products particularly depends on capital market development, which is in turn influenced by the general situation of the global economy, as well as the economic and political conditions in individual countries. General price trends, particularly on stock markets, can also be affected by irrational factors such as mood swings, opinions and rumours. Fluctuations in prices and market values

may also be caused by changes in interest rates, exchange rates or issuer (hereinafter, "issuer") credit ratings.

#### **Price change risk of equities**

Experience shows that equities are subject to strong price fluctuations and thus also to the risk of price decreases. These price fluctuations are particularly affected by the profit performance of issuing companies and developments within the industry, as well as overall macroeconomic developments. Market confidence in the company concerned may also affect price development. This is particularly true of companies whose shares have only recently been admitted for trading on a stock exchange or other organised market, where even minor changes in forecasts can trigger dramatic price movements. If for a particular share, the volume of freely tradable shares that are held by a large number of shareholders ("free float") is low, then even minor buy or sell orders may have a substantial effect on the market price and lead to sizeable price fluctuations.

#### **Interest rate risk**

Investing in fixed-rate transferable securities is connected with the possibility that the interest rate at the time of issuance of a transferable security might change. If the interest rate increases compared to the interest at the time of issue, fixed-rate transferable securities will generally decrease in value. In contrast, if the interest rate falls, the price of fixed-rate transferable securities increases. These developments mean that the current yield of fixed-rate transferable securities roughly corresponds to the current interest rate. However, such fluctuations can have very different consequences, depending on the (residual) maturity of fixed-rate transferable securities. On the one hand, fixed-rate transferable securities with short maturities bear lower price risks than fixed-rate transferable securities with long maturities. On the other hand, fixed-rate transferable securities with short maturities generally have smaller yields than fixed-rate transferable securities with long maturities. Money market instruments tend to involve lower price risks due to their short maturity of up to a maximum of 397 days. In addition, the interest rates of different, interest-related financial instruments denominated in the same currency and with a similar residual maturity, may undergo different developments.

#### **Risk of negative deposit rates**

The Company invests the liquid assets of the Fund with the Depositary or other banks on behalf of the Fund. An interest rate is often agreed for these bank balances that corresponds to the European Interbank Offered Rate (Euribor), less an applicable margin. If the Euribor falls below the agreed margin, this will lead to negative interest rates on the corresponding account. Depending on developments with the European Central Bank interest rate policy, short, medium and long-term bank balances may all generate a negative interest rate. Accordingly, investments of liquid funds based on an interest rate other than the Euribor and investments of liquid funds in a foreign currency that take account of the interest rates of foreign central banks may lead to negative interest rates.

#### **Price change risk of convertible bonds and warrant bonds**

Convertible bonds and warrant bonds securitise the right to exchange bonds for shares or to acquire shares. The performance of

convertible bonds and warrant bonds therefore depends on the performance of the underlying shares. The risks associated with the performance of the underlying shares may therefore also affect the performance of the convertible bond or warrant bond. Warrant bonds granting the issuer the right to pay the investor a predefined number of shares instead of repaying a nominal sum (reverse convertibles), are even more strongly dependent on the relevant share price.

### Risks related to derivative transactions

The purchase and sale of options, as well as the conclusion of futures or forward contracts or swaps, entail the following risks:

- Potential losses may occur from the use of derivatives which, under some circumstances, cannot be predicted and may even exceed the initial payments.
- Changes to the value of the underlying instrument can diminish the value of an option right or futures or forward contract. If the value is reduced and the derivative thus becomes worthless, the Company may be forced to relinquish the acquired rights. The Investment Fund may also suffer losses through value changes of an asset underlying a swap.
- A liquid secondary market for a specific instrument may be absent at a given time. An item in derivatives may not be neutralised (entered into) in economic terms under certain circumstances.
- The leveraging effect of options may have a greater impact on the Fund's assets than the direct purchase of the underlying instruments. The risk of loss may be impossible to determine at the time of concluding the transaction.
- The purchase of options carries the risk that the option may not be exercised because the prices of the underlying instruments do not progress as expected, such that the option premium paid by the sub-fund is forfeited. The sale of options entails the risk that the Investment Fund may be required to accept assets at a higher price than the current market price or to deliver assets at a lower price than the current market price. The Fund would then suffer a loss amounting to the difference in price less the option premium received.
- Futures and forward contracts are associated with the risk that the Company is obliged, for the account of the Fund, to bear the difference between the price at the time of concluding the transaction and the market price at the time of settlement or maturity. This would cause the Fund to suffer losses. The risk of loss is impossible to determine at the time of concluding the futures or forward contract.
- A necessary quid-pro-quo transaction (closing out) is associated with costs.
- The forecasts made by the Company regarding the future performance of underlying assets, interest rates, prices and currency markets can subsequently prove themselves to have been incorrect.
- It may not be possible to buy or sell the assets underlying the derivatives at an appropriate time, or it may be necessary to buy or sell at an inappropriate time.

In the case of over-the-counter (OTC) transactions, the following

risks may present themselves:

- There might not be an organised market, such that the Company cannot or can only with difficulty sell the financial instruments acquired on the OTC market for the account of the Fund.
- Any quid-pro-quo transaction (offsetting) may be difficult, impossible or associated with significant costs due to individual agreements.

Derivatives may be used either for hedging capital market risks or for investment purposes. Similarly to the direct investment in transferable securities, this may increase exposure to equity, interest rate change, credit and currency risks. Such exposure may not necessarily be reflected in the relevant assets of a fund; however, the conclusion of such transactions may increase the Fund's risks.

### General risks of investing in certificates

If securities may be acquired for the investment fund, they may also be structured as certificates. Certificates are bonds that relate to a specific underlying asset such as shares or bonds ("underlying") or a combination of different underlyings. The underlying may also be an index or an index combination. It is permitted to acquire certificates whose underlying may also be acquired directly for the investment fund in accordance with its Terms and Conditions of Investment.

In addition, the purchase of so-called 1:1 certificates is also permitted. These are bonds that track the performance of an underlying 1:1. In the case of these certificates, the underlying may not be a derivative. Apart from this, the underlyings of 1:1 certificates may also refer to assets that may not be acquired directly for the investment fund, such as precious metals, real estate or commodities.

The performance of certificates and the risks associated with them depend directly on the underlyings contained in the certificates. During the term of the certificate, price fluctuations are possible, for example, which may be based in particular on the price performance of the underlying. Changes in the value of the underlying may therefore have a negative effect on the price of the certificate (price change risk). In the case of certificates which refer to underlyings in foreign currencies and which are not currency hedged, there is also the risk that losses arising from currency fluctuations may occur at the sale or maturity (currency risk). Product-related risks may also exist, which depend on the underlying.

In addition, an investment in certificates is also associated with the issuer's credit risk.

### Special risks of investing in certificates with cryptoassets as an underlying

As an indirect investment, the investment fund may also invest in cryptoassets, such as Bitcoin, via certificates. The basic risks associated with an investment in certificates can be found in the previous section "General risks of investing in certificates".

A cryptoasset is the digital representation of an asset which has not been issued or guaranteed by any central bank or public sector entity and which does not have the legal status of a currency or money, but which is accepted by natural or legal persons as a means of exchange or payment or for investment

purposes by virtue of an agreement or actual exercise, and which can be transmitted, stored and traded electronically. Electronic transmission and storage takes place regularly using the so-called blockchain technology.

Due to the 1:1 depiction of the performance of the underlying, an indirect investment in cryptoassets is also associated with the specific risks that exist when investing directly in the cryptoasset concerned. Due to the novelty of cryptoassets and their very different structure, it cannot be ruled out that, depending on the underlying, risks other than those listed below are associated with investing in cryptoassets. Given the above, the following risks are explicitly not to be understood as conclusive:

**Prices of cryptoassets regularly fluctuate very strongly. This is associated with the fact that the value of certificates to corresponding cryptoassets also fluctuates very strongly. Since the value of a certificate acquired must be taken into account when determining the issue and redemption prices of the Fund, this may result in a correspondingly strong impact on the value of the Fund's unit. There is a risk that the value of the Fund's units will fall significantly over the long term and that investors will suffer significant losses as a result.**

#### Market acceptance and value risk

The value of cryptoassets depends to a large extent on the acceptance of market participants. Market players are not legally obligated to accept cryptoassets, nor do they have their own or intrinsic value. Rather, the value of cryptoassets follows the principle of price formation on stock exchanges to balance supply and demand. There is a risk of a fall in the market price without this loss being limited by an intrinsic value.

Furthermore, the technical basis of cryptoassets can be overtaken over time by competing cryptoassets with newer technology, which can lead to the loss in value of a cryptoasset with older technology.

#### Technology / security risks

The possibilities of using cryptoassets involve various technical risks. This includes, in particular, the risks listed below:

- Discontinuation or reduction of mining activities:  
The functioning of the blockchains frequently underlying cryptoassets depends to a large extent on the ability and willingness of so-called miners to provide computing power for the formation of new blocks. They can give up their activities for various reasons or reduce them to such an extent that the functioning of the blockchain is no longer sufficiently guaranteed.
- Fork risk / hard fork risk / non-participation in inflow events:  
A "hard fork" is a division of the blockchain into two different versions. This change in the protocol of a blockchain that is not compatible with previous versions means that all users of the new software will be separated from those of the outdated software. In order to identify the new blocks, it is necessary for all market players of the blockchain concerned to use only the current version of the software. The two blockchains separate into two new paths. There is a risk that the investor will not receive the cryptoassets of the spun-off network because the conditions necessary for the inflow of

the new cryptoassets are not met and that significant price fluctuations may occur due to the splitting of the blockchain.

- Transfer fee risk:  
Many blockchain transactions involve transfer fees that, in the event of an improper increase, may lead to a decline in the market price of the cryptoasset concerned.
- Software error / bug in program code:  
Cryptoassets, like all software-based systems, are not safe from software bugs. If such disruptions cannot be rectified by software corrections or cooperative behaviour by the parties involved, there is a risk of losses because the blockchain is no longer trusted as the software base of the cryptoassets, or total losses because the blockchain is no longer functional overall. Errors in the program code of a blockchain or in the underlying encryption technology can give third parties unauthorised access to cryptotokens of a cryptoasset or make the entire blockchain worthless.
- Data loss:  
The right to dispose of a credit in cryptoassets comes from having the secret private key. If this key is lost, the associated value units are no longer transferable and exchangeable for both the owner and the entire network and therefore lose their economic value.
- Security risk:  
Some companies offer the safe custody of certain cryptoassets as a service to protect against data loss or attacks. Providers of such wallets that store the private keys (i.e. the passwords) to access the cryptoassets are also at risk of the technologies used becoming targets of cyberattacks or physical attacks. There is a risk that cryptoassets may be lost, devalued or become unusable due to a technical malfunction. In this case, there is a risk of total loss.
- Irreversibility of transactions:  
If the blockchain does not have an integrated address validation, incorrect address entries lead to the loss of the transferred cryptoassets during the transfer of cryptoassets due to their non-reversibility.
- Risk of manipulation:  
Each blockchain underlying a cryptoasset is based on a specific cryptographic method to protect against manipulation. These procedures, or the implementation of these procedures, may not prove sufficiently secure in the future, leading to a risk of disruption or complete elimination of the functioning of the blockchain, for example, by cyberattacks.
- Majority attack risk:  
If miners merge and aggregate more than half of the computing power, cryptoassets have the possibility of a majority attack (also called 51% attack). The majority of mining capacity can be taken over and the attacker can determine which transactions are approved and recognised by the network and which are not. This targeted market manipulation by large market players can affect confidence in the transactions on the blockchain. This may lead to a fall in the market price.

#### Regulatory, political and legal risk

The novelty of cryptoassets as an investment object is leading to increased regulatory, political and legal risks compared to traditional investment objects. If governments or authorities change existing regulations, apply them differently or introduce new regulations, value changes of cryptoassets are expected. Strong constraints from government regulation or changes in regulatory classification within individual countries can lead to changes in cryptoasset acceptance and a decline in demand. Even the announcement of regulatory measures can lead to price turbulence. If national authorities prohibit the trading of certain cryptoassets or the ownership of certain cryptoassets, this may result in certain marketplaces having to stop trading cryptoassets and investors being unable to sell their cryptoassets or the affected cryptoassets only being able to be sold outside previously permitted trading venues. However, such a sale will normally only be possible at substantially lower prices than at which the cryptoasset was last traded on the trading venues. This can lead to market distortions.

In addition, there may be uncertainties regarding the legal treatment of cryptoassets.

#### No regulation – of insufficient regulation – of trading venues

Trading venues for cryptoassets may also be free from government supervision or only subject to limited government supervision that is not comparable to the government supervision of regulated exchanges. This may lead to trading venues being more susceptible to price manipulation of the cryptoassets traded on the trading venue or to criminal acts, in particular by insiders.

#### Liquidity risk / volatility risk

The liquidity of cryptoassets may be severely restricted in the short term, which may lead to difficulties or impossibility of liquidity and to increased bid-ask spreads in the acquisition or sale. In addition, cryptoassets can have extremely high volatility, so that sales may only be possible at significantly reduced prices.

#### Index-related risks

A portfolio of different cryptoassets can be used to physically replicate indices for cryptoassets. It cannot be ruled out that the performance of the market concerned is not fully or correctly reflected. Errors may occur in the calculation, adjustment and publication of the composition of the indices. In addition, publicly available data will be used to calculate and adjust the indices. Even with great care, it cannot be ruled out that the data selected and verified for index calculation are not incorrect or incomplete or have been manipulated and therefore do not accurately reflect actual market conditions.

#### Sustainability risk

Proof-of-Work (PoW) is a consensus mechanism applied on the blockchain. It is used for certain cryptocurrencies and ensures unanimity in the required network. Since PoW requires enormous computing power, this energy-intensive consensus mechanism can pose a sustainability risk. Alternative consensus mechanisms such as proof-of-stake (PoS), which represent a comparatively more energy-efficient variant compared to PoW, may also differ from an investor's individual ideas regarding a sustainable investment.

**The risks associated with cryptoassets can lead to total loss.**

#### Additional risks for CO2 emission rights certificates as an underlying

As an indirect investment, the investment fund may also invest in CO2 emission rights through certificates. The basic risks associated with an investment in certificates can be found in the section "General risks and functioning of an investment in certificates".

CO2 emission rights are financial instruments that certify the right to the emission of carbon dioxide, greenhouse gases or fluorocarbons in the form of emission certificates. The structure of emission certificates may vary depending on the existing trading system, the issuing organisation (e.g. state) and the content of the securitisation. That's why there are different CO2 prices.

In the case of CO2 emission rights, the underlying is usually not the CO2 emission right itself, but often futures contracts related to it. In contrast to the certificate, a future contract as the underlying has a fixed term. Consequently, the underlying is automatically and at a certain frequency replaced by a new future contract with the same characteristics but with a different maturity. Associated with this are the possible negative effects in terms of cost of carry and future roll yield. The price of a future contract does not perform exactly as the spot price of the asset underlying the future contract.

**In the case of futures on CO2 emission rights, there has been a contango market in recent years (i.e. with a higher price of a longer-term future being rolled into), so the roll-over might have had a negative impact on investors in a product in relation to such a future, despite the adjustments made during the roll-over.**

Changes related to the European Union Emissions Trading System or to the legal framework set by the European Commission may also have an impact (positive or negative) on the price of CO2 emission rights and therefore on the market for the relevant future contracts.

The issuer of certificates may be entitled to terminate the product with immediate effect upon the occurrence of defined events. Such an event may be, for example, the suspension of the listing or the elimination of the underlying, changes in legislation, tax events or the elimination of the possibility for the issuer to carry out the necessary hedging transactions. In these cases, the termination amount may also be considerably lower than the purchase price. In addition, there is the risk that termination will occur at an unfavourable time and that the termination amount can only be reinvested under worse conditions.

#### Risks associated with the acquisition of electronically issued assets

Certain foreign assets may be issued and acquired in a non-securitised manner. These are subject to the regulations in their country of origin, which may differ from the procedures and methods in Germany.

Securities issued in Germany may also be issued electronically in accordance with the Electronic Securities Act (eWpG). According to the German regulation on cryptofund units (KryptoFAV), units in investment funds or in individual unit classes may also be issued in part or in full as cryptofund units.

Issuers have the right to choose whether to issue securities by

means of a document, i.e. in a securitised form, or by electronic means.

The eWpG provides for two types of electronic securities registers: central securities registers and decentralised cryptosecurities registers, typically based on distributed ledger technology (DLT). DLT refers to a data structure which extends across several computers and whose contents are shared (also called blockchain technology).

Due to the novelty of domestic and foreign assets being issued electronically and the constant technological development, special risks may arise or develop new ones.

**Risks associated with the acquisition of electronic assets are presented below by way of example:**

#### Legal risks:

Electronic issuance may be subject to different legal regulations, depending on the country in which the issue takes place and in which the necessary service providers, e.g. registrar agencies, have their legal domicile. There is a risk that legal loopholes may exist in individual countries and, for example, the rights arising from assets issued electronically are not or only inadequately protected or enforceable.

#### Liquidity risks:

If trading can only be carried out on certain platforms or over-the-counter, it is possible that this may have an impact on the liquidity of the assets. This can happen in particular if security-related incidents occur and investors lose confidence in the platforms or electronic trading and then avoid them.

#### Pricing risks:

The prices on the platforms or markets on which an electronic asset is traded may differ from the prices that can be obtained for the same asset in securitised form (in the event that the asset has been issued in both forms).

#### Additional risks in case of use of DLT or blockchain technology

When issuers use DLT technology to issue electronic assets, additional risks may arise. These depend largely on the type of DLT network used or the blockchain used. The term "blockchain" refers to a data structure in which information, e.g. transaction data, is sent in chronological form to all participants in the network used and stored by them. These other risks can be classified as follows:

##### Technological risks:

- Although blockchain is considered a secure technology, vulnerabilities, manipulation and cyberattacks are possible that can result in loss, theft, inaccessibility or significant price fluctuations of assets. These risks may increase further due to further developments in encryption technologies and techniques.  
  
In particular, it cannot be ruled out that so-called "51% attacks" occur, in which one or more attackers take over the majority of computing power and thus take control of a blockchain. As a result, these attackers can manipulate the allocation of assets to their owners.
- On a platform used, there may be failures, malfunctions, coding errors or unexpected modes of operation which may adversely affect the processing, entry, registration and

transfer of transactions. For example, smart contracts stored on a blockchain, i.e. programs that are automatically executed when defined conditions are met, may be faulty.

- Maintenance on a platform may result in participants not gaining access to the platform for certain periods of time and may thus mean that transactions cannot be carried out or can only be carried out with a delay.
- When electronic assets are issued on different platforms or using different technological standards, a lack of interoperability between these systems can lead to market distortions and other impairments.

##### Regulatory risks:

- Blockchain technology is subject to a rapidly evolving regulatory landscape that can impact security requirements, privacy protection, the ability to execute transactions, and changes to blockchain networks and their documentation.

##### Other risks:

- The functionality of electronically issued assets depends on the maintenance of the blockchain system by certain system operators (system operator risk). It is possible that individual operators or all operators may cease support for a particular asset or all assets. In this case, trading in the corresponding assets could be more difficult or impossible unless another network could be connected as a substitute. In addition, operators could increase transaction costs, which could make transactions uneconomical.
- In order to ensure the acceptance of a blockchain network, it must be able, on the one hand, to process a certain number of transactions without any processing problems and delays and, on the other hand, to carry out an increasing number of transactions in the future. Otherwise, transaction times and costs may represent limiting factors.
- Processing and payment risks may arise as transaction fees to the blockchain are usually paid in cryptocurrencies. Cryptocurrencies are subject to strong price fluctuations. As a result, their exchange rate against the euro or other currencies may deteriorate over a sustained period of time.
- Blockchain technology in some cases requires a certain amount of computing power, which can lead to high energy consumption and associated environmental impacts.

#### Risks associated with loans via transferable securities, money market instruments and investment units

If the Company grants a loan via transferable securities, money market instruments and investment units for the account of the Fund, it transfers transferable securities, money market instruments and investment units to a borrower who, at the end of the lending agreement, returns transferable securities, money market instruments and investment units of the same type, quantity and quality (securities lending). Although the borrower is required to provide collateral equalling at least the market price of the loaned transferable securities, money market instruments and investment units plus any revenues arising therefrom and a surcharge whose amount is in line with market standards, and this borrower is also obliged to provide additional collateral, there remains the risk, in the event of the deterioration of his economic situation, that the Investment Fund may not be adequately cover-

ed due to value changes in the collateral and/or the loaned assets. Furthermore, there is a risk that a borrower may fail to meet an additional funding obligation to provide collateral, with the result that the existing retransfer claim is not fully secured in the event of default by the contractual partner. In these cases, there is a counterparty risk amounting to the underhedging. If collateral received is held in custody at an institution other than the Fund's Depositary, there is also the risk that it may not be possible to use it immediately or in full in the event of the borrower's default.

If the Company receives cash collateral for the account of the Investment Fund, there is a non-payment risk with respect to the relevant credit institution managing the account.

For the entire duration of the agreement, the Company has no control over the loaned transferable securities. If the transferable security decreases in value over the duration of the agreement and the Company wishes to sell said transferable security altogether, then it will need to terminate the lending agreement and await the completion of the customary process for transferring the loaned transferable securities to the custody account of the Fund before being able to give the selling order, with a potential loss for the Fund arising in the meantime.

#### **Risks of repurchase agreements**

If the Company transfers transferable securities, money market instruments and investment units under a repurchase agreement for the account of the Fund, then it sells them and undertakes to repurchase them at a premium at the end of an agreed term. The repurchase price plus premium to be paid by the seller at the end of the term will be determined upon completion of the transaction. Repurchase agreements carry the risk that market movements up the time of repurchase of the transferable security may cause the purchase price paid by the lender to no longer reflect the value of the repurchased transferable securities. The lender then bears a counterparty risk equal to the difference, if the value of the included transferable securities, money market instruments or investment units falls below the purchase price paid by him. On the other hand, the borrower then bears a counterparty risk equal to the difference, if the value of the included transferable securities, money market instruments or investment units rises higher than the purchase price received by him.

The Company must obtain sufficient collateral in order to avoid a contractual party defaulting during the term of a repurchase agreement. In the event that the contractual party defaults, the Company has a right to use the collateral provided. A risk of loss for the Fund may result from the fact that the collateral provided is no longer sufficient to cover the full amount of the Company's retransfer claim, for example due to rising prices of the transferable securities, money market instruments and investment units sold under repurchase agreements.

Coverage for the aforementioned counterparty risk requires a separate agreement between the Company and the relevant counterparty. The Company has entered into such agreements with all relevant counterparties for repurchase agreements. These agreements stipulate that the aforementioned counterparty risk of repurchase transactions needs to reach a minimum level for collateral to be required. Collateral will, in that case, be provided through a securities transfer. Therefore, the counterparty risk

borne by the Investment Fund in connection with repurchase agreements in securities will not exceed the aforementioned minimum amount.

Counterparty risk may also exist if the Company has provided collateral to the counterparty, who has come to have excess coverage due to changes in the value of collateral and/or the transferable securities underlying the repurchase agreement, but the Company is not entitled to demand the return of the collateral because the aforementioned minimum amount has not been reached or the counterparty refuses to return the collateral in violation of the contract.

Notwithstanding the above, the extent of counterparty risk may not exceed 5 percent of the value of the Fund; in the event the counterparty is a credit institution established in the EU, an EEA signatory state of the Agreement on the European Economic Area ("EEA") or a non-EU member state with equivalent prudential supervisory provisions, this restriction is set to 10 percent.

If the Company receives cash collateral for the account of the Investment Fund, there is a non-payment risk with respect to the relevant credit institution managing the account.

If the transferable securities, money market instruments or investment units included in the repurchase agreement should depreciate in value during the course of the contract and the Company should wish to sell these in order to limit its losses, then it can only do so by exercising the right of early termination. Any early termination of an agreement may have financial consequences for the Fund. In these cases, the Fund may also suffer a loss due to the fact that it must wait for the completion of the customary process of transferring the transferable securities, money market instruments and investment units to the custody account of the Fund before being able to issue a selling order. In addition, the premium to be paid at the end of the term may also be higher than the income that the Company has generated through the reinvestment of the cash received.

If the Company accepts transferable securities, money market instruments or investment units under a repurchase agreement, then it purchases them and must resell them at the end of the term. The repurchase price (plus a surcharge) shall be determined when the transaction is concluded. Transferable securities, money market instruments and investment units accepted under repurchase agreements serve as collateral for the provision of liquidity to the party to the agreement. The Fund does not benefit from any increases in value of transferable securities, money market instruments and investment units.

#### **Risks associated with receiving collateral**

The Company receives collateral for derivative transactions, securities loans and repurchase transactions. Derivatives, loaned transferable securities, money market instruments or investment units or transferable securities, money market instruments or investment units included in a repurchase agreement may increase in value. If this is the case, the collateral provided may no longer be enough to fully cover the entitlement of the Company against the counterparty for delivery or return.

The Company may invest cash collateral in blocked accounts, high-quality government bonds or money market funds with a short duration structure. However, the credit institution where

the bank balances are held might default. Government bonds and money market funds could decrease in value. At the end of the agreement, the invested collateral could no longer be fully available, despite the Company's obligation to return it in the original amount on behalf of the Fund. The Fund would then have to bear the losses incurred on the collateral.

#### **Leverage risk**

Leverage is any method used by the Company to increase the Fund's degree of investment through loans, securities lending, repurchase agreements, leverage funding embedded in derivatives, or any other means. This may increase the potential market risk, and therewith the corresponding risk of loss: there is a risk that the earnings opportunities may not be realised and that losses will occur.

#### **Securitisation risk**

Securitisation is a transaction or structure through which the credit risk associated with a claim or pool of claims is divided into tranches. The payments made in the context of such a transaction or structure depend on the realisation of the claim or of the claims contained in the pool. The precedence of tranches determines the allocation of losses over the duration of the transaction or structure.

In case of bundling claims into new transactions or structures that can then be sold on the market, the risks associated with the original claims are wholly or partly passed on, which could lead to a loss of transparency with respect to the existing risk structures, and an associated loss of risk awareness. Any full or partial default on the underlying claims may have a sizeable effect on the market value and/or the marketability of the transactions or structures and lead to a partial or even complete loss of their value.

The Fund may only acquire transferable securities that securitise receivables (securitisation positions) issued after 1 January 2011 if the debtor retains at least 5 percent of the volume of the securitisation as a "deductible" and complies with other requirements. The Company is therefore required to take remedial action in the interests of investors if there are securitisations in the Fund's assets which do not comply with these EU standards. As part of these corrective measures, the Company may be required to dispose of such securitisation positions. Due to legal requirements for banks, capital management companies and insurance companies, there is a risk that the Company may not be able to sell such securitisation positions held with the Fund or may only be able to sell them at a sharp discount or with a long delay.

#### **Inflation risk**

Inflation carries a risk of depreciation for all assets. This also applies to the assets held in the Fund. The inflation rate may be higher than the capital growth of the Fund.

#### **Currency risk**

Assets of the Fund may be denominated in a currency other than that of the Fund. The Fund will receive any income, reimbursements or proceeds from such investments in this other currency. If this currency decreases in value relative to the Fund's currency, the value of such investments will also fall, resulting in a drop in the value of the Fund's assets.

#### **Concentration risk**

Additional risks may be incurred if the investments are concentrated in certain assets or markets. In such cases, a fund is particularly dependent on the way those assets or markets develop.

Pursuant to the investment policy, up to 35 percent of the Investment Fund's assets may be invested in debt obligations, note loans and money market instruments of one or several issuer(s). In such cases, the associated default risk (concentration risk) is heightened. This risk may increase further if the Special Terms of Contract of a fund stipulate that even more than 35 percent of its assets may be invested in the above-mentioned instruments of certain issuers.

#### **Risks associated with investing in investment units**

The risks of investment funds, the units of which acquired for the Fund (target funds), are closely connected with the risks of the assets in these target funds or the investment strategies pursued by them. However, these risks can be reduced by diversifying the investments in the investment funds whose units are being acquired, as well as through diversification within this Fund.

As the managers of the individual target funds act independently of each other, it is possible for several target funds to act according to the same or opposite investment strategies. This may result in existing risks being built up and possible opportunities cancelling each other out.

The Company is not normally in a position to control the management of target funds. Their investment decisions do not necessarily have to conform to the assumptions or expectations of the Company.

Often, the Company may not be completely up-to-date on the current composition of the target funds. In the event that this composition does not meet the Management Company's assumptions or expectations, it may, where applicable, only be able to react with considerable delay by way of redeeming units of the target funds.

Open-end investment funds, units of which are acquired for the Fund, may also temporarily restrict or suspend the redemption of units. The Company would then be prevented from disposing of the units in the target fund by returning them to the Management Company or depository of the target fund against payment of the redemption price.

#### **Risks resulting from the investment spectrum**

In observance of the investment principles and restrictions laid down in the KAGB and the Terms of Contract, which provide for a broad framework for the Fund, the actual investment policy can also be geared towards acquiring assets by, for example, focusing on only a few sectors, markets or regions/countries. This focus on a few specific investment sectors can be associated with risks (e. g. market narrowness, high volatility within certain business cycles). The annual report provides information on the content of the investment policy over the relevant reporting period.

### **3. Risks of reduced or increased liquidity of the Fund and risks related to increased subscriptions or redemptions (liquidity risk)**

Below is an outline of the risks that may restrict the liquidity of the Fund. These may cause the Fund to be temporarily or permanently unable to fulfil its payment obligations, or cause the Company to be temporarily or permanently unable to comply with redemption requests from investors. Investors may then be unable to realise their intended investment duration and be unable to use their invested capital or parts thereof for an indefinite period of time. The materialisation of liquidity risks could also cause the value of the Fund's assets and thus the unit value to fall – e.g. if the Company were forced to sell assets on behalf of the Fund at less than their market value, subject to legal restraints. In addition, if the Company is unable to meet investors' redemption requests, this may result in restriction or the suspension of redemption and, in extreme cases, the subsequent liquidation of the Fund.

#### **Risk associated with investing in assets**

The Fund may also acquire assets not admitted for trading on a stock exchange, or not admitted to trading or included in another organised market. In some situations it might be impossible to sell such assets except subject to considerable discounts or delays, if at all. In some cases, even the sale of assets admitted to a stock exchange may only be possible with sizeable discounts, or not at all, depending on market conditions, volumes, time frames and planned costs. Although the Fund may only acquire assets that can generally be liquidated at any time, it is possible that these assets may exhibit large fluctuations in price, or that these may temporarily or permanently be sold at a loss.

#### **Risks associated with borrowing**

The Company may take out loans on behalf of the Fund. Variable-interest loans can also have negative effects on the Fund's assets in the event of rising interest rates. If the Company has to repay a loan and cannot offset it with follow-up financing or liquidity available in the fund, it may be forced to sell assets prematurely or at less favourable conditions than planned.

#### **Risks associated with increased volumes of subscriptions or redemptions**

Buying and selling orders from investors add or remove liquidity to or from the Fund's assets. These inflows and outflows may result in a net gain or loss in the Fund's cash holdings. Such net gains or losses may cause the Fund manager to buy or sell assets, producing transaction costs. This applies in particular where the gains or losses cause the cash held by the Fund to exceed or fall below a threshold predefined by the Company. The associated transaction costs are charged to the Fund's assets and may affect the performance of the Fund. Cash gains may increase the Fund's liquidity and affect the performance of the Fund if the Company is unable to invest the cash at adequate conditions or cannot do so on a timely basis.

#### **Risks associated with public holidays in certain regions/countries**

If investments are made for the Fund in other countries, then local holidays in such countries may lead to differences between

the trading days at stock exchanges in such countries and the valuation days of the Fund. Potentially, on days that are not valuation days, the Fund may be unable to respond to market developments in such countries on the same day, or on valuation days that are not trading days in such countries, the fund may be unable to trade on local markets. This may prevent the Fund from selling assets within the required deadlines and/or against the desired prices. This could negatively affect the ability of the Fund to comply with redemption requests or other payment obligations.

### **4. Counterparty risks including credit risk and receivables risk**

Below is an outline of the risks that may affect the Fund in connection with a business relationship with another party ("counterparty"). These present the risk that the contractual party may become unable to fulfil its obligations arising from the contract. These risks may be detrimental to the performance of the Fund and thereby have an adverse effect on the unit value and the capital invested by the investor.

#### **Default risk / counterparty risks (other than central counterparties)**

The default of an issuer or contract partner (counterparty) against whom the Fund has outstanding claims, may produce a loss for the Fund. Issuer risk refers to the impact of particular developments concerning a given issuer that affect the price of a transferable security, in addition to the influence exerted by general trends in capital markets. Even when transferable securities are carefully selected, losses due to the financial collapse of issuers cannot be ruled out. The counterparty of a contract concluded for the account of the Fund may default either wholly or partly (counterparty risk). This applies to all contracts concluded for the account of the Fund.

#### **Risk associated with central counterparties**

A central counterparty (CCP) may act as an intermediary on behalf of the Fund in particular transactions, in particular transactions with financial derivatives. In these cases, it will act as the buyer vis-à-vis the seller, and as the seller vis-à-vis the buyer. A CCP hedges its risks of non-performance by business partners through a range of protective mechanisms which enable it at all times to offset losses from concluded transactions (e.g. via collateralisation). Despite such protective mechanisms, it is still possible for a CCP to become over-indebted and default, which could also affect claims of the Company on behalf of the Fund. This may result in losses for the Fund.

### **5. Operational and other risks to the Fund**

Below is an outline of the risks that may arise e.g. due to inadequate internal processes or human or system errors on the part of the Company or third parties. These risks may be detrimental to the performance of the Fund and thereby have an adverse effect on the unit value.

#### **Risks associated with criminal activities, abuses and natural disasters**

The Fund may fall victim to fraud or other criminal activities. It may suffer losses as a result of errors on the part of employees of

the Company or third parties, or suffer damages due to external events, such as natural disasters or pandemics.

#### **Country or transfer risk**

There is a risk that foreign debtors, despite being solvent, may be unable to make payments in the required currency, on time or even at all due to a lack of transferability of the currency, a lack of willingness to transfer on the part of their country of domicile or for similar reasons, or may only be able to make said payment in another currency. As a result, payments to which the Company is entitled on behalf of the Fund, may, for example, be made in another currency or in a currency which is not (or no longer) convertible due to foreign exchange restrictions, or these payments may even not be made at all. If the debtor pays in another currency, this position will be subject to the currency risk described above.

#### **Legal and political risks**

Investments may be made for the Fund in jurisdictions where German law does not apply, or where the competent court for disputes is outside Germany. The resulting rights and obligations of the Company on behalf of the Fund may be less advantageous to the Fund and/or investors than those in Germany. Political or legal developments, including changes to the legal framework in these jurisdictions, might be identified by the Company either too late or not at all, or result in restrictions on the admissible assets for acquisition, or on assets already acquired. Such situations may also be brought about by changes in the legal framework relating to the Company and/or the management of the Fund prevalent in Germany.

#### **Changes to the fiscal framework, tax risk**

The information concerning taxation in this Sales Prospectus is based on the currently prevailing legal norms. The "Brief information on tax regulations" in the general part of the Sales Prospectus is intended for persons subject to unrestricted income or corporate income taxation in Germany. However, no assurance can be given that this tax treatment will not change as a result of legislation, case law or decrees issued by the tax authorities.

#### **Tax risks due to value hedging transactions for investors who hold at least 25 percent in the Fund**

It cannot be ruled out that capital gains tax on German dividends and income from domestic equity-equivalent profit participation rights that the investor earns originally (i.e. directly and not through its investment in the Fund) may not be fully or partially creditable or refundable. The capital gains tax is fully credited or refunded if (i) the investor holds German shares and German equity-equivalent profit participation rights within a period of 45 days before and after the due date of the capital gains (a total of 91 days) for an uninterrupted period of 45 days and bears the risk of a declining value of the shares or profit participation rights of at least 70 percent for an uninterrupted period during these 45 days (i.e. "45-day rule"). Furthermore, in order for the capital gains tax to be credited, there must be no obligation to pay the capital gains directly or indirectly to another person (e.g. through swaps, securities lending transactions, repurchase agreements). Hedging or forward transactions that directly or indirectly hedge the risk arising from German shares or German equity-equivalent profit participation rights may therefore be detrimental. Hedging

transactions via value and price indices are regarded as indirect hedging. To the extent that the Fund is deemed to be a related party of the investor (i.e. if the investor holds an investment of at least 25 percent in the Fund) and engages in hedging transactions, these transactions may be attributed to the investor and result in the investor not complying with the 45-day rule.

In the event of non-deduction of capital gains tax on corresponding income originally generated by the investor, hedging transactions by the Fund may result in the investor having to pay the capital gains tax to the tax office.

#### **Key person risk**

If the investment result of the Fund in a particular period is extraordinarily positive, then this performance could also be related to the capabilities of the acting persons, i.e. the correct decisions of management. However, the composition of the Fund management staff is subject to change. New decision-makers may possibly be less successful.

#### **Custody risk**

The custody of assets, particularly abroad, is associated with a risk of loss, which can result from the insolvency, breach of duty of care or wrongful conduct of the Depositary or a sub-custodian or force majeure.

In principle, the depositary is responsible for the loss of an asset held in the custody of this depositary or a sub-custodian. The Company has carefully selected the depositary. However, it cannot be ruled out that claims for compensation against the depositary cannot be met, either in part or in full.

#### **Risks associated with trading and clearing mechanisms (settlement risk)**

Transferable securities transactions carry the risk that one of the contracting parties delays, does not pay as agreed or does not deliver the transferable securities in good time. This settlement risk also exists accordingly for the investment fund when trading in other assets.

## **6. Sustainability risks**

Sustainability risks are environmental, social or corporate governance events or conditions, which could actually or potentially have a material adverse effect on the value of the Fund's investment.

Sustainability risks are part of the already known risk types such as market risk, liquidity risk, counterparty risk and operational risk and can influence the materiality of these risks.

#### **Consideration of sustainability risks by Union Investment**

##### **a) Investment decisions**

Investment decisions at Union Investment are made on the basis of a fundamental research process. The principle of ESG integration is also integrated into all investment decisions. ESG integration is the systematic consideration of sustainability factors in the key steps of the investment process. Sustainability factors include environmental, social and employee concerns, respect for human rights and the fight against corruption and bribery.

The integration of sustainability factors into the fundamental research process at Union Investment is generally ensured by

an ESG Committee. It deals with, inter alia, specific companies, sectors and countries that are of particular relevance for risk, return and valuation considerations due to concrete events and/or structural trends from a sustainability perspective. The Committee issues binding investment signals and recommendations relevant to all asset classes concerned and all portfolio managers.

b) Inclusion of sustainability risks in investment decisions

Sustainability analysts and portfolio managers analyse the main sustainability risks for a given sector or asset class, thereby expanding the traditional fundamental analysis to include financially relevant sustainability risks.

The results of the ESG analysis and individual sustainability factors are documented. Union Investment's portfolio managers have access to this documentation and can view and measure the sustainability risks of portfolios and base their investment decisions on them. In order to reduce sustainability risks, portfolio management seeks constructive dialogue with the issuers in which investments are made. The aim is to actively influence issuers with regard to opportunities and risks that may be associated with sustainability factors.

c) Impact on returns

Taking sustainability factors into account can have a significant impact on the performance of an investment over the long term. Issuers with poor sustainability standards may be more vulnerable to event, reputational, regulatory, litigation and technology risks. These sustainability-related risks can have, inter alia, an impact on the operating business, on the brand or company value and on the continued existence of the company or investment. The occurrence of these risks may lead to a negative valuation of the investment, which in turn may have an impact on the returns of the Fund.

### Consideration of sustainability risks when outsourcing portfolio management

If the portfolio management of the Investment Fund has been outsourced to another company, you will find information on how this outsourcing company deals with sustainability risks in the section of the special part of the Sales Prospectus entitled "Additional delegation of duties".

## Specific information on risks

Specific information on risks can be found in the section entitled "Specific risk information regarding the Fund" in the special part of the Sales Prospectus, if the Fund is exposed to such risks.

## Notes on the risk profile of the Fund

The existing assessment regarding the risk profile of the Investment Fund is expressed by the Company in the following risk classes:

- Low risk,
- Moderate risk,
- Increased risk,

- High risk,
- Very high risk, up to the complete consumption of capital.

The section entitled "Risk class of the Investment Fund" in the special part of the Sales Prospectus states the risk class the Company has allocated to the Fund described in this Sales Prospectus.

### Standard model for allocation to a risk class:

In principle, risk classes are allocated on the basis of a model which takes account of the risk factors of a fund, based on the investment policy described in the relevant valid sales prospectus and the risks inherent to a fund. However, not all potential risks are taken into account (see the section entitled "Risk information" in the general part of the Sales Prospectus), since some of the risks presented (e.g. inflation risks or key person risks) are not only influenced by the investment policy described in the sales prospectus of a fund, but are also exposed to other factors. This means that the only risks below are assessed in the model used: share price risk (market risk), interest rate risk, corporate risk (counterparty risk), currency risk, real estate risk, commodity risk, private equity risk, hedge fund risk, high yield risk, emerging markets risk (country and transfer risk), sector risk (concentration risk), country and regional risk, leverage risk (risk regarding derivative transactions), liquidity risk, counter-trend market risk.

An analysis is carried out on each investment fund to determine the extent to which it is exposed to the individual risk factors used. The results are then analysed, leading to an assessment of the Investment Fund's risk profile. In this, the following applies: the greater a risk factor, the more likely it is to have an influence on the performance of a fund.

It should be noted that in such an assessment, the respective risks are weighted differently. The weighting and assessment of risk is carried out on the basis of a retrospective view. This means that risks contained in a fund may actually affect its performance more significantly than is expressed by the assessment carried out on the risk profile. This is particularly the case when any risks contained in a fund have a more severe effect than was observed in the past.

In addition, it must be considered that assigning a risk class while taking into account the risk factors using the aforementioned model is not appropriate for funds bearing certain characteristics. Against this backdrop, guarantee funds and value-protected funds are classified as having moderate risk. For funds other than guarantee and value-protected funds that have particular characteristics that result in these being allocated to a risk class in derogation of the model described above, the Company will make special reference to the risk allocation of such funds.

**For the aforementioned reasons, it should be noted that the weighting of the individual risk factors, as well as the extent of each risk factor, may change over time due to new market conditions. Investors must therefore take into account that the allocation to a specified risk class may change over time. In particular, this may be the case when new market conditions persistently demonstrate that the individual risk factors should be weighted or assessed differently.**

**The assessment that is given of an Investment Fund's risk profile therefore provides no guarantee of actual gains or losses that may occur in the value of the Investment Fund.**

If the standard model described above is not used to allocate the Investment Fund to a risk class, the alternative model used will be described in the section entitled "Risk class of the Investment Fund" in the special part of the Sales Prospectus.

## Differences between the risk profile in the Sales Prospectus and the Key Information Document

The KID for the Fund or its unit classes, which is to be published on the basis of the implementation of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on KIDs for packaged retail investment products and insurance investment products ("PRIIPs Regulation"), Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 supplementing Regulation (EU) No 1286/2014 ("Delegated Regulation to the PRIIPs Regulation") and Commission Delegated Regulation (EU) 2021/2268 of 6 September 2021 amending Delegated Regulation (EU) 2017/653 from 1 January 2023 in addition to the Sales Prospectus, will contain an overall risk indicator in the section "What are the risks and what could I get in return". This indicator includes a number of risk classes on a scale of 1 to 7. A classification on this scale is made solely on the basis of the previous volatility or, in cases where this volatility cannot be calculated, an overall risk indicator of 6 or 7 is assigned across the board in accordance with Annex II of the Delegated Regulation to the PRIIPs Regulation. If a sufficient historical unit price is unavailable, volatility rates must be determined using suitable reference values. The indicator is also supplemented by a description of risks which are significant and not adequately covered by the indicator.

**The assessment of the risk profile of an investment fund shown in the special part of the Sales Prospectus in the section "Risk class of the Investment Fund" is not comparable with the disclosure in the section "What are the risks and what could I get in return" of the KID. In addition, the explanations concerning further risks provided therein (which do not directly affect the classification, but may nonetheless be significant for the Fund or the relevant unit class) may differ from the risk information stated in the Sales Prospectus.**

Summary of significant differences:

- Unlike the 1 to 7 scale used in the KID, the classification used by the Company in the Sales Prospectus has a total of five risk classes.
- The Company generally assigns a fund to a risk class in the Sales Prospectus on the basis of a (scoring) model in which certain risk factors associated with a fund are taken into account. The weighting and evaluation of these risks varies and is carried out on the basis of a retrospective view. A non-standard assignment to a risk class is possible if this is

appropriate and this is indicated separately. The KID, on the other hand, focuses solely on volatility.

- Due to the different approaches for determining and explaining the risk profile to be disclosed in the KID and in the Sales Prospectus, the reported risks also differ with regard to content.

## Investment principles, investment limits and investment objective

The general part of this Sales Prospectus describes the general rules for acquiring assets and the use of investment instruments for UCITS investment funds, as well as the investment limits generally applicable to UCITS investment funds. The special rules regarding the acquisition of assets and the use of investment instruments for the UCITS investment fund described in this Sales Prospectus, as well as the investment limits which apply to this Investment Fund can be found in the special part of this Sales Prospectus.

The section entitled "Investment objective" in the special part of this Sales Prospectus stipulates the objectives of the Fund's investment policy.

**There is no guarantee that the objectives of the investment policy will in fact be achieved.**

## General rules regarding the acquisition of assets and investment instruments

### Transferable securities

The Company is authorised to acquire transferable securities of domestic and foreign issuers on behalf of the Fund:

1. if they are admitted to trading on a stock exchange of an EU member state or another EEA signatory state, or are admitted to trading or included in any other organised market in any such state;
2. if they are admitted to trading on a stock exchange or to another organised market or are included on it, outside the Member States of the EU or the other States which are party to the EEA Agreement, if the selection of such stock exchange or organised market has been approved by BaFin,

Recently issued transferable securities may be acquired, provided their terms of issue state that an application will be made for admission to official listing or inclusion on one of the stock exchanges or other regulated markets specified under items (1) or (2), and this admission or inclusion is secured within one year of issue.

The following shall also be considered transferable securities within this sense:

- Units in closed-end investment funds constituted as contractual funds or in the form of a company, which are subject to control by unitholders (so-called company control), i.e. unitholders must have voting rights regarding material decisions, as well as the right to monitor investment policies via adequate mechanisms. The Investment Fund must also be

managed by a party who is subject to the laws on investor protection, unless the Investment Fund has been created in company form and the duties of asset management are not assumed by any other party.

- Financial instruments secured by other assets or linked to the performance of other assets. If derivative components are embedded in such financial instruments, then further requirements apply for the Company to be allowed to acquire them as transferable securities.

Transferable securities may only be acquired under the following conditions:

- The potential loss which may be suffered by the Fund may not exceed the purchase price of the transferable security. There must not be any obligation to provide additional funding.
- Any lack of liquidity of the transferable security acquired by the Fund must not lead to the Fund becoming unable to fulfil the statutory requirements for the redemption of units. This applies without prejudice to the statutory right to restrict or suspend the redemption of units in specific cases (see the sections entitled "Redemption of units and redemption agent" and "Suspension of unit redemption" as well as "Restriction on the redemption of units" in the general part of the Sales Prospectus).
- A reliable assessment of the transferable security with exact, reliable and current prices must be available; this must either constitute market prices or result from a valuation system that is independent of the issuer of the transferable security.
- Adequate information must be available on the transferable security, in the form of either regular, exact and comprehensive market information for the transferable security or an associated portfolio, i.e. a portfolio collateralised in the transferable security.
- The transferable security must be tradable.
- The acquisition of the transferable security must be in accordance with the investment objectives and strategy of the Fund.
- The risks of the transferable security are adequately addressed by the Fund's risk management.

In addition, transferable securities may be acquired in the following forms:

- shares to which the Fund is entitled in the event of a capital increase from company funds;
- transferable securities purchased through the exercise of subscription rights held by the Fund.

Rights may also be acquired for the Fund as transferable securities within the above sense, provided that the transferable securities underlying these subscription rights may be held in the Fund.

### Money market instruments

On behalf of the Fund, the Company may invest in money market instruments that are commonly traded on the money market, as well as in interest-bearing transferable securities, which either

- have a maturity or residual maturity not exceeding 397 days at the time of acquisition for the Fund.

- have a maturity or residual maturity exceeding 397 days at the time of acquisition for the Fund, provided that pursuant to their terms of issue, their interest is regularly adjusted to the market situation at least once every 397 days.
- have a risk profile that corresponds to the risk profile of transferable securities that fulfil the criterion for residual maturity or interest adjustment.

Money market instruments may be acquired for the Fund, provided these are:

1. admitted to trading on a stock exchange of an EU member state or another EEA signatory state, or are admitted to trading or included in any other organised market in any such state;
2. admitted for trading on a stock exchange or on another organised market or included in it, outside EU or other EEA Member States, provided that the selection of such stock exchange or market has been approved by BaFin,
3. issued or guaranteed by the EU, the Federal Republic of Germany, a German federal government fund, a German federal state, another EU member state or another national, regional or local authority or the central bank of an EU member state, the European Central Bank or European Investment Bank, a non-member state of the EU or, if in the case of a Federal State, by one of the members making up the Federal State, or a public international body to which one or more EU member states belong;
4. issued by a company whose transferable securities are traded on one of the markets specified under points (1) and (2);
5. issued or guaranteed by a credit institution subject to prudential supervision, in accordance with criteria defined by EU law, or a credit institution that is subject to and complies with prudential rules considered by BaFin to be equal to those of EU law; or
6. issued by other bodies, provided such issuer is:
  - a) a company with capital and reserves amounting to at least EUR 10 million, which prepares and publishes its annual accounts pursuant to the European Directive on the annual accounts of companies with limited liability; or
  - b) an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group; or
  - c) a legal entity that issues money-market instruments covered by obligations through the use of a credit line provided by a bank. These are products where credit claims of banks are securitised ("asset-backed securities").

All the aforementioned money market instruments may only be acquired if they are liquid and their value can be exactly determined at all times. Money market instruments are considered liquid if they can be sold within a sufficiently short time at limited cost. In this, account must be taken of the Company's obligation to redeem units of the Fund upon request from investors, and to be able to sell such money market instruments within an appropriately short time in order to be able to fulfil this obligation. The money market instruments must in addition be subject

to an exact, reliable assessment system which enables the determination of the net asset value of the money market instrument or which is based on market data or valuation models (including systems based on amortised cost). The criterion of liquidity is deemed to be fulfilled by money market instruments, if these have been admitted for trading on an organised market within the EEA or are included in such a market, or if these have been admitted for trading on an organised market outside the EEA or are included in such a market, provided that this choice of market has been approved by BaFin. However, this does not apply if the Company is aware of circumstances indicating that the money market instrument may not be sufficiently liquid.

With respect to money market instruments that are not listed on a stock exchange or admitted for trading on a regulated market (see points (3) to (6) above), the issue or issuer of these instruments must in addition be subject to provisions on the protection of investors and savings. For such money market instruments, adequate information must be available to enable an adequate assessment of the credit risks associated with such instruments, and the money market instruments must also be freely transferable. The credit risks may be assessed e.g. through an analysis of creditworthiness by a rating agency.

These money market instruments are further subject to the following requirements, unless they have been issued or guaranteed by the European Central Bank or by the Central Bank of an EU member state:

- If they are issued by an institution as referred to under 3 above:
  - the EU,
  - the German Federal Government,
  - a German federal government fund,
  - a German federal state,
  - another EU member state,
  - another national body,
  - the European Investment Bank,
  - a non-member state of the EU, or if such country is a federation of states, a member state of such federation,
  - a public international body, to which at least one EU member state belongs,

then adequate information must be available about the issue or issue programme or about the legal and financial situation of the issuer prior to the issue of the money market instrument.

- If these are issued or guaranteed by a credit institution subject to prudential supervision in the EEA (see point (5) above), adequate information must be available about the issue or issue programme or about the legal and credit situation of the issuer prior to the issue of the money market instrument; such information must be updated at regular intervals and in the event of any material changes. In addition, information must be available on the issue or issue programme (e.g. statistics) that enables an adequate assessment of the credit risks associated with the investment.
- If these are issued by a credit institution that is subject to prudential rules outside the EEA, which are considered by

BaFin to be equivalent to the provisions regulating credit institutions within the EEA, then one of the following conditions must be met:

- The credit institution has a head office in a member state of the Organisation for Economic Co-operation and Development (OECD) that is also part of the so-called Group of Ten (G10, group of leading industrialised countries).
- the credit institution has a rating that qualifies as "investment grade", as a minimum. "Investment grade" means a rating of "BBB" or "Baa3" or higher, resulting from the analysis of creditworthiness performed by a rating agency.
- A comprehensive analysis of the issuer may be used to demonstrate that the prudential rules applicable to the credit institution are at least as stringent as those under EU law.

With regard to other money market instruments that are not listed on a stock exchange or admitted for trading on a regulated market (see points (4) and (6) above, and the remaining items under point (3)), adequate information about the issue or issue programme, as well as about the legal and financial situation of the issuer, must be made available prior to the issue of the money market instrument, and must be updated at regular intervals, as well as in case of any material changes, by a qualified third party that is independent of the issuer. In addition, information must be available on the issue or issue programme (e.g. statistics) that enables an adequate assessment of the credit risks associated with the investment.

### Bank balances

The Company may only hold bank balances with a maximum term of 12 months on behalf of the Fund. Such credit balances shall be maintained on blocked accounts with credit institutions established in an EU Member State or State party to the EEA Agreement. These may also be held with credit institutions established in a third country where the prudential rules are considered by BaFin as equivalent to those laid down in EU law.

### General investment limits for transferable securities and money market instruments (including in connection with the use of derivatives), as well as for bank balances

Transferable securities and money market instruments (including transferable securities acquired under repurchase agreements and money market instruments of the same issuer) may be acquired up to a value of 5 percent of the Fund. However, up to 10 percent of the value of the Fund may be invested in these transferable securities if this is stipulated in the Special Terms of Contract and the total value of the transferable securities and money market instruments of these issuers does not exceed 40 percent of the value of the Fund. Issuers of transferable securities and money market instruments are also to be taken into account within the limits specified in sentence 1 if the transferable securities and money market instruments issued by them are acquired indirectly via other transferable securities included in the Fund that are linked to their performance.

The Company may not invest more than 20 percent of the Fund's assets in bank balances at a single credit institution.

### Investment limit for debt securities with particular coverage

The Company may invest up to 25% of the Fund's value per issuer in

- a) mortgage bonds and municipal bonds, as well as bonds issued by credit institutions headquartered in an EU member state or in another contracting state of the Agreement on the EEA before 8 July 2022, provided that these credit institutions are subject to special public supervision under statutory regulations for the protection of bondholders and that the funds raised through the issuance of these bonds are invested, in accordance with legal provisions, in assets that sufficiently cover the liabilities arising from them throughout their entire term and that, in the event of the issuer's default, are primarily designated for the due repayments and interest payments,
- b) covered bonds within the meaning of Article 3(1) of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issuance of covered bonds and public supervision of covered bonds and amending Directives 2009/65/EC and 2014/59/EU (OJ L 328, 18.12.2019, p. 29) issued after 7 July 2022.

If the Fund invests more than 5% of its assets in such bonds issued by a single borrower according to a) and b), the total value of such bonds must not exceed 80% of the value of the Fund. Transferable securities received under repurchase agreements are counted towards this investment limit.

### Investment limits for public issuers

The Company may invest up to 35 percent of the Fund's assets respectively in bonds, borrower's note loans and money market instruments of special national and supranational public issuers. These public issuers include the German federal government, the German federal states, EU member states or their local authorities, third countries and public supranational bodies to which at least one EU member state belongs.

### Combination of investment limits

The Company shall not invest more than 20 percent of the Investment Fund's assets in a combination of the following assets:

- transferable securities or money market instruments issued by a single body,
- deposits with such a body, i.e. bank balances,
- Amounts to be applied for the counterparty risk for transactions entered into with this institution.

In the case of specific public issuers (see the section "Investment limits for public issuers"), the combined assets referred to in the previous sentence shall not exceed 35% of the Fund's assets. The relevant individual upper limits remain unaffected by this.

### Risks arising from the use of derivatives

The amounts of transferable securities and money market instruments of any individual issuer taken into account for the limits specified above may be reduced by the use of counter-market derivatives with transferable securities or money market instruments of this same issuer as their underlying assets. As a result, transferable securities or money market instruments of a single issuer may be purchased for the Fund in excess of said limits,

provided the increased issuer risk is reduced by appropriate hedging transactions.

### Investment ratios for tax purposes

If the Fund is defined as an equity fund or a mixed fund in respect of taxation, information on the investment ratios for tax purposes is provided in the section entitled "Investment ratios for tax purposes" which can be found in the special part of this Sales Prospectus.

### Other assets and their investment limits:

Other investment instruments:

The Company may invest up to 10 percent of the Fund's assets in the following assets ("Other investment instruments"):

- Transferable securities that are not admitted to trading on a stock exchange or admitted for trading or included in another organised market, but that do meet the criteria for transferable securities. In derogation to traded or admitted transferable securities, a reliable assessment must be available for these transferable securities in the form of an assessment undertaken at regular intervals, which is derived from information from the issuer or from an expert financial analysis. Adequate information on the non-approved or non-included transferable security or, where applicable, the related portfolio collateralised by the transferable security must be available to the Fund in the form of regular and accurate information.
- Money market instruments of issuers that do not meet the aforementioned requirements may be acquired only if they are liquid and their value can be exactly determined at all times. Money market instruments are considered liquid if they can be sold within a sufficiently short time at limited cost. In this, account must be taken of the Company's obligation to redeem units of the Fund upon request from investors, and to be able to sell such money market instruments within an appropriately short time in order to be able to fulfil this obligation. The money market instruments must in addition be subject to an exact, reliable assessment system which enables the determination of the net asset value of the money market instrument or which is based on market data or valuation models (including systems based on amortised cost). The criterion of liquidity is deemed to be fulfilled by money market instruments, if these have been admitted for trade on an organised market within the EEA or are included in such a market, or if these have been admitted for trade on an organised market outside the EEA or are included in such a market, provided that this choice of market has been approved by BaFin.
- Recently issued shares, provided that according to their terms of issue,
  - a) their admission to listing on a stock exchange in an EU member state or other EEA signatory state, or their admission to or inclusion on an organised market of an EU member state or other EEA signatory state, is to be applied for; or
  - b) their admission to listing on a stock exchange or admission to or inclusion on an organised market outside the EU or signatory states of the EEA Agreement is to be

applied for, provided that this choice of stock exchange or organised market has been approved by BaFin and provided that this admission or inclusion takes place within one year of the issue.

- Borrower's note loans which can be assigned at least twice after being purchased for the Fund and have been granted by one of the following bodies:
  - a) the German federal government, a German federal government fund, a German federal state, the EU or an OECD member state,
  - b) another domestic local authority or regional government or local authority of another EU Member State or other EEA Member State, provided that the claim may be treated as equivalent to a claim against the central state on whose territory the regional government or local authority resides, pursuant to the Regulation on supervision requirements for credit institutions and security companies,
  - c) other corporate bodies or incorporated public law institutions domiciled in Germany or another EU Member State or a Member State of the EEA Agreement,
  - d) Companies that have issued transferable securities that are admitted for trading on an organised market within the EEA, or that are admitted for trading on another regulated market that fulfils the material requirements for regulated markets as defined in the Markets in Financial Instruments Directive, as amended; or
  - e) other debtors, provided one of the bodies named under items a) to c) above has guaranteed interest and repayment.

#### **General exclusion criteria for the acquisition of securities and money market instruments**

Exclusion criteria were set by the company for the acquisition of certain assets. Among other things, securities and money market instruments are excluded of companies that:

- pursue controversial business practices such as serious violations of the ten principles of the United Nations Global Compact or
- have turnover from outlawed weapons or
- regularly have turnover from the extraction of thermal coal.

Furthermore, securities and money market instruments of companies with turnover of more than 5% in the following business segments are excluded from acquisition:

- Tar sands
- Nuclear weapons/systems. An investment is possible if the turnover of a company in the "nuclear weapons/systems" business segment amounts to up to 5 percent of the turnover and the business is carried out at least indirectly on behalf of a NATO member state that possesses nuclear weapons.

Securities and money market instruments of companies that generate more than 25% of their turnover from coal-fired power generation in an inadequate climate strategy are also excluded. This does not apply to the purchase of EU green bonds or other green bonds from these companies. These may be purchased if

- the issuer thereof uses the issue proceeds exclusively for green projects in defined sustainable business areas such as energy efficiency, renewable energy or sustainable mobility, and the issuer either
  - takes into account Regulation (EU) 2023/2631 on European green bonds (EU Green Bond Standard (EUGBS)) or
  - takes into account the International Capital Market Association (ICMA) Green Bond Principles (GBP) (so-called other green bonds)

and in addition,

- there is either an assessment of the issuer's programme by an organisation independent of the issuer, confirming the issuer's alignment with the corresponding ICMA or EUGBS Principles or Guidelines, or
- the alignment with the corresponding ICMA or the EUGBS Principles or Guidelines is declared in the issuing documents or in the annual report prepared by the issuer of the green bond and the Company concludes in the course of its research process that the funds received through the issue serve aforementioned business segments or sustainability goals.

In principle, the climate strategy of companies is sufficient only if:

- a) coal-fired power generation is not expanded,
- b) coal-fired power generation is to be halted responsibly by 2035 at the latest according to information provided; and
- c) carbon neutrality is to be achieved by 2050 at the latest.

#### **Investment units and their investment limits**

The Company may invest on behalf of the Investment Fund in units of UCITS and units of other domestic investment funds and investment companies with variable capital, as well as units of foreign open-end investment funds, all of which are not units of EU UCITS ("target funds").

These target funds may only be acquired on behalf of the Investment Fund if, pursuant to their Terms of Contract or articles of association, they may only invest up to 10 percent of their assets in units of other domestic investment funds and investment companies with variable capital or foreign open-end AIF. No more than 20 percent of the Fund's assets may be invested in units of a single target fund. No more than 30 percent of the Fund's assets may be invested overall in units of other domestic investment funds and investment companies with variable capital or foreign open-end investment funds, which are not units of EU UCITS. The Company may not acquire, for the Fund, more than 25 percent of the total units issued by any one target fund.

In addition, the following requirements apply to the acquisition of units that are not units of UCITS, but are units of other domestic investment funds and investment companies with variable capital, as well as units of foreign open-end investment funds, all of which are not units of EU UCITS:

- The target fund must have been approved in accordance with statutory rules subjecting it to effective prudential supervision for the protection of investors, and there must be adequate provision for ensuring satisfactory cooperation between BaFin and the supervisory authority of the target fund.

- The level of protection provided to investors must be equivalent to that enjoyed by an investor of a domestic UCITS, in particular with regard to the segregation of assets, lending and borrowing, as well as the short-selling of transferable securities and money market instruments.
- The business operations of the target fund must be the subject of annual and half-yearly reports that permit investors to form an assessment of the assets and liabilities, as well as the income and operations, over the reporting period.
- The target fund must be an open-end mutual fund whose units are not limited in number and investors must have the right to redeem their units in this fund.

### Derivatives

The Company may enter into derivatives transactions on behalf of the Investment Fund. Details of the applicable rules and the selected approach to derivative usage can be found in the special part of the Sales Prospectus.

### Securities lending transactions

The Company intends to engage in lending transactions for the account of the Fund. The transferable securities, money market instruments and investment units held in the Fund may be transferred to a third party (borrower) as a loan against market-appropriate compensation (referred to as a "securities loan").

Third parties in this sense are generally credit and financial services institutions established in an EU Member State, another State party to the EEA Agreement or a third country whose prudential rules are considered by BaFin as equivalent to those laid down in EU law. A minimum credit rating as a condition for the selection of the borrower is not planned as these transactions are subject to mandatory collateralisation.

Securities loans are transacted by the Company in order to achieve additional gains for the Investment Fund from the remuneration to be paid by the borrower. The Fund's entire holdings of transferable securities, money market instruments and investment units may be only transferred to third parties as a securities loan for an unspecified duration. The Company expects that, as a general rule, no more than 60 percent of Fund assets will involve lending transactions. However, this is only an estimated value that can be exceeded in individual cases. The Company shall be entitled to terminate securities lending transactions at any time. Upon conclusion of the securities lending contract, it must be agreed that transferable securities, money market instruments and investment units of a similar kind, quality and quantity must be returned to the Fund within the customary deadlines upon termination of the lending period. All transferable securities, money market instruments and investment units transferred to an individual borrower or group companies must not exceed 10 percent of the Fund's assets.

A condition for the transfer by way of lending to a borrower is that the Fund is provided with adequate collateral. Collateral is provided by the borrower in the following forms: cash payments or the assignment of credit balances, or the transfer of transferable securities or money market instruments. The Fund is entitled to all income from the investment of this collateral.

The assets transferred by way of loan are held in custody at the discretion of the borrower.

The Company may use a system organised by a securities depositary for the brokering and processing of transferable securities lending transactions. When transferable securities lending transactions are settled using organised systems, the transferable securities lent to borrowers may exceed 10% of the Fund's assets.

The borrower shall be obliged to pay the income derived from the transferable securities, money market instruments and investment units received on loan to the Depositary for the account of the Fund. In accordance with the Special Terms of Contract, the Company receives normal market remuneration of up to one third of the gross income from these transactions (see also the "Costs" section in the general part of the Sales Prospectus).

The Company is not authorised to lend money to third parties on behalf of the Fund.

### Repurchase agreements

The Company intends to engage in repurchase agreements for the account of the Fund. It may conclude repurchase agreements with credit and financial services institutions established in an EU Member State, another State party to the EEA Agreement or a third country whose prudential rules are considered by BaFin as equivalent to those laid down in EU law, with a maximum term of 12 months. A minimum credit rating as a condition for the selection of these institutions is not specified, as these transactions are subject to mandatory collateralisation.

The Company may transfer the Fund's transferable securities, money market instruments and investment units against compensation to a buyer (simple repurchase agreement) or buy transferable securities under the scope of repurchase agreements within the respective investment limits (reverse repurchase agreement). The Fund's entire holdings of transferable securities, money market instruments and investment units may be transferred to third parties as part of the repurchase agreement. The Company expects that, as a general rule, no more than 40 percent of Fund assets will involve repurchase agreements. However, this is only an estimated value that can be exceeded in individual cases.

The Company shall be entitled to terminate the repurchase agreement at any time, except in the case of repurchase agreements with a term of up to one week. Upon termination of a simple repurchase agreement, the Company shall be entitled to recall the transferable securities, money market instruments and investment units lent. Termination of a reverse repurchase agreement may lead to either the repayment of the full amount or the accrued amount at the current market value. Repurchase agreements are only permissible in the form of genuine repurchase agreements. In these, the buyer accepts the obligation to return the transferable securities, money market instruments and investment units at a fixed date or at a date to be determined by the seller, or to repay the amount in money plus interest.

Assets sold under a repurchase agreement shall be held in custody at the discretion of the lender. Assets purchased under repurchase agreements are held in custody by the Fund Depositary. Repurchase agreements are undertaken to achieve additional income for the Fund (reverse repurchase agreement) or to temporarily raise additional liquidity in the Fund (simple repurchase agreement).

The income accrues to the Fund, whereby, in accordance with the Special Terms of Contract, the Company receives normal market remuneration of up to one third of the gross income from these transactions (see also the section "Costs" in the general part of the Sales Prospectus).

## Collateral strategy

Within the scope of derivatives transactions, securities lending transactions and repurchase agreements, the Company will accept collateral on behalf of the Fund. The collateral serves to wholly or partly eliminate the risk of default of the counterparty in these transactions.

### Permitted types of collateral

Whenever the Company receives collateral on behalf of the Fund, the following criteria shall always be fulfilled:

1. The collateral provided shall consist of assets that may be acquired on behalf of the Investment Fund pursuant to the provisions of the KAGB. This collateral includes, in particular, government bonds, equities, bonds issued by organisations such as the International Monetary Fund, corporate bonds, mortgage bonds, money market instruments within the meaning of § 194 KAGB and convertible bonds. The remaining term of this collateral is not limited.
2. The collateral provided shall be highly liquid; assets other than cash shall be deemed highly liquid if they can be sold at short notice at a price approaching their true valuation, and are traded on a market with appropriate liquidity and with transparent pricing.
3. Collateral is valued on each trading day. If the market value of the collateral received by a counterparty is deducted when calculating the weighting amount for the counterparty risk, this is done by taking sufficient haircuts into account. A margin call is made daily based on this in the event of a shortfall.
4. The collateral provided must have been issued by borrowers with high credit ratings. Where appropriate, further reductions in valuation will be undertaken pursuant to the existing haircut strategy, if the credit rating is not the highest and prices are volatile.
5. The collateral provided must not have been issued by a borrower who is himself a counterparty or affiliated company as defined in § 290 of the German Commercial Code (Handelsgesetzbuch – hereinafter, "HGB").
6. The collateral provided must exhibit appropriate risk spreading in terms of countries, markets and issuers. Appropriate diversification in terms of issuer concentration shall be assumed to exist, if the value of the collateral provided that is issued by a single issuer does not exceed 20 percent of the Investment Fund's assets. Collateral from the same issuer resulting from separate transactions shall be consolidated; its aggregate value must not exceed 20 percent of the Investment Fund's assets.
7. The Company may deviate from the above restriction on behalf of the Investment Fund, if the Investment Fund is collateralised using transferable securities or money market

instruments that are issued or guaranteed by an EU member state or one or more of its local authorities, a non-EU member state or a public international body to which one or more EU member states belong. If this is the case, the Investment Fund shall hold transferable securities from at least six different issues. The value of the transferable securities from a single issue may not exceed 30 percent of the Investment Fund's assets. There is no restriction to certain EU member states, local authorities or public international bodies with respect to the issuer of transferable securities and money market instruments that may be accepted as collateral for up to 20 percent of the Investment Fund's assets. Correlation aspects are not taken into account in the collateral strategy.

8. No collateral provided may present any material operational or legal risk in terms of management or custody.
9. The collateral provided shall either be held by a depository that is subject to effective prudential supervision and independent of the provider of the collateral, or shall be legally protected against counterparty default, to the extent that it has not been transferred. Transferable securities transferred as collateral must be held in custody by the Fund's Depository. Where the Company has received transferable securities pledged as collateral in the context of derivative transactions, these transferable securities may also be held in custody with another entity which is subject to effective public supervision and is independent of the collateral provider.
10. The collateral provided may be examined by the Company even without the consent of the respective provider of the collateral in question.
11. All collateral provided may be realised without delay as needed on behalf of the Investment Fund, and
12. all collateral provided shall be subject to legal provisions in case the security provider is insolvent.

### Scope of collateral provided

Transferable securities lending transactions shall be fully collateralised. The collateral value is the sum of the market price of the transferable securities on loan plus the associated revenues. The collateral provided by the borrower must not be less than the collateral value plus a customary surcharge.

Furthermore, OTC derivatives transactions, securities lending transactions and repurchase agreements must be collateralised for an amount that ensures that the capital surcharge for default risk of the relevant counterparty does not exceed 5% of the Fund's assets. If the counterparty is a credit institution established in an EU Member State or a State party to the EEA Agreement, or in a third country equivalent prudential rules apply, the capital surcharge for the default risk may equal 10% of the Fund's value.

### Haircut strategy

Where a counterparty is required to provide collateral in connection with OTC derivatives, a percentage amount shall be deducted from the current market value of the collateral provided ("haircut"). The haircuts shall be agreed with the counterparty in accordance with haircut strategy followed by the Company. When determining the appropriate haircuts in connection with the haircut strategy, the Company takes account of the nature of the collateral provided ("asset classes") and the instrument-

specific characteristics of the assets received, particularly the issuer's credit rating and the price volatility. Generally, the above also applies to securities lending transactions and repurchase agreements.

When calculating the utilisation of the maximum permissible counterparty risk, the market values of the collateral provided by the counterparty may be deducted, taking into account sufficient haircuts, as part of the collateralisation of securities lending transactions and repurchase agreements.

The written haircut strategy will be regularly reviewed by the Company and adjusted where appropriate.

If the Company receives more than 30 percent of the Investment Fund's assets in collateral on behalf of the Investment Fund, appropriate stress tests shall also be performed as per the stress-test strategy. In both normal and exceptional liquidity conditions, regular stress tests are undertaken to assess the liquidity risk associated with the collateral received for the Investment Fund.

#### **Investment of collateral and associated risks**

##### **Bank balances:**

Collateral in the form of bank balances shall be held in the currency of the balance in blocked accounts with the depositary or, with the consent of the depositary, with other credit institutions established in an EU member state or other EEA signatory state, or with other credit institutions established in a non-EU member state whose prudential supervisory provisions are deemed by the supervisory authority to be equivalent to those of EU law, or invested in bonds of high quality issued by the German federal government, a German federal state, the European Union, an EU member state or its local authorities, another EEA signatory state, or a non-EU member state, in money market funds with a short maturity structure in accordance with the guidelines issued by the supervisory authority pursuant to § 4(2) KAGB, or in reverse repurchase agreements with a credit institution ensuring prompt repayment of the accrued balance at all times.

Reinvestments of collateral in the aforementioned bonds and short-term money market funds are associated with a risk of price loss. In particular, bond price losses may ensue as a result of the deterioration of the issuer's solvency.

With respect to bank balances held on a blocked account kept with a credit institution, there is a fundamental risk of loss in the event of the insolvency of the credit institution managing the account. Pursuant to the diversification requirement to be observed by the Company, the maximum loss per insolvent credit institution amounts to 20 percent of the Investment Fund's net asset value. If the credit institution managing the account is a member of the protection scheme of the National Association of German Cooperative Banks (Bundesverband der Deutschen Volksbanken und Raiffeisenbanken), then any balances held there are fully protected from loss through the guarantee provided by the aforementioned safety facility.

Reverse repurchase agreements carry the risk that market movements until the time of repurchase of the transferable security may cause the purchase price paid by the Company to no longer reflect the value of the repurchased transferable securities. The Investment Fund then bears a counterparty risk equal to the differ-

ence, if the value of the included transferable securities rises higher than the purchase price received by him.

##### **Other collateral:**

Collateral in the form of transferable securities and money market instruments will not be reused and, in particular, not sold, transferred, pledged or invested.

##### **Collateral risks:**

Any risks related to collateral management, in particular operational and legal risks, are identified, assessed and controlled by the Company's risk management.

## **Borrowing**

Taking out short-term loans for the joint account of the investors shall be admissible for up to 10 percent of the Fund's assets, provided the terms of the loan are customary for the market and the depositary agrees to the loan.

## **Rules for the valuation of assets**

### **General valuation rules**

1. Assets admitted to trading on stock exchanges or admitted to trading or included in another organised market, as well as subscription rights for the Investment Fund shall in principle be valued at the latest available trade price that provides a reliable valuation, unless otherwise specified in the section "Specific rules for the valuation of individual assets". For this purpose, when valuing assets listed on several stock exchanges, the home stock exchange or the exchange with the highest liquidity will generally be used. For example, domestic equities shall generally be based on Xetra closing prices.
2. Assets neither admitted to trading on stock exchanges nor admitted to trading or included in another organised market nor featuring any trade or market-standard prices shall in principle be valued at current market prices that are deemed appropriate in line with careful estimates based on suitable valuation models, taking into account the current market situation, unless otherwise specified below in the section "Specific rules for the valuation of individual assets". In exceptional cases, the market price shall be ascertained based on sufficiently plausible information provided by an issuer, counterparty or other third party.

### **Specific rules for the valuation of individual assets**

1. Option rights of the Investment Fund and the liabilities resulting from option rights granted to a third party, which are admitted to trading on a stock exchange or admitted to trading or included in another organised market, shall be valued at the relevant latest trade price which provides a reliable valuation.
2. The provisions above shall also apply to claims and liabilities resulting from futures and forward contracts concluded on behalf of the Investment Fund. The contribution margins charged to the Investment Fund shall be added to the value of the Investment Fund, taking into consideration the valuation gains and losses of the trading day.

3. Bank balances shall in principle be valued at their par value, plus accrued interest.
4. Units in investment funds are, in principle, set at their latest redemption price or at their latest available trade price which allows a reliable valuation. If these values are not available, the investment fund units shall be valued at the current market price deemed appropriate in line with careful estimates based on suitable valuation models giving consideration to current market conditions.
5. Concerning the repayment claims resulting from securities lending transactions, the relevant redemption price of the transferable securities transferred in the lending process shall be applied.
6. Assets denominated in a foreign currency shall be converted into EUR at the exchange rate as determined by WM/Reuters fixing at 17:00 (16:00 GMT) of the same day. Exchange-traded futures on currency exchange rates are also valued at the rate determined at 5:00 p.m. (4:00 p.m. London time).
7. Term deposits are valued at market value if a corresponding contract has been concluded between the Company and the relevant credit institution specifying that the term deposits may be called at any time and that repayment in case of termination is not based on the par value plus interest. The market interest rate to be used for calculating the yield value shall be specified in each individual case. The appropriate interest receivables shall also be added. Term deposits which are not callable at any time will be valued at par value plus interest.

In exceptional cases, the Company shall be allowed to deviate from the general and specific valuation rules if, in view of the market situation, it considers this to be necessary in the interests of the investors. In case of irregularities in the supply of prices, e.g. due to specific market events, a pricing committee will convene, including representatives of Company management, to decide the assessment method to be applied.

## Units

The rights of investors are securitised in unit certificates or issued as electronic unit certificates. Securitised unit certificates are securitised exclusively in collective certificates.

These collective certificates are stored at a securities collection bank. The unitholders are not entitled to the physical delivery of individual unit certificates. The purchase of units is only possible if they are held in custody. The units are made out to the bearer.

If bearer units in the form of actual units were also issued for the Investment Fund in the past, reference is made to this in the special part of this Sales Prospectus (section entitled "Investment Fund, launch date and term").

In accordance with the KAGB, these actual units may no longer remain in the possession of the investors, but must be placed in collective custody together with the profit participation certificates (coupons) not yet due at a securities collection bank, an authorised or recognised domestic or foreign central securities depository or another suitable foreign depository. Investors cannot demand that these actual units be returned to them. The

Company may replace the surrendered actual units with a certificate representing the relevant units in a collective certificate.

If actual units have been issued in the past, you will find a note on the surrender of actual units in the section entitled "Surrender of actual units" in the special part of the Sales Prospectus.

## Issue of units and issuing agent

In principle, there is no restriction as to the number of units issued. Units may be purchased through Union Investment Service Bank AG, the depositary (issuing agent) and at the sales agents and paying agents listed at the end of the Sales Prospectus. If the Fund's Special Terms of Contract stipulate that units may only be acquired or held by certain investors, you will find information on this in the special part of the Sales Prospectus in the section entitled "Profile of the typical investor" and/or in the section entitled "Unit classes".

They are issued by the Depositary at the issue price, which corresponds to the net asset value per unit (unit value), as the case may be, in addition to an initial sales charge. The calculation of the net asset value is explained in the section entitled "Issue and redemption price" in the general part of the Sales Prospectus. The Company reserves the right to suspend or permanently discontinue the issue of units in part or in full. Should this occur, any direct debit authorisations to purchase units may not be acted upon.

If an initial sales charge is set for the Investment Fund or for individual classes of units described in this Sales Prospectus, the details thereof will be in the section entitled "Initial sales charge and issue costs" in the special part of the Sales Prospectus.

If the Company sets a minimum investment amount for the purchase of units, the details thereof shall be found in the "Marketing and minimum investment" section of the special part of this Sales Prospectus.

## Redemption of units and redemption agent

Investors may request the redemption of their units, irrespective of a minimum investment amount, provided that the Company has not restricted the redemption of units (see section "Restriction on unit redemption" in the general part of the Sales Prospectus) or temporarily suspended (see section "Suspension of unit redemption" in the general part of the Sales Prospectus). The Company is in this case obliged to redeem the units at the relevant applicable redemption price, which shall correspond to the unit value less a redemption fee, as the case may be. Redemption applications may be filed with the depositary, the sales and paying agents listed at the end of the Sales Prospectus or, if units are held in custody by UnionDepot, via Union Investment Service Bank AG. The redemption agent is the depositary. Redemption may also be effected by brokering third parties (e.g. the securities account holder), which may incur additional costs.

The Company will inform any party interested in purchasing a unit of the Fund and all existing unitholders whether the Fund is invested on a significant scale in target fund units which have in turn suspended the redemption of units. Corresponding informat-

ion can be obtained from Union Investment (Tel.: +49 (0)69 58998-6060, [service@union-investment.de](mailto:service@union-investment.de)) in electronic or written form or can be viewed on the Company's website ([www.privatkunden.union-investment.de](http://www.privatkunden.union-investment.de)). If a contact office is specified in the special part of this Sales Prospectus, you may also obtain this information via the telephone and fax numbers specified therein.

## Restriction on the redemption of units

The Company may limit the redemption of units for a total of up to 15 consecutive working days if the redemption requests of investors to be executed on a valuation day reach a predefined threshold value on a settlement date. The threshold value is defined in the Special Terms of Contract as a percentage of the net asset value of the Investment Fund and is disclosed in the section entitled "Redemption of units and redemption fees" in the special part of the Sales Prospectus. If the threshold value is reached or exceeded, the Company shall decide at its due discretion whether to restrict redemption on that settlement date. If it decides to restrict redemption, it may continue to do so on the basis of a daily discretionary decision for up to 14 consecutive working days. The decision to restrict redemption may be taken if, due to the liquidity situation of the Fund, the redemption requests can no longer be executed in the interests of all investors. This may be the case, for example, if the liquidity of the Fund's assets deteriorates due to political, economic or other events on the markets and is therefore no longer sufficient to fully meet redemption requests on the settlement date. In this case, the redemption restriction is to be regarded as a milder means compared to the suspension of redemption.

If the Company has decided to restrict redemption, it will only redeem units on a pro-rata basis at the redemption price applicable on the settlement day. Otherwise, the redemption obligation will not apply. This means that each redemption order will only be executed on a pro-rata basis based on a quota to be determined by the Company. The Company shall determine the quota in the interest of the investors on the basis of the available liquidity and the total order volume for the corresponding settlement date. The amount of liquidity available largely depends on the current market environment. The quota determines the percentage share at which the redemption requests are paid out on the settlement date. The part of the order that has not been executed (remaining amount of the order) will expire and will not be executed by the Company even at a later date (pro-rata approach with expiry of the remaining amount of the order).

The Company decides on each settlement date whether and on the basis of which quota it limits redemption. The Company may limit redemptions for a maximum of 15 consecutive working days. The possibility of suspending redemption remains unaffected.

The Company will publish information on the restriction on the redemption of units and the lifting of this restriction immediately on the Union Investment website at [privatkunden.union-investment.de](http://privatkunden.union-investment.de).

The redemption price corresponds to the unit value determined on this day – less a redemption discount, if applicable. The redemption can also take place through the mediation of third

parties (e.g. the institution that maintains the custody account), in which case additional costs may arise for the investor.

## Settlement on issue and redemption of units, confirmation of order execution

Unless otherwise specified in the special part of this Sales Prospectus in the section entitled "Specific incoming orders" regarding the cut-off time, the following rules shall apply to the cut-off time:

Unit purchase and redemption orders received by 16:00 on a valuation date specified in § 18(4) of the GTCs shall be executed at the issue or redemption price ascertained for this valuation date. The issue and redemption price shall be payable in the fund currency within three bank working days (these being bank working days in Frankfurt / Main) of this valuation date.

Unit purchase and redemption orders received after 16:00 on a valuation date or a day that is not a valuation date shall be executed at the issue or redemption price determined for the subsequent valuation date. The issue and redemption price shall be payable in the fund currency within three bank working days (these being bank working days in Frankfurt / Main) of this subsequent valuation date.

Confirmation of the execution of unit acquisition and redemption orders and further information relating to the status of order execution will be provided by Union Investment Service Bank AG if units are held in custody by UnionDepot or, if the units are held in custody elsewhere, by the relevant agent maintaining the securities account.

## Suspension of unit redemption

The Company may temporarily suspend the redemption of units in the event of extraordinary circumstances which appear to require such suspension in the interests of the investors. Such extraordinary circumstances include, for example, instances in which a stock exchange, on which a significant part of the Fund's transferable securities are traded, is closed unexpectedly or the Fund's assets cannot be valued. In particular, the Company may also be forced to suspend redemption if one or more funds whose units have been acquired for the Fund suspend the redemption of units on their part.

Moreover, BaFin may instruct the Company to suspend the redemption of units if this is deemed necessary in the interests of the investors or the public.

If the redemption of units is suspended, any direct debit authorisations to purchase units may not be acted upon.

The Company reserves the right to redeem or exchange units at the respective price valid at the time after promptly selling fund assets, provided that the interests of all investors are protected. The temporary suspension of unit redemption may be immediately followed by the liquidation of the investment fund, without the resumption of unit redemption (for more details, refer to the section entitled "Liquidation, transfer and merger of the Fund" in the general part of the Sales Prospectus).

Union Investment shall give notice to investors regarding the suspension and resumption of unit redemptions via publication in the German Federal Gazette and additionally in a financial or daily newspaper with sufficient circulation or on Union Investment's website (which can be accessed via [www.privatkunden.union-investment.de](http://www.privatkunden.union-investment.de)). In addition, investors shall be informed through their agents maintaining the securities accounts by durable medium, such as paper or electronic means.

## Liquidity management

### Principles of the liquidity risk management

The Company has laid down the following written principles and procedures enabling it to monitor liquidity risks:

Taking into account the investment strategy shown in the special part of the Sales Prospectus in the section entitled "Investment principles", the liquidity profile of the Fund is as follows: the liquidity profile of a fund is determined by its structure in terms of the assets and liabilities contained in the Fund, as well as the investor structure of the Fund. The Fund's liquidity profile thus results from this information, taken as a whole. In connection with the assets and liabilities of the Fund, the liquidity profile of the Fund is based on liquidity estimates for each of the individual investment instruments and their contribution to the portfolio. For each investment instrument, a range of factors such as trading volumes or instrument category are taken into account, as well as qualitative analyses where appropriate.

The Company has defined the redemption principles as given in the general part of the Sales Prospectus, in the section entitled "Redemption of units and redemption agent".

The Company monitors the liquidity risks at Fund level in a multi-stage process. Liquidity information is produced both for the underlying investment instruments in the Fund and for cash inflow and outflow. In addition to ongoing monitoring of the liquidity situation based on indicators, scenario-based simulations are undertaken. These examine the effects that different assumptions about asset liquidity in the Fund will have on the capacity to handle the simulated cash outflows. Both quantitative and qualitative factors will then be used to produce an overall estimate of the Fund's liquidity risk.

The Company regularly reviews these rules and updates them as appropriate.

The Company defines appropriate limits for the liquidity and non-liquidity of the Fund. Periodic fluctuations are possible. The Company takes preventive liquidity measures and has a liquidity control procedure in place to assess the quantitative and qualitative risks of positions and proposed investments that could have a material impact on the liquidity profile of the Fund's portfolio. These procedures aim at implementing the existing and continuously updated knowledge and experience of the Company about the liquidity of the assets in which the Fund has invested or proposes to invest, including (where appropriate) information about trading volumes, price sensitivity, and – depending on the case – about the spread of individual assets in both normal and exceptional liquidity situations.

The Company conducts regular stress tests in accordance with the statutory requirements, currently at least once per year, which it

can use to assess the liquidity risks of the Fund. The Company conducts these stress tests based on reliable, up-to-date quantitative information or – if required – qualitative information. These include the investment strategy, redemption periods, payment obligations and periods during which assets may be sold, as well as specific information about general investor behaviour and market developments, where appropriate. The stress tests simulate a situation of lacking liquidity of the assets in the Fund, as well as atypical redemption requests. They cover market risks and their effects, including the effects of margin calls, collateral calls or credit lines. They also take account of valuation sensitivities under stress conditions. Furthermore, they are performed with a frequency appropriate for the Fund and take account of the investment strategy, liquidity profile, investor profile and redemption principles of the Fund.

The rights of redemption in normal and exceptional circumstances and the restriction or suspension of redemption are set out in the general part of the Sales Prospectus in the sections entitled "Units", "Issue of units and issuing agent", "Redemption of units and redemption agent", "Restriction of unit redemption" and "Suspension of unit redemption". The risks associated with this are explained under "Risk information – Risks of restriction of unit redemption", "Suspension of unit redemption" and "Risks of reduced or increased fund liquidity and risks associated with increased subscriptions or redemptions (liquidity risk)".

## Stock exchanges and markets

The Company has not admitted the units of the Investment Fund to trading on a stock exchange. The units are also not traded on organised markets with the consent of the Company. However, the possibility cannot be ruled out that units will also be traded on other markets. Third parties may offer units for inclusion in free trading or another type of OTC trading without the consent of the Company.

The market price forming the basis for stock market dealings or trading on other markets is not determined exclusively by the value of the assets kept in the Fund, but also by supply and demand. This market price can therefore differ from the unit price.

## Fair treatment of investors

The Company shall treat investors in the Fund in a "fair" manner. This means that when controlling the liquidity risk and the redemption of units, the interests of any particular investor or group of investors will not be given priority over the interests of any other investor or group of investors.

For more information on the procedures implemented by the Company to ensure the fair treatment of investors, see the sections "Settlement of issue and redemption of units, confirmation of order execution" and "Liquidity management" in the general part of the Sales Prospectus.

## Issue and redemption price

In order to determine the issue price and the redemption price of the units, the Company, under the control of the depositary,

determines the net asset value (total market value of the assets belonging to the Investment Fund less loans and other liabilities). The unit value is obtained by dividing the net asset value thus obtained by the number of units issued.

If unit classes are created for the Fund, the unit value for each unit class shall be calculated separately by exclusively attributing the costs for the launch of new unit classes, any distributions (including any taxes to be paid out of the Fund's assets), the management fee and/or the results of currency hedging transactions related to a certain unit class, including any income adjustment, to the relevant unit classes.

The issue price shall correspond to the unit value in the Investment Fund plus a front-end load, if applicable, specified in the Special Terms of Contract. The redemption price shall correspond to the unit value in the Investment Fund less a redemption fee, if applicable, specified in the Special Terms of Contract.

Information relating to issue costs and any redemption fees levied can be found in the special part of the Sales Prospectus in the section "Front-end load and issue costs".

The net asset value, the unit value and the issue and redemption prices are determined for the following days (valuation dates): Monday to Friday except on public holidays in Frankfurt / Main, Hesse, and except on 24 and 31 December. Further days which are not valuation dates may also be indicated in the STCs.

## Suspension of the calculation of the issue/redemption price

The Company may temporarily suspend the calculation of the issue and redemption price under the same conditions as the redemption of units. These are specified in greater detail in the section entitled "Suspension of unit redemption" in the general part of the Sales Prospectus.

## Publication of issue and redemption prices

Issue and redemption prices and, where applicable, the net asset value per unit are published regularly on Union Investment's website (which can be accessed via [www.privatkunden.union-investment.de](http://www.privatkunden.union-investment.de)). If a Contact Office is specified in the special part of the Sales Prospectus, the Company may also publish the issue and redemption prices and, where applicable, the net asset value per unit on the website of the Contact Office, as specified therein. The issue and redemption prices and, where applicable, the net asset value per unit are also available from the Depositary and may also be published in a daily and financial newspaper with sufficient circulation.

## Costs relating to the issue and redemption of units

Units may be issued and redeemed through Union Investment Service Bank AG and through the depositary at the issue price (unit value plus initial sales charge, if applicable) or the redemption price (unit value less redemption fee if applicable) without any additional costs.

If the investor acquires units through the intermediation of third parties, these may charge higher costs than the front-end load. If the investor redeems units via third parties, the third parties may charge their own costs when redeeming the units.

## Charges

Fees payable to the Company:

1. The Company shall receive a fee per calendar day for managing the Investment Fund. The maximum amount of this management fee as a percentage of the net asset value of the Investment Fund or of the respective unit class relevant for the calendar day concerned is listed in the section entitled "Costs" in the special part of the Sales Prospectus. The percentage actually applicable for the calculation of the management fee for the Investment Fund or for one or more unit classes is also stated in the special part of the Sales Prospectus in the section entitled "Costs".

When determining the relevant net asset value for calculating the management fee, a distinction is made between calendar days which are valuation dates and those which are not valuation dates.

If a calendar day is a valuation date, the relevant net asset value is the net asset value determined for that valuation date. The management fee calculated in this way will be posted as a liability of the Investment Fund on the subsequent valuation date.

If a calendar day is not a valuation date, the relevant net asset value shall be the net asset value determined for the valuation date thereafter. The management fee calculated in this way will be posted as a liability of the Investment Fund on the valuation date after the subsequent valuation date.

The payment of the management fee for all calendar days of a month shall be made by the 10th calendar day of the subsequent month.

The amounts calculated in accordance with the above provisions shall include any applicable value added tax.

2. Furthermore, in return for arranging, preparing and conducting securities lending transactions and repurchase agreements on behalf of the Investment Fund, the Company also receives a fee under normal market conditions of up to a third of the gross income from these transactions. The Company shall specify the fee actually valid in the section entitled "Costs" in the special section of the Sales Prospectus. The costs arising from preparing and conducting such transactions, including the fees to be paid to third parties in the context of these transactions, shall be borne by the Company. The fee will be posted as a liability of the Investment Fund on the date of accrual of the income concerned.

The payment of the fee, which will be posted as a liability within one month, shall be made by the 20th calendar day of the subsequent month.

The amounts calculated in accordance with the above provision shall include any applicable value added tax.

3. Furthermore, the Company receives a flat fee per calendar day from the Investment Fund. The maximum amount of the

flat fee as a percentage of the net asset value of the Investment Fund relevant for each calendar day is listed in the section entitled "Costs" in the special part of the Sales Prospectus. The percentage actually applicable for the calculation of the flat fee is also indicated in the section entitled "Costs" in the special part of the Sales Prospectus.

When determining the relevant net asset value for calculating the flat fee, a distinction is made between calendar days which are valuation dates and those which are not valuation dates.

If a calendar day is a valuation date, the relevant net asset value is the net asset value determined for that valuation date. The flat fee calculated in this way will be posted as a liability of the Investment Fund on the subsequent valuation date.

If a calendar day is not a valuation date, the relevant net asset value shall be the net asset value determined for the valuation date thereafter. The flat fee calculated in this way will be posted as a liability of the Investment Fund on the valuation date after the subsequent valuation date.

The payment of the flat fee for all calendar days of a month shall be made by the 10th calendar day of the subsequent month.

The amounts calculated in accordance with the above provisions shall include any applicable value added tax.

The flat fee shall cover the following payments and costs, which are not charged separately to the Investment Fund:

- a) depositary fee;
- b) custody, account and depository fees, for the safekeeping of assets, in line with standard banking practice;
- c) Costs of the auditing of the Investment Fund by its independent auditors;
- d) costs of appointing voting proxies;
- e) Fee for data provision and maintenance;
- f) Reporting fees;
- g) Fees for the accounting services of the Investment Fund;
- h) Fees in connection with the supervision and risk management of the Investment Fund (risk controlling).

Fee payable to third parties:

4. The Company pays the collateral manager of derivative transactions a fee from the Investment Fund per calendar day of 1/365 (in leap years: 1/366) of up to 0.1% of the net asset value for the relevant calendar day. The percentage actually applicable for the calculation of the collateral manager fee is indicated in the section entitled "Costs" in the special section of the Sales Prospectus.

When determining the relevant net asset value for calculating the collateral manager fee, a distinction is made between calendar days which are valuation dates and those which are not valuation dates.

If a calendar day is a valuation date, the relevant net asset value is the net asset value determined for that valuation date. The fee calculated in this way will be posted as a liability of the Investment Fund on the subsequent valuation date.

If a calendar day is not a valuation date, the relevant net asset value shall be the net asset value determined for the valuation date thereafter. The fee calculated in this way will be posted as a liability of the Investment Fund on the valuation date after the subsequent valuation date.

The payment of the collateral manager fee for all calendar days of a month shall be made by the 10th calendar day of the subsequent month.

The amounts calculated in accordance with the above provisions shall include any applicable value added tax.

Maximum annual allowable amount:

5. The amount which may be charged to the Investment Fund in accordance with points 1, 3 and 4 above as remuneration and costs and, if applicable, in accordance with point 7(e) below, as a reimbursement of expenses per calendar year may not exceed a maximum limit. The amount of this maximum limit as a percentage of the average net asset value of the Investment Fund in the relevant calendar year, calculated as the sum of the individual values accrued, which are determined for each calendar day as 1/365 (in leap years 1/366) of the net asset value of the Investment Fund relevant for the calendar day concerned, is listed in the section entitled "Costs" of the special part of the Sales Prospectus.

If a calendar day is a valuation date, the relevant net asset value is the net asset value determined for that valuation date.

If a calendar day is not a valuation date, the relevant net asset value shall be the net asset value determined for the valuation date thereafter.

Performance fee:

6. Performance fee

If a performance fee is set out in the Special Terms of Contract of the Investment Fund, the rules regarding this fee (particularly the definition of "performance fee", the amount, the calculation of unit value performance, the calculation period and the benchmark index) can be found in the section entitled "Costs" in the special part of the Sales Prospectus.

Other expenses:

7. In addition to the above-mentioned fees and costs, the following expenses are charged to the Investment Fund:
  - a) Costs for enforcing and implementing legal claims by the Company on behalf of the Investment Fund, as well of defending claims raised against the Company at the cost of the Investment Fund;
  - b) Fees and costs imposed by government agencies with respect to the Investment Fund;
  - c) Costs of legal and tax consulting services for the Investment Fund;
  - d) Costs and any fees incurred in connection with the acquisition and/or use or appointment of a benchmark or financial index;
  - e) to the extent specified in the Special Terms of Contract, costs may be determined for the third-party provision of analysis materials or services in relation to one or more

financial instruments or other assets or in relation to the issuers or potential issuers of financial instruments or in close connection with a particular industry or market per calendar year, calculated as the sum of the individual values accrued for each calendar day as 1/365 (in leap years: 1/366) of the net asset value relevant for each calendar day. The maximum amount of these costs as a percentage of the average net asset value of the Investment Fund is listed in the section entitled "Costs" in the special part of the Sales Prospectus.

If a calendar day is a valuation date, the relevant net asset value is the net asset value determined for that valuation date.

If a calendar day is not a valuation date, the relevant net asset value shall be the net asset value determined for the previous valuation date.

- f) Costs incurred in relation to the purchase and sale of assets (transaction costs);
- g) taxes, in particular VAT, which are incurred in relation to the expenses listed in letters a) to f) above and to be reimbursed by the Investment Fund.

Risks in connection with the acquisition and redemption of investment units:

8. The Company shall specify in the annual and half-yearly reports the amount of the initial sales charges and redemption fees paid out from the Fund the reporting period for the purchase and redemption of units pursuant to § 196 KAGB and comparable foreign units. Concerning the purchase of units managed directly or indirectly by the Company itself or by another company associated with the Company via a substantive direct or indirect holding, the Company or the other company is not allowed to apply any initial sales charge or redemption fee for the purchase or redemption of units. In its annual and half-yearly reports, the Company shall specify the fee charged to the Investment Fund by the Company itself, another management company, an investment company or another company associated with the Company via a substantive direct or indirect holding or a foreign investment company, including its management company, as a management fee for the units held in the Investment Fund.

Additional remarks:

In addition to the fee for managing the Investment Fund or the respective unit classes, a management fee is also charged for the units held in the Investment Fund. The Company does not receive any refunds from the remunerations and reimbursements of expenses paid from the Fund to the depositary and third parties.

Union Investment can give (a significant) part of the initial sales charge – if levied – and the management fee to its distribution partners as commission payments for their brokerage services. The amount of these payments will be measured according to the distribution channel used and the fund volume brokered. Union Investment can also grant its distribution partners further contributions in the form of supportive benefits in kind (e.g. employee training) and, where appropriate, performance bonuses which are likewise connected to the distribution performance of those partners. The granting of such benefits in kind will

not conflict with the interests of investors, but are intended to maintain and further improve the quality of services provided by the distribution partners.

The Company may reach agreements at its discretion with individual investors regarding the partial repayment to these investors of management fees collected. In particular, this shall be considered if institutional investors invest large amounts for the long term.

In connection with trading activities on behalf of the Fund, the Company may receive non-cash benefits, which are used when making investment decisions in the interests of the unitholders. Additional information regarding further details of the non-cash benefits procured may be obtained from Union Investment.

## Total Expense Ratio

The costs and expenses accrued against the Fund during the financial year will be published in the annual report and specified as ratio of the average fund volume (total expense ratio). This includes the fee for the management of the Investment Fund, the flat fee and the expenses which may be additionally charged to the Fund ( see sections entitled "Costs" and "Details on the acquisition of investment fund units" of the general part of the Sales Prospectus. The total expense ratio shall not include ancillary costs or costs arising in connection with the purchase and sale of assets (transaction costs). To the extent that the Terms of Contract specify a management performance fee, such fee shall additionally be specified separately as a percentage of the average net asset value of the Investment Fund.

## Deviating cost reporting by sales offices

If the investor is advised by third parties when purchasing units or if these third parties arrange the purchase, they may show him costs or cost ratios which are not the same as the cost information in this Prospectus and in the KID and which may exceed the total cost ratio described here.

This may occur in particular when the third party adds costs for its own services (such as brokering, consulting or custody account management). In addition, it may also take into account one-off costs such as front-end loads and generally use other calculation methods or estimates for the costs incurred at fund level, which include in particular the Fund's transaction costs.

Deviations may occur in the identification of costs both in information before contract closure and in regular cost information on the existing fund investment as part of a long-term customer relationship.

## Remuneration policy

The Company has established remuneration systems for its managing directors and employees. The overriding aim of the remuneration systems is to reward employee performance appropriately and in line with the market and to provide effective performance incentives. In doing so, the Company will expressly refrain from providing any incentives to take risks which are inconsistent with the risk profile or Terms of Contract of the investment funds it manages and which may prevent the

Company from acting dutifully in the best interests of the relevant investment fund. The remuneration systems are designed in such a way that they comply with the applicable regulatory requirements.

The Company uses remuneration systems which are subdivided as follows:

1. Collectively agreed remuneration system
2. Non-collectively agreed remuneration system for non-risk takers
3. Non-collectively agreed remuneration system for risk takers

A remuneration committee has also been established to exercise judgement on remuneration arrangements and practices and on the incentives created for the management of risk.

Further details of the Company's current remuneration policy are published on the Internet at [privatkunden.union-investment.de/verguetungspolitik](http://privatkunden.union-investment.de/verguetungspolitik). This describes the methods used to calculate remunerations and allocations to certain groups of employees and the persons responsible for the allocation including the members of the remuneration committee. The Company can provide information in hardcopy form free of charge on request.

## Details on the acquisition of investment fund units

If the fund invests in other investment funds, these may charge a management fee. In addition, these investment funds may charge a performance fee. Such a performance fee may make up a significant part of the positive performance of a target fund. In certain cases, such a performance fee may also be applied even if the fund's performance is negative. Furthermore, the target fund may be burdened with costs, commissions and other expenses that reduce the value of the target fund's assets. The costs of the target fund may in some cases be higher than the costs customary for the market. These reduce the net asset value of the fund and are still charged in the event of a negative performance of the target fund.

Further explanations regarding the management fee for the target fund units held in the Investment Fund can be found in the section entitled "Costs" in the general part of the Sales Prospectus.

The acquisition of target fund units is generally associated with charges, costs, commissions, taxes, fees and other expenses borne directly or indirectly by investors in the Fund. These typically comprise:

- a fee for the management of the Investment Fund;
- a depositary fee;
- custody fees, if appropriate including the costs for the safe-keeping of foreign transferable securities abroad;
- costs of the printing and dispatch of particular annual and half-yearly reports for investors;
- costs of the publication of annual and half-yearly reports, issue and redemption prices and, where appropriate, distributions;
- costs of the auditing of the Investment Fund by the

Company's independent auditors;

- costs of publishing the tax bases and certifying that the tax statements have been drawn up pursuant to German tax regulations;
- sales costs;
- costs of the redemption of coupons;
- costs incurred in relation to the purchase and sale of assets;
- any taxes that may be incurred in relation to management and custody costs;
- costs of exercising and enforcing the legal rights of the Investment Fund.

The annual and half-yearly reports shall publish the initial sales charges and redemption fees charged to the Fund for the purchase and redemption of units in target funds over the reporting period. In addition, the fee that has been charged to the Fund by a domestic or foreign company, or a company associated with Union Investment by a substantive direct or indirect holding, as a management fee for the units held by the Fund will be published.

## Sub-investment funds

The Fund is not a sub-investment fund of an umbrella fund.

## Rules on the determination and use of income

The section entitled "Financial year and use of income" in the special part of this Sales Prospectus states whether the Investment Fund is a distributing or accumulating investment fund, or whether the respective unit class is a distributing or accumulating unit class.

The Fund earns income in the form of interest, dividends and income from investment units occurring during the financial year and which are not used to cover costs. In addition, there are fees from lending and repurchase transactions. Other income may arise from the disposal of the assets held on behalf of the Fund.

The Company applies an "income adjustment procedure" to the Investment Fund or the relevant unit class. This prevents the share of distributable income in the unit price from fluctuating as a result of inflows and outflows of funds. Otherwise, any inflow into the Fund during the financial year would result in less income being available for distribution per unit on the distribution dates than would be the case if the number of units in circulation remained constant. Cash outflows, on the other hand, would result in more income being available for distribution per unit than would be the case if the number of units in circulation remained constant.

In order to prevent this, during the financial year the distributable income which the purchaser of units must pay as part of the issue price and which the seller of units receives as part of the redemption price is calculated on an ongoing basis and entered as a distributable item in the income statement. It is thus accepted that investors who acquire units e.g. shortly before the distribution date will get back the part of the issue price relat-

ing to income in the form of a distribution, even though their paid-in capital did not contribute to generating the income.

## Liquidation, transfer and merger of the Fund

### Conditions for the liquidation of the Fund

Investors are not entitled to demand that the Fund be liquidated. The Company may cease managing the Fund, provided that it complies with a notice period of at least six months, via publication of a notice in the German Federal Gazette, as well as in annual or half-yearly report. Investors shall also be informed of this termination by the agent maintaining their securities account via a durable medium, i.e. a hard copy or in electronic form. A similar procedure may also be followed in relation to a unit class of an investment fund. On the date on which termination takes effect, the right of the Company to manage the Investment Fund shall expire.

Moreover, the right of the Company to manage the Fund ceases if insolvency proceedings are opened against the Company's assets or following a court order rejecting the opening of insolvency proceedings due to insufficiency of assets.

The power of disposal over the Investment Fund shall pass to the depositary upon the expiry of the right to manage the Fund, which shall liquidate the Investment Fund and divide the proceeds among the investors, or – subject to BaFin approval – commission another company to act as management company.

### Procedure for liquidation of the Fund

With the transfer of the right of disposal over the Fund to the depositary, the issue and redemption of units will cease and the Fund will be liquidated.

The proceeds from the sale of the Fund's assets, less any costs that are still to be borne by the Fund and the costs resulting from the liquidation procedure, shall be distributed to investors, who shall be entitled to receive payment of the liquidation proceeds in proportion to their number of units held in the Fund.

The Company shall issue a liquidation report on the day on which its right of management expires, which shall comply with the requirements applicable to the annual report. The liquidation report shall be published in the German Federal Gazette no later than three months after the relevant date of liquidation of the Investment Fund. Whilst the depositary is winding up the Fund, it shall issue reports annually, as well as on the day on which the winding up process is completed, which shall comply with the requirements applicable to the annual report. These reports shall likewise be published in the German Federal Gazette no later than three months after the relevant date.

### Transfer of the Fund

The Company may transfer the right to manage and dispose of the Investment Fund to another capital management company. The transfer is subject to prior approval by BaFin. The approved transfer will be announced in the German Federal Gazette and, in addition, in the annual report or half-yearly report of the Fund as well as in the electronic information media designated in the Sales Prospectus. The time at which the transfer takes effect is determined by the contractual agreements between the

Company and the receiving investment management company. However, the transfer may take effect no earlier than three months after its announcement in the Federal Gazette. All rights and obligations of the Company in relation to the Fund shall then be transferred to the receiving capital management company.

### Conditions for merger of the Fund

All the assets of this Fund may – subject to BaFin approval – be transferred to another investment fund, be it existing or newly created by the merger, which must meet the requirements for a UCITS and be established in Germany or another EU or EEA member state.

Such transfer shall take effect from the end of the financial year of the absorbed fund (transfer date) unless another transfer date is determined.

### Rights of investors upon merger of the Fund

Investors have up to five working days before the planned transfer date to either redeem their units without further costs (except for the costs deducted to cover the liquidation costs) or – if possible – to exchange their units for units of another open-end mutual fund that is also managed by Union Investment or a company in the same group and has a similar investment policy as the Fund.

Prior to the planned transfer date, the Company shall provide investors in the Fund with information regarding the reasons for the merger, the potential implications for investors, their rights in relation to the merger and the relevant procedural aspects via a durable medium, i.e. a hard copy or in electronic form. Investors shall also be provided with the KID for the Investment Fund to which the Fund's assets will be transferred. There must be at least 30 days between the provision of the merger information and the end of the deadline for requests for the redemption or exchange of units, where applicable.

On the effective transfer date, the net asset values of the absorbing investment fund and the absorbed fund shall be calculated, the conversion rate fixed and the entire conversion procedure audited by an auditor. The conversion ratio shall be determined in accordance with the ratio between the net asset value per unit of the absorbed fund and that of the absorbing investment fund at the time of the transfer. Investors shall receive a number of units in the absorbing investment fund which corresponds to the value of their units in the absorbed fund.

Investors who do not exercise their right of redemption or conversion will become investors of the absorbing investment fund with effect from the date of transfer. Where appropriate, the Company may also agree with the management company of the absorbing investment fund that the investors of the absorbed fund will receive payment in cash for up to 10 percent of the value of their units. The absorbed fund will cease to exist upon the transfer of all of its assets. If the transfer occurs during the financial year of the absorbed fund, the Company must draw up a report for the transfer date, which must comply with the requirements applicable to the annual report.

The Company shall give notice in the German Federal Gazette and in the electronic information media specified in this Sales Prospectus if the Investment Fund has been merged with another investment fund also managed by the Company and the merger

has taken effect. If the Fund is to be merged with another investment fund that is not managed by the Company, then the company managing the absorbing or newly established investment fund will be responsible for the notice of the merger taking effect.

## Delegation of duties

As part of its normal operations, the Company has delegated specific activities and responsibilities to group companies as well as non-group companies. Below is an overview of the delegation of duties and the potential conflicts of interest resulting from such delegation.

If portfolio management or other specific activities for the Fund are delegated, this will be indicated in the section entitled "Additional delegation of duties" in the special part of this Sales Prospectus.

### Delegation to group companies

Based on a division of labour, various functions and activities of the Company have been delegated to other companies of the Union Investment Group in which the Group holds a majority stake:

- The responsibilities for HR, legal, compliance, money laundering prevention, data protection, fraud prevention, information security management and business continuity management, accounting and auditing services, as well as support in the areas of risk management including data quality management, controlling and digitisation have been delegated to Union Asset Management Holding AG, Frankfurt am Main.
- Marketing and product management services for institutional funds, support for product development and maintenance, as well as the provision of engagement services and the performance of sustainability screenings have been delegated to Union Investment Institutional GmbH, Frankfurt am Main.
- The procurement of IT services has been delegated to Union Investment Services & IT GmbH, Frankfurt / Main. These relate to network, PC and telecommunications operations, the operation of accounting systems, personnel information and corporate management systems as well as the operation of applications for investment, fund accounting and marketing processes, as well as their support processes. In addition, fund risk controlling, performance analysis, trading control and investment limit check as well as fund accounting, reporting, bookkeeping, data and order management, collateral desk and business services were outsourced to Union Investment Services & IT GmbH.
- Commission calculation and payment to intermediaries abroad and within the non-cooperative banking sector in Germany as well as the maintenance of basic fund data have been delegated to Attrax Financial Services S.A., Luxembourg.
- Coordination of fund marketing in other countries and depository management have been delegated to Union Investment Luxembourg S. A., Luxembourg.
- Customer service, complaints management, commission calculation and payment to intermediaries within the

cooperative banking sector in Germany have been delegated to Union Investment Service Bank AG, Frankfurt / Main.

- Where the Fund is licensed for distribution in Austria, marketing for private clients has been outsourced to Union Investment Austria GmbH, Vienna.

The aforementioned delegations of duties could give rise to the following conflicts of interest:

- a) The contracted company also holds other mandates, or acts on behalf of other funds or investors. The use of a service provider with multiple clients leads to the possibility that the provider might have financial or other incentives to give priority to the interests of another mandate, fund or investor over the interests of the present fund or its investors.
- b) The contracted company is a company affiliated with the Company within the same financial group. Delegation to a group company creates the possibility that such a company, due to its being part of the group, may be exposed to competing influences when performing the delegated activity, or that it may exert such an influence on the Company belonging to the group or on the investors, which could negatively affect the interests of the Company or of the investors.

### Measures taken by the Company:

The Company has taken adequate measures, in particular through functional separation, outsourcing control, etc., to prevent such potential conflicts of interest from damaging the interests of the Fund or its investors. Any conflicts of interest that are unavoidable despite these measures are disclosed to investors.

### Delegation to non-group companies

The following duty has been delegated to companies outside the Union Investment Group:

- The provision of collateral management services for transferable securities lending transactions and the provision of collateral management services for compliance with the requirements of Regulation (EU) No 648/2012 (EMIR) has been delegated to State Street Bank International GmbH, Munich.

The aforementioned delegation of duties could give rise to the following conflicts of interest:

### Conflicts of interest related to service providers with multiple clients:

The contracted company also holds other mandates, or acts on behalf of other funds, companies or investors. The use of a service provider with multiple clients leads to the possibility that the provider might have financial or other incentives to give priority to the interests of another mandate, fund or investor over the interests of the present fund or its investors.

### Measures taken by the Company:

The Company has taken adequate measures, in particular through functional separation, outsourcing control, etc., to prevent such potential conflicts of interest from damaging the interests of the Fund or its investors. Any conflicts of interest that are unavoidable despite these measures are disclosed to investors.

## Conflicts of interest

The Company could become exposed to the conflicts of interest outlined below:

The interests of investors or of the Fund could conflict with the following interests:

- interests of the Company and its affiliated companies,
- interests of Company employees or
- interests of other investors in this Fund or other funds.
- Interests of other clients of the Company

Circumstances or relationships that could give rise to conflicts of interest include in particular the following:

- incentive schemes for Company employees,
- employee transactions,
- benefits for Company employees,
- shifts in the Fund,
- improvements in fund performance for the closing date (window dressing),
- transactions between the Company and investment funds or individual portfolios managed by it or,
- transactions between investment funds or individual portfolios managed by the Company,
- combination of several orders ("block trades"),
- Orders for or transactions with affiliated companies and persons
- If a share issue is oversubscribed and the Company has subscribed shares for several investment assets or individual portfolios (IPO allocations),
- transactions after closing time at the known closing price of the day (late trading).
- Engaging in unit transactions, if these benefit certain investors over others:
- frequent trading,
- individual investments of considerable magnitude,
- burdening the Investment Fund with disproportionate costs or fees, unsuitable practices or the conflictual commissioning of third parties,
- selection of a trading partner while simultaneously receiving substantial soft commissions or research,
- possibility of conflictual marketing promotion through incomplete or incorrect product information,
- conflicts of interest through/in the exercise of voting rights,
- the valuation agent for the assets is the Company itself,
- conflicts of interest related to the redemption of investments, such as conflicts of interest that could exist between investors who wish to redeem their investments and investors who wish to maintain their investments in the Fund, or between the Fund's objective of investing in non-liquid assets and its redemption principles,

- delegating duties to affiliated companies or service providers with multiple clients,
- Delegation of portfolio management or risk management activities to such companies,
- use of insider information to the disadvantage of the client,
- Personal conflict of interests of an employee or body of the Company.

To address conflicts of interest, the Company has taken the following organisational measures to detect, prevent, control, monitor and disclose conflicts of interest:

- existence of a compliance function which monitors compliance with laws and regulations, and to which any conflicts of interest must be reported.
- Disclosure obligations.
- Organisational measures such as
  - the creation of confidentiality zones for individual departments in order to prevent the abuse of confidential information,
  - the allocation of competences in order to prevent any improper exertion of influence,
  - the separation of proprietary trading and customer trading,
  - measures for hierarchical and functional separation (also applies to delegated portfolio management and risk management activities),
  - rules of conduct for employees with respect to employee transactions, obligations of compliance with insider rules,
  - creation of appropriate fee systems,
  - principles for taking account of customer interests, as well as the provision of investor-oriented and investment-related advisory services or compliance with the agreed investment guidelines,
  - principles for optimal execution in the purchase or sale of financial instruments or other assets,
  - principles for the subdivision of partial executions or allocation of assets,
  - specification of times for order acceptance (cut-off times)
  - strategies comprising measures and procedures to prevent or regulate conflicts of interest produced by the exercise of voting rights,
  - separate reporting obligation or separate monitoring,
  - prohibitions,
  - refraining from providing the conflictual service.

## Brief summary relating to tax regulations

The following statements on tax regulations only apply to investors who are fully liable to taxation in Germany. Investors fully liable for taxation are also referred to below as German tax residents. We recommend that, prior to acquiring units of the Investment Fund described in this Sales Prospectus, foreign in-

vestors contact their tax adviser in order to discuss any possible tax consequences in their country of residence arising from the acquisition of units. Foreign investors are those who are not fully liable for taxation. They are also described below as being non-resident for tax purposes.

As a special purpose fund, the Fund is generally exempt from corporate and trade tax. However, it is partially subject to corporate tax with its (from a German tax perspective) domestic investment income and other domestic income within the meaning of the limited income tax obligation, whereby profits from the sale of units in corporations are in principle excluded; profits from the sale of units in domestic or foreign corporations whose unit value is directly or indirectly derived more than 50% from domestic immovable property may, under certain conditions, be subject to corporate income tax at fund level. The tax rate is 15%. If taxable income is taxed by way of capital gains tax deduction, the tax rate of 15% already includes the solidarity surcharge.

However, the investment income is taxable for the private investor as income from capital assets, which is subject to income tax, provided that it exceeds the saver's flat-rate annual allowance of EUR 1,000 (for single persons or spouses assessed separately) or EUR 2,000 (for spouses assessed jointly) together with the other investment income.

Income from capital assets is generally subject to a 25 percent withholding tax (plus solidarity surcharge and, where applicable, church tax). Income from capital assets also includes income from investment funds (investment income), i.e. the Fund's distributions, advance withholding tax and gains from the sale of units. Subject to certain conditions, investors may receive a portion of this investment income tax-free ("partial relief").

In general, for the private investor, the withholding tax acts as a final payment ("final withholding tax") so that, as a rule, income from capital assets need not be declared in the income tax return. In principle, when applying the withholding tax, the agent maintaining the securities account already offsets losses and foreign withholding taxes arising from the direct investment.

The withholding tax does not act as a final payment, however, if the investor's personal tax rate is lower than the final withholding tax of 25 percent. In such cases, income from capital assets may be declared in the income tax return. The tax authorities then apply the lower personal tax rate and offset the tax withheld against the personal tax liability ("favourable tax treatment").

If income from capital assets was not subject to any withholding tax (because, for example, a capital gain from the sale of fund units was realised in a foreign securities account), such income must be declared in the tax return. Within the tax assessment, any income from capital assets is then also subject to the final withholding tax of 25 percent, or else to the lower personal tax rate. If units are held as business assets, the income is considered taxable as operating income.

## **1. Units held as personal assets (German tax residents)**

### **Distributions**

Distributions by the Fund are generally taxable.

If the Fund meets the tax requirements for a partial relief, distributions may be partially tax exempt.

If the Fund meets the tax requirements for an equity fund within the meaning of the partial exemption, 30% of the distributions are tax-free. Equity funds are investment funds that invest more than 50% of their value or their assets in equity investments on an ongoing basis in accordance with the investment conditions. If the Fund meets the tax requirements for a balanced fund within the meaning of the partial exemption, 15% of the distributions are tax-free. Balanced funds are investment funds that invest at least 25% of their value or assets in equity investments on an ongoing basis in accordance with the investment conditions. If the Fund does not meet the tax requirements for an equity fund or a balanced fund, no partial exemption shall be applied to the distribution. If the Fund is an equity or balanced fund for tax purposes, please refer to the section entitled "Tax investment ratios" in the special part of this Sales Prospectus. The tax classification for the purposes of partial exemption may change in the future. In such a case, the Fund unit shall be deemed to have been sold and acquired on the following day with the new tax classification for the purpose of partial exemption; however, any resulting notional capital gain shall only be taken into account as soon as the units are actually sold or are deemed to have been sold in certain cases.

The taxable distributions are generally subject to the 25 percent withholding tax (plus solidarity surcharge and, where applicable, church tax).

The withholding tax need not be applied if the investor is a national tax resident and presents an exemption request, provided that the taxable income element does not exceed EUR 1,000 for individual assessment or EUR 2,000 for joint assessment of spouses.

The same applies when providing a declaration for persons who are not expected to be subject to income tax ("non-assessment certificate").

If a German investor keeps units in a domestic securities account, the agent maintaining the securities account will refrain, as paying agent, from applying the withholding tax if it is presented prior to the distribution deadline specified with an appropriate exemption request for a sufficient amount using the official form or a non-assessment certificate issued by the tax authorities for a maximum period of three years. In this case, the investor will be credited for the full amount of the distribution.

### **Advance withholding tax**

The advance withholding tax is the amount by which the Fund's distributions within a calendar year fall short of the base return for that calendar year. The base yield is determined by multiplying the redemption price of the unit at the beginning of a calendar year by 70 percent of the base interest rate, which is derived from the long-term realisable yield of public bonds. The base return is limited to the excess amount between the first and the last redemption price set in the calendar year plus distributions within the calendar year. In the year that the units are acquired, the advance withholding tax shall be reduced by one-twelfth for each full month preceding the month of acquisition. The advance withholding tax shall be deemed to have accrued on the first working day of the following calendar year.

Advance withholding taxes are generally taxable.

If the Fund meets the tax requirements for a partial tax exemption, advance withholding tax may be partially tax exempt.

If the Fund meets the tax requirements for an equity fund within the meaning of the partial exemption, 30% of the advance lump sums are tax-free. Equity funds are investment funds that invest more than 50% of their value or their assets in equity investments on an ongoing basis in accordance with the investment conditions. If the Fund meets the tax requirements for a balanced fund within the meaning of the partial exemption, 15% of the advance lump sums are tax-free. Balanced funds are investment funds that invest at least 25% of their value or assets in equity investments on an ongoing basis in accordance with the investment conditions. If the Fund does not meet the tax requirements for an equity fund or a balanced fund, no partial exemption shall be applied to the advance lump sums. If the Fund is an equity or balanced fund for tax purposes, please refer to the section entitled "Tax investment ratios" in the special part of this Sales Prospectus. The tax classification for the purposes of partial exemption may change in the future. In such a case, the Fund unit shall be deemed to have been sold and acquired on the following day with the new tax classification for the purpose of partial exemption; however, any resulting capital gain shall only be taken into account as soon as the units are actually sold or are deemed to have been sold in certain cases.

The advance withholding taxes are usually subject to the 25 percent withholding tax (plus solidarity surcharge and, where applicable, church tax).

The withholding tax need not be applied if the investor is a national tax resident and presents an exemption request, provided that the taxable income element does not exceed EUR 1,000 for individual assessment or EUR 2,000 for joint assessment of spouses.

The same applies when providing a declaration for persons who are not expected to be subject to income tax ("non-assessment certificate").

If a German investor keeps units of an investment fund which is a distributing fund under tax law in a domestic securities account, the agent maintaining the securities account will refrain, as paying agent, from applying the withholding tax if it is presented with an appropriate exemption request for a sufficient amount using the official form or a non-assessment certificate issued by the tax authorities for a maximum period of three years before the inflow date. In this case, no tax is paid. Otherwise, the investor must provide the domestic securities agent with the amount of tax to be withheld. For this purpose, the securities agent may collect the amount of tax to be withheld from an account it holds in the name of the investor without the investor's consent. Insofar as the investor does not object prior to the inflow of the advance withholding tax, the securities agent may also collect the amount of tax to be withheld from an account in the name of the investor to the extent that an overdraft facility agreed with the investor for this account has not been utilised. If the investor fails to meet his/her obligation to provide the amount of tax to be withheld to the domestic securities agent, the securities agent must notify the tax office

responsible for it. In this case, the investor must declare the advance withholding tax in his/her income tax return.

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

If units in the Fund are sold, a capital gain is in principle subject to taxation.

If the Fund meets the tax requirements for partial relief, capital gains may be partially tax exempt.

If the Fund meets the tax requirements for an equity fund within the meaning of the partial exemption, 30% of the capital gains are tax-free. Equity funds are investment funds that invest more than 50% of their value or their assets in equity investments on an ongoing basis in accordance with the investment conditions. If it meets the tax requirements for a balanced fund within the meaning of the partial exemption, 15% of the capital gains are tax-free. Balanced funds are investment funds that invest at least 25% of their value or assets in equity investments on an ongoing basis in accordance with the investment conditions. In the event of a capital loss, the loss in the amount of the partial exemption to be applied in each case is not deductible at investor level. If the Fund does not meet the tax requirements for an equity fund or a balanced fund, no partial exemption shall be applied to the capital gains. If the Fund is an equity or balanced fund for tax purposes, please refer to the section entitled "Tax investment ratios" in the special part of this Sales Prospectus. The tax classification for the purposes of partial exemption may change in the future. In such a case, the fund unit shall be deemed to have been sold and acquired on the following day with the new tax classification for the purpose of partial exemption; however, any resulting capital gain shall only be taken into account as soon as the units are actually sold or are deemed to have been sold in certain cases.

If the units are held in a domestic securities account, the agent maintaining the securities account will deal with the deduction of tax and take account of any partial relief. The tax deduction of 25 percent (plus the solidarity surcharge and, where applicable, church tax) may be waived following presentation of an adequate exemption request or non-assessment certificate. If such units are sold by a private investor at a loss, then the loss – reduced where appropriate to account for any partial relief – may be offset against other positive income from capital assets. If the units are held in a domestic securities account, and positive income has been obtained from capital assets with the same agent maintaining the securities account during the same calendar year, then that agent will offset the losses.

In determining the capital gain, the gain is to be reduced by the advance withholding tax recognised during the period of ownership.

### **Negative taxable income**

Negative taxable income of the Fund may not be allocated to investors.

### **Settlement taxation**

During the liquidation of the Fund, distributions of a calendar year are deemed to be tax-free capital repayment to the extent that the last redemption price set in that calendar year falls below the amortised cost. This shall apply for a maximum period of ten

calendar years after the calendar year in which the liquidation begins.

### **Exit taxation**

The fund units are deemed to have been sold for tax purposes, provided that the unlimited tax liability of an investor ends as a result of the surrender of his domicile or habitual residence, or the units are transferred free of charge to a person not subject to unlimited tax liability, or for other reasons an exclusion or restriction of the tax law of the Federal Republic of Germany is applied to the profit from the sale of the fund units. In these cases, the increase in value incurred up to that point will be taxed. Exit taxation is only applicable if the investor has directly or indirectly held at least 1% of the issued units of the Fund in the last five years prior to the notional sale or if the investor directly or indirectly holds fund units at the time of the notional sale, with the respective acquisition costs amounting to at least EUR 500,000, whereby the investments in different investment funds are to be considered separately and cannot be combined with regard to the acquisition costs, and the total amount of taxable profits from all fund units is positive overall. Taxation must be carried out on the basis of assessment.

## **2. Units held as business assets (German tax residents)**

### **Tax-exempt unit class**

A unit class is tax-exempt, insofar as the units in a unit class may only be acquired or held by tax-privileged investors who are a domestic corporation, association of persons or assets which, according to the Articles of Association, the foundation business or the other constitution and according to the actual management, exclusively and directly serves non-profit, charitable or ecclesiastical purposes or is a foundation under public law which exclusively and directly serves non-profit or charitable purposes, or a legal person under public law which exclusively and directly serves ecclesiastical purposes; this does not apply if the units are held in a commercial business. The same applies to comparable foreign investors with their registered office and management in a foreign state providing administrative and recovery assistance. A unit class is also tax-exempt, insofar as the units herein are held only or in addition to the aforementioned tax-privileged investors within the framework of pension or basic pension agreements that have been certified according to the German Pension Agreements Certification Act. The conditions for the tax exemption of a unit class are that investors prove their tax exemption to the Fund accordingly and that the Terms and Conditions of Investment only permit the redemption of units in such a unit class to the Investment Fund and the transfer of units in such a unit class is excluded. Furthermore, the exemption from the corporate tax applicable at fund level on German dividends and income from German equity-like profit participation rights essentially presupposes that German equities and German equity-like profit participation rights have been held by the Fund as the economic owner uninterrupted for 45 days within 45 days before and after the due date of the capital gains and, during these 45 days, minimum value change risks existed in the amount of 70%. The tax exemption of German dividends and income accrued at fund level from German equity-like profit participation rights shall cease to exist if the investor has granted a usufruct of the

investment income or has made another commitment to remunerate the investment income in whole or in part, directly or indirectly, to other persons. In such cases, the investor is obligated to make a subsequent payment of tax. This means that the investor must notify the tax office responsible for the abolition of his tax exemption and must pay capital gains tax amounting to 15% of the investment income in question. Tax exemption amounts received by the Company in connection with the management of the Fund and attributable to income from the above-described unit classes must in principle be paid out to the investors in these unit classes. Notwithstanding the above, the Company is entitled to allocate the exemption amounts directly to the Fund for the benefit of the investors in this unit class; no new units are issued as a result of this allocation.

If a tax-exempt unit class is created for the Fund, information on it is presented in the section entitled "Unit classes" which can be found in the special part of this Sales Prospectus.

### **Refund of the Fund's corporate income tax**

The corporation income tax applicable at the level of the Fund may be reimbursed to the Fund for an investor if this investor is a domestic corporate body, association of persons or fund, which by its articles of association, foundation operations or other constitution and by its actual management, exclusively and directly serves non-profit, charitable or ecclesiastical purposes or is a public-law foundation which exclusively and directly serves non-profit or charitable purposes, or is a legal entity under public law which exclusively and directly serves ecclesiastical purposes. This does not apply if the units are held in a commercial business operation. The same applies to comparable foreign investors whose registered office and management are in a foreign state which provides administrative and collection assistance.

For this to happen, the investor must submit a corresponding request and the corporate tax incurred must be proportionate to his holding period. In addition, the investor must be a civil and beneficial owner of the units for at least three months prior to the inflow of the Fund's income subject to corporate tax, without any obligation to transfer the units to another person. Furthermore, no usufruct of the investment income may have been granted and there may not have been any other obligation to reimburse all or part of the investment income, directly or indirectly, to other persons. Furthermore, with regard to the corporate tax incurred at fund level on German dividends and income from German equity-like profit participation rights, the refund essentially requires that German equities and German equity-like profit participation rights have been held by the Fund as the economic owner uninterrupted for at least 45 days within 45 days before and after the maturity date of the capital gains and, in these 45 days, minimum value change risks existed in the amount of 70% (so-called 45-day rule).

The application must be accompanied by evidence of tax exemption and a certificate of investment unit ownership issued by the securities agent. The investment unit certificate is a certificate drawn up in accordance with an official model showing the number of units held by the investor throughout the calendar year, as well as the time and extent of the acquisition and sale of units during the calendar year.

The corporation income tax applicable at the level of the Fund

may also be refunded to the Fund on request for transfer to an investor provided the units in the Fund are held as part of retirement or basic pension contracts which have been certified according to the German Retirement Contract Certification Act (AltZertG). This demands that the party offering a retirement or basic pension contract notifies the Fund within one month of the end of its financial year of the dates and extent to which units were acquired or sold. Additionally the above 45-day rule must be observed.

There is no obligation on the part of the Fund or the Company to have the corresponding corporation tax refunded for onward transmission to the investor. The Fund or the Company is free to apply for this refund dependent on an investor-related minimum amount of the expected refund and/or on the agreement of a processing fee.

Due to the high complexity of the regulation, consultation with a tax adviser appears to be advisable.

### Distributions

Distributions by the Fund are generally subject to income tax, corporation tax and trade tax.

If the Fund meets the requirements for partial relief, distributions may be partially tax exempt for income tax, corporation income tax and trade tax purposes.

If the Fund meets the tax requirements for an equity fund within the meaning of partial relief, 60 percent of the distributions are tax-free for the purposes of income tax and 30 percent for the purposes of trade tax when the units are held by natural persons as business assets. In this case, for taxable corporations 80 percent of the distributions are generally tax-free for the purposes of corporation income tax and 40 percent for the purposes of trade tax. For corporations which are life assurance or health insurance entities, respectively pensions funds and in which the units are part of the capital investments, or which are credit institutions and for which the units are to be assigned to the trading book in accordance with § 340e(3) HGB, or are to be disclosed as current assets at the time the business assets are received, 30 percent of the distributions are tax-free for the purposes of corporation income tax and 15 percent for the purposes of trade tax. Equity funds are investment funds whose terms of contract stipulate that more than 50 percent of their net asset value or active assets should be invested continuously in equity participations.

If the Fund meets the tax requirements for a mixed fund within the meaning of partial relief, 30 percent of the distributions are tax-free for the purposes of income tax and 15 percent for the purposes of trade tax when the units are held by natural persons as business assets. In this case, for taxable corporations 40 percent of the distributions are generally tax-free for the purposes of corporation income tax and 20 percent for the purposes of trade tax. For corporations which are life assurance or health insurance entities and in which the units are part of the capital investments, or which are credit institutions and for which the units are to be assigned to the trading book in accordance with § 340e(3) HGB, or are to be disclosed as current assets at the time the business assets are received, 15 percent of the distributions are tax-free for the purposes of corporation income tax and 7.5 percent for the purposes of trade tax. Mixed funds are investment funds whose terms of contract stipulate that at least 25 percent of their net

asset value or active assets should be invested continuously in equity participations.

If the Fund meets neither the tax requirements for an equity fund nor for a mixed fund, the distributions are not eligible for partial relief.

If the Fund is defined as an equity or mixed fund in respect of taxation, relevant information is provided in the section entitled "Investment ratios for tax purposes" which can be found in the special part of this Sales Prospectus.

The tax classification for the purposes of partial exemption may change in the future. In such a case, the fund unit shall be deemed to have been sold and acquired on the following day with the new tax classification for the purpose of partial exemption; however, any resulting capital gain shall only be taken into account as soon as the units are actually sold or are deemed to have been sold in certain cases.

The distributions are generally subject to the 25 percent withholding tax (plus solidarity surcharge).

If the Fund fulfils the tax requirements for partial relief, the rate of partial relief applicable to private investors shall be used as standard for the purposes of tax deduction, i.e. in the case of an equity fund at 30 percent and in the case of a mixed fund at 15 percent.

### Advance withholding tax

The advance withholding tax is the amount by which the Fund's distributions within a calendar year fall short of the base return for that calendar year. The base yield is determined by multiplying the redemption price of the unit at the beginning of a calendar year by 70 percent of the base interest rate, which is derived from the long-term realisable yield of public bonds. The base return is limited to the excess amount between the first and the last redemption price set in the calendar year plus distributions within the calendar year. In the year that the units are acquired, the advance withholding tax shall be reduced by one-twelfth for each full month preceding the month of acquisition. The advance withholding tax shall be deemed to have accrued on the first working day of the following calendar year.

Advance withholding taxes are generally subject to income tax, corporation tax and trade tax.

If the Fund meets the requirements for partial relief, advance withholding tax may be partially tax exempt for income tax, corporation income tax and trade tax purposes.

If the Fund meets the tax requirements for an equity fund within the meaning of partial relief, 60 percent of the advance withholding tax applicable is tax-free for the purposes of income tax and 30 percent for the purposes of trade tax when the units are held by natural persons as business assets. In this case, for taxable corporations 80 percent of the advance withholding tax is generally tax-free for the purposes of corporation income tax and 40 percent for the purposes of trade tax. For corporations which are life assurance or health insurance entities and in which the units are part of the capital investments, or which are credit institutions and for which the units are to be assigned to the trading book in accordance with § 340e(3) HGB, or are to be disclosed as current assets at the time the business assets are received, 30 percent of the advance withholding tax is tax-free for

the purposes of corporation income tax and 15 percent for the purposes of trade tax. Equity funds are investment funds whose terms of contract stipulate that more than 50 percent of their net asset value or active assets should be invested continuously in equity participations.

If the Fund meets the tax requirements for a mixed fund within the meaning of partial relief, 30 percent of the advance withholding tax applicable is tax-free for the purposes of income tax and 15 percent for the purposes of trade tax when the units are held by natural persons as business assets. In this case, for taxable corporations 40 percent of the advance withholding tax is generally tax-free for the purposes of corporation income tax and 20 percent for the purposes of trade tax. For corporations which are life assurance or health insurance entities and in which the units are part of the capital investments, or which are credit institutions and for which the units are to be assigned to the trading book in accordance with § 340e(3) HGB, or are to be disclosed as current assets at the time the business assets are received, 15 percent of the advance withholding tax is tax-free for the purposes of corporation income tax and 7.5 percent for the purposes of trade tax. Mixed funds are investment funds whose terms of contract stipulate that at least 25 percent of their net asset value or active assets should be invested continuously in equity participations.

If the Fund meets neither the tax requirements for an equity fund nor for a mixed fund, the distributions are not eligible for partial relief.

If the Fund is defined as an equity or mixed fund in respect of taxation, relevant information is provided in the section entitled "Investment ratios for tax purposes" which can be found in the special part of this Sales Prospectus.

The tax classification for the purposes of partial exemption may change in the future. In such a case, the fund unit shall be deemed to have been sold and acquired on the following day with the new tax classification for the purpose of partial exemption; however, any resulting capital gain shall only be taken into account as soon as the units are actually sold or are deemed to have been sold in certain cases.

The advance withholding tax is generally subject to a tax deduction of 25% (plus solidarity surcharge).

If the Fund fulfils the tax requirements for partial relief, the rate of partial relief applicable to private investors shall be used as standard for the purposes of tax deduction, i.e. in the case of an equity fund at 30 percent and in the case of a mixed fund at 15 percent.

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

Gains from the sale of the units are generally subject to income or corporation tax and trade tax. In determining the capital gain, the gain is to be reduced by the advance withholding tax recognised during the period of ownership.

If the Fund meets the requirements for partial relief, capital gains may be partially tax exempt for income tax, corporation income tax and trade tax purposes.

If the Fund meets the tax requirements for an equity fund within the meaning of partial relief, 60 percent of the capital gains is tax-free for the purposes of income tax and 30 percent for the

purposes of trade tax when the units are held by natural persons as business assets. In this case, for taxable corporations 80 percent of the capital gains is generally tax-free for the purposes of corporation income tax and 40 percent for the purposes of trade tax. For corporations which are life assurance or health insurance entities and in which the units are part of the capital investments, or which are credit institutions and for which the units are to be assigned to the trading book in accordance with § 340e(3) HGB, or are to be disclosed as current assets at the time the business assets are received, 30 percent of the capital gains is tax-free for the purposes of corporation income tax and 15 percent for the purposes of trade tax. Equity funds are investment funds whose terms of contract stipulate that more than 50 percent of their net asset value or active assets should be invested continuously in equity participations.

If the Fund meets the tax requirements for a mixed fund within the meaning of partial relief, 30 percent of the capital gains is tax-free for the purposes of income tax and 15 percent for the purposes of trade tax when the units are held by natural persons as business assets. In this case, for taxable corporations 40 percent of the capital gains is generally tax-free for the purposes of corporation income tax and 20 percent for the purposes of trade tax. For corporations which are life assurance or health insurance entities and in which the units are part of the capital investments, or which are credit institutions and for which the units are to be assigned to the trading book in accordance with § 340e(3) HGB, or are to be disclosed as current assets at the time the business assets are received, 15 percent of the capital gains are tax-free for the purposes of corporation income tax and 7.5 percent for the purposes of trade tax. Mixed funds are investment funds whose terms of contract stipulate that at least 25 percent of their net asset value or active assets should be invested continuously in equity participations.

In the event of a capital loss, the portion of the loss equivalent to the applicable partial relief is not deductible at investor level.

If the Fund meets neither the tax requirements for an equity fund nor for a mixed fund, the distributions are not eligible for partial relief.

If the Fund is defined as an equity or mixed fund in respect of taxation, relevant information is provided in the section entitled "Investment ratios for tax purposes" which can be found in the special part of this Sales Prospectus.

The tax classification for the purposes of partial exemption may change in the future. In such a case, the fund unit shall be deemed to have been sold and acquired on the following day with the new tax classification for the purpose of partial exemption; however, any resulting capital gain shall only be taken into account as soon as the units are actually sold or are deemed to have been sold in certain cases.

The profits from the sale of the units are normally not subject to any capital gains tax deductions.

#### **Negative taxable income**

Negative taxable income of the Fund may not be allocated to investors.

#### **Settlement taxation**

During the liquidation of an investment fund, distributions of a

calendar year are deemed to be tax-free capital repayment to the extent that the last redemption price set in that calendar year falls below the amortised cost. This shall apply for a maximum period of ten calendar years after the calendar year in which the liquidation begins.

#### **An overview of the tax treatment for the common categories of corporate investors**

Following this general part of the Sales Prospectus, you will find a summary overview for common categories of corporate investors.

### **3. Non-residents for tax purposes**

If a non-resident taxpayer holds the fund units in a custody account with a domestic custodian, no tax is withheld on distributions, advance withholding taxes and gains from the sale of the units, provided that the non-resident taxpayer can demonstrate his/her non-resident status. Should the agent maintaining the securities account not be informed about the investor's being a non-resident individual or if such evidence is not provided in time, the foreign investor must apply for reimbursement of the charged tax via a refund procedure pursuant to the Income Tax Regulation (Abgabenordnung – AO)<sup>1</sup>. The competent tax office is the one responsible for the agent maintaining the securities account.

Insofar as a non-resident tax payer is comparable to a domestic investor for whom a refund of the corporate tax accrued at fund level is possible, a refund is also possible in principle. Reference is made to the above statements on resident tax payers. The prerequisite is also that the non-resident tax payers has its registered office and management in a foreign state providing administrative and recovery assistance.

### **4. Solidarity surcharge**

A solidarity surcharge of 5.5 percent is levied on the tax withheld on distributions, advance withholding taxes and gains from the sale of units.

### **5. Church tax**

If income tax is already levied via the tax withheld by a domestic securities agent (withholding agent), the church tax payable on this is regularly levied as a surcharge to the tax withheld in accordance with the church tax rate for the religious community to which the person subject to church tax belongs. The deductibility of church tax as a special expense is recognised as reducing the tax to be withheld.

### **6. Foreign withholding tax**

Withholding tax on the Fund's foreign income is retained in some cases in the country of origin. This withholding tax cannot be taken into account by investors to reduce their tax liability.

### **7. Effects of the merger of investment funds**

In the event of a merger between a German investment fund and another German investment fund in which the same rate of partial relief is applied, this does not result in the disclosure of hidden reserves either at investor level or at the level of the investment funds concerned, i.e. this process is tax-neutral. If the investors of the absorbed investment fund receive a cash payment as envisaged by the merger plan,<sup>2</sup> this will be treated in the same manner as a distribution of income.

If the applicable partial exemption rate of the transferred investment fund differs from that of the absorbing investment fund, then the investment unit of the transferred investment fund is deemed to have been sold and the investment unit of the absorbing investment fund is deemed to have been acquired. The profit from the notional sale shall only be deemed to have been received as soon as the investment unit of the absorbing investment fund is actually sold or is deemed to have been sold in certain cases.

### **8. Automatic exchange of information in tax matters**

The significance of the automatic exchange of information for combating cross-border tax fraud and cross-border tax evasion has risen strongly at international level in recent years. The OECD has published, inter alia, a global Standard for Automatic Exchange of Financial Account Information in Tax Matters (Common Reporting Standard, hereinafter "CRS"). At the end of 2014, the CRS was integrated with Council Directive 2014/107/EU of 9 December 2014 into Directive 2011/16/EU as regards mandatory exchange of information in the field of taxation. The participating countries (all member countries of the EU and various third countries) now apply the CRS. Germany transposed the CRS into German law with the Exchange of Financial Information Act (FKAustG) of 21 December 2015.

The CRS requires reporting financial institutions (mainly credit institutions and securities institutions) to obtain certain information about their clients. If the clients (natural persons or legal entities) are reportable persons resident in other participating states (this does not include, for example, listed corporations or financial institutions), their accounts and securities accounts are classified as reportable accounts. Reporting financial institutions will then provide specific information for each reportable account to their home tax authority. The latter then transmits the information to the client's home tax authority.

The information to be transmitted is essentially the personal data of the reporting customer (name; address; tax identification number; date and place of birth (for natural persons); country of residence) as well as information on accounts and custody accounts (e.g. account number; account balance or value; total gross amount of income such as interest, dividends or distributions from investment funds); total gross proceeds from the sale or redemption of financial assets (including fund units).

Specifically, reportable investors who hold an account and/or securities account with a credit institution or investment institution resident in a participating state are therefore affected. This means that German credit institutions and securities institutions will report information about investors resident in other participating states to the Federal Central Tax Office, which will forward the information to the tax authorities of the investors' countries of residence. Accordingly, credit institutions and securities institutions in other participating countries will report information about investors resident in Germany to their home tax authorities, which will forward the information to the Federal Central Tax Office. Finally, it is conceivable that credit institutions and securities institutions located in other participating states report information about investors resident in other participating

states to their home tax authorities, which forwards the information to the tax authorities of the investors' countries of residence.

## **General instructions**

The information concerning taxation is based on the currently prevailing legal norms. It is intended for persons subject to unrestricted income or corporate income taxation in Germany. However, no assurance can be given that this tax treatment will not change as a result of legislation, case law or decrees issued by the tax authorities.

## **Annual/half-yearly reports and auditor**

The annual reports and half-yearly reports may be obtained from Union Investment, the sales and paying agents specified at the end of the Sales Prospectus, the Contact Office (where specified in the special part of the Sales Prospectus) and the depositary.

The auditing company specified at the end of the Sales Prospectus has been appointed to audit the Fund and the annual report.

The auditor examines the annual report of the Fund. The auditor shall summarise its findings in a special note, the full text of which shall be included in the annual report. In its audit, the auditor shall also determine whether the management of the Fund has complied with the provisions of the KAGB and the Terms of Contract. The auditor shall submit the audit report for the Fund to BaFin.

## **Payments to investors/distribution of reports and other information**

The appointment of a depositary ensures, in principle, that investors receive distributions and units can be redeemed. The KID referred to in this Sales Prospectus may be obtained in the manner described in the section entitled "General provisions, sales documentation and disclosure of information" in the general part of the Sales Prospectus.

## Summary for common corporate investor groups

See below for a summary of the taxation consequences for common corporate investor groups. This applies to domestic custody accounts. An additional deduction is made for the solidarity surcharge on capital gains tax, income tax and corporation tax. To qualify for exemption from the deduction of capital gains tax it may be necessary to submit a certificate in good time to the custody account agent.

|                                                                                                                                                                                                 | Distribution                                                                                                                                                                                                                                                                                                                                              | Advance flat-rate charge | Capital gains                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------------------|
| <b>Domestic Investors</b>                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                           |                          |                                        |
| Sole proprietors                                                                                                                                                                                | <u>Capital gains tax:</u><br>25% (partial exemption for equity funds of 30% and for mixed funds of 15% is taken into consideration)                                                                                                                                                                                                                       |                          | <u>Capital gains tax:</u><br>Exemption |
|                                                                                                                                                                                                 | <u>Material taxation:</u><br>Income tax and trade tax, where applicable, after partial exemptions (equity funds 60% for income tax/30% for trade tax, mixed funds 30% for income tax/15% for trade tax.)                                                                                                                                                  |                          |                                        |
| Regularly taxed corporations (typically industrial companies; banks, provided units are not held in the trading portfolio; property insurers)                                                   | <u>Capital gains tax:</u><br>Exemption for banks, otherwise 25% (partial exemption for equity funds of 30% and for mixed funds of 15% is taken into consideration)                                                                                                                                                                                        |                          | <u>Capital gains tax:</u><br>Exemption |
|                                                                                                                                                                                                 | <u>Material taxation:</u><br>Corporation tax and trade tax, where applicable, after partial exemptions (equity funds 80% for corporation tax/40% for trade tax; mixed funds 40% for corporation tax/20% for trade tax)                                                                                                                                    |                          |                                        |
| Life and health insurance companies and pension funds for which Fund units must be allocated to capital investments                                                                             | <u>Capital gains tax:</u><br>Exemption                                                                                                                                                                                                                                                                                                                    |                          |                                        |
|                                                                                                                                                                                                 | <u>Material taxation:</u><br>Corporation tax and trade tax, provided there are no provisions for premium refunds on the commercial balance sheet, which are also recognised for tax purposes, where applicable after partial exemptions (equity funds 30% for corporation tax/15% for trade tax;; mixed funds 15% for corporation tax/7.5% for trade tax) |                          |                                        |
| Banks that hold fund units in their trading portfolios                                                                                                                                          | <u>Capital gains tax:</u><br>Exemption                                                                                                                                                                                                                                                                                                                    |                          |                                        |
|                                                                                                                                                                                                 | <u>Material taxation:</u><br>Corporation tax and trade tax, where applicable, after partial exemptions (equity funds 30% for corporation tax/15% for trade tax, mixed funds 15% for corporation tax/7.5% for trade tax)                                                                                                                                   |                          |                                        |
| Tax-exempt non-profit, charitable or religious investors (especially churches, charitable foundations)                                                                                          | <u>Capital gains tax:</u><br>Exemption                                                                                                                                                                                                                                                                                                                    |                          |                                        |
|                                                                                                                                                                                                 | <u>Material taxation:</u><br>Tax-free - also corporation tax accruing at fund level may be refunded on application                                                                                                                                                                                                                                        |                          |                                        |
| Other tax-exempt investors (especially pension funds, death benefit funds and benevolent funds, provided the requirements of the German Corporation Tax Act (Körperschaftsteuergesetz) are met. | <u>Capital gains tax:</u><br>Exemption                                                                                                                                                                                                                                                                                                                    |                          |                                        |
|                                                                                                                                                                                                 | <u>Material taxation:</u><br>Tax-free                                                                                                                                                                                                                                                                                                                     |                          |                                        |

## Special part

This special part lists in detail the regulations which differ from or supplement the regulations stated in the general part for the UCITS investment fund described in this Sales Prospectus (hereinafter: the "Investment Fund" or "Fund") and/or its unit classes.

### The Investment Fund, launch date and duration

The investment fund called UniKapital (Securities ID No./ISIN: 849108/DE0008491085) was launched on 21 April 1986 for an indefinite period of time. The investors are fractional co-owners of the Investment Fund's assets in proportion to their number of units. Investors cannot dispose of the assets held in the Investment Fund. There are no voting rights associated with the units.

In addition to being securitised in global certificates, the rights of investors were in the past also securitised in individual unit certificates (so-called physical securities). The issue of physical securities has been discontinued. The purchase of units is therefore only possible if these are held in custody.

### Submission of physical securities

As at 31 December 2016, the bearer units issued in the past in the form of physical securities which are not held in collective custody in a central securities depository, an authorised or recognised domestic or foreign central depository or another suitable foreign depository shall be henceforth considered invalid pursuant to legal regulations.

This also applies to unmatured coupons. As of 1 January 2017, the rights of affected investors were instead vested in a global certificate. In accordance with their share of the Fund's assets, the investors then became co-owners of this global certificate or the collective holding to which this certificate belongs. They can submit their invalid bearer unit certificates as well as related coupons to the Depository of the Fund and demand that, in exchange, their units in the Fund be credited to a custody account.

#### Specific instructions for the exchange of invalid bearer unit certificates:

Physical securities for exchange (certificate with all unmatured coupons in addition to the coupon sheet) are submitted exclusively via the agent maintaining the securities account (**local bank**), to the technical agents appointed by the Depository, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Platz der Republik, at the addresses indicated below:

Deutsche WertpapierService Bank AG  
Treasury Department  
Wildunger Straße 14  
60487 Frankfurt / Main

or

Deutsche WertpapierService Bank AG  
Treasury Department

Postfach 90 01 39  
60441 Frankfurt / Main

### Unit classes

All the Investment Fund's units in issue have the same characteristics. Unit classes of the Investment Fund are not offered at present. Unit classes may, however, be formed at any time and at the discretion of the Company. The unit classes may differ regarding the use of income, the initial sales charge, the currency of the unit value (including the use of currency hedging), the management fee and the minimum investment amount, or a combination of these characteristics. The creation of a unit class does not require units of said class to be in circulation.

### Depository

The following credit institution has taken on the role of depository for the Fund:

DZ BANK AG  
Deutsche Zentral-Genossenschaftsbank  
Platz der Republik  
60325 Frankfurt am Main

Registered office: Frankfurt / Main

Subscribed and paid-up capital:  
EUR 4,926 million

Equity capital:  
EUR 22,101 million

(As at: 31 December 2024)

The Depository is a credit institution under German law. It is an affiliate of the Company within the meaning of Article 1(a) of Regulation (EU) 2016/438.

#### Possible conflicts of interest resulting from the assumption of the function of depository

The following conflicts of interest may result from the assumption of the function of depository:

1. The interests of the Company, of the Fund or of the investors could conflict with the following interests:
  - Interests of the depository and its affiliated companies
  - Interests of employees of the depository
  - Interests of other investors in this Fund or other funds
  - Interests of another client of the depository
  - Interests of third parties, possibly group companies, to which the depository duties were outsourced
2. Circumstances or relationships that could give rise to conflicts of interest include in particular the following:
  - carrying out depository or sub-depository duties for other investment funds and/or other management companies
  - the selection and monitoring of national and/or international companies to which it delegates depository tasks for the Investment Fund in the relevant countries;

- providing banking and securities services for private customers and other professional customers or appropriate counterparties, in particular other credit institutions, including
    - deposit transactions,
    - lending,
    - guarantees,
    - brokerage services,
    - custody transactions,
    - proprietary trading in financial instruments,
    - the investment and contract brokerage of financial instruments, in particular transferable securities,
    - investment advisory services,
    - the issue and placement of transferable securities and other financial instruments,
  - exercising rights from the existing qualifying holding in the Company,
  - the exercise of legal and/or actual options from investments in subsidiaries or other investments in which the depositary holds at least 20% of the voting rights or capital.
3. To address conflicts of interest, the depositary has taken the following organisational measures to detect, prevent, control, monitor and disclose conflicts of interest:
- Creation of confidentiality zones;
  - Rules on organisation and procedures to avoid conflicts of interest;
  - Obligation of the employees of DZ BANK AG, through organisational and work instructions to comply with legal requirements (in particular, laws on insiders and market abuse) and appropriate monitoring measures;
  - Careful selection, training, qualification and further training of the employees of DZ BANK AG;
  - Existence of a compliance function which monitors compliance with laws and regulations, and to which any conflicts of interest must be reported;
  - Compliance with the prohibitions on personal ties between the depositary and the Company when appointing supervisory functions and governing bodies;
  - Selection and monitoring of sub-depositaries in accordance with applicable regulations;
  - Compliance with legally prescribed rules and procedures for remuneration of employees and members of the management and supervisory bodies;
  - Refraining from providing services that clearly represent a conflict of interest;
  - Regular provision of information to the Company on the precautions and changes put in place.

## Sub-depositaries

The following information has been provided to the Company by the depositary. The Company has checked this information for plausibility. However, it has to rely on the information as provided

by the depositary, and cannot verify the accuracy and completeness thereof in individual cases.

Of the statutory functions of the Depositary, only the safekeeping of the assets of the Investment Fund itself may be outsourced to sub-depositaries, which may themselves appoint additional sub-depositaries with the consent of the Depositary. The Depositary has, in particular, entrusted Deutsche WertpapierService Bank AG, Postfach 90 01 39, 60441 Frankfurt / Main, (dwpbank) with sub-depositary duties. There is a close link between dwpbank and the depositary in the form of 50% of the voting rights and capital.

With regard to the selection of additional sub-depositaries, the depositary has reserved adequate control, approval and objection rights with respect to its immediate sub-depositary.

The following list represents sub-custodians which can be utilised by the custodian direct or by dwpbank for the safekeeping of fund assets:

- Attrax Financial Services S.A., Luxembourg
- BNP Paribas S.A., branch in Spain
- BNP Paribas S.A., France
- BNP Paribas S.A., branch in Germany
- Clearstream Banking AG, Frankfurt
- Clearstream Banking S.A., Luxembourg
- Euroclear S.A./ N.V., Brussels
- HSBC Bank plc, London
- HSBC Corp. Ltd., Hong Kong
- Raiffeisen Bank International AG, Vienna
- The Bank of New York Mellon SA/NV, Brussels

However, among the listed sub-custodians only those sub-custodians may be selected which have their registered office in countries in which the Fund is permitted by its investment terms to invest.

The list of sub-depositaries shall be updated where necessary. The updates will be reported as part of the next update of the Sales Prospectus. A regularly updated overview of the sub-depositaries may be requested free of charge from the Company.

When monitoring the outsourcing company, the depositary takes into consideration potential conflicts of interest of the sub-depositary in connection with the following activities:

- Carrying out sub-depositary or depositary duties for other investment funds and/or other management companies;
- Selecting and monitoring additional sub-depositaries;
- Appropriate organisation and monitoring of outsourced tasks;
- Provision of custodian services for other customers;
- Exercising its rights and powers of direct or indirect investment of at least 10% of the capital or voting rights, particularly in investments in other depositaries,
- Selecting and monitoring its service providers, particularly in IT.

## Risk class of the Investment Fund

The Company has assigned the Fund to the lowest of five risk categories. The Fund therefore exhibits a low level of risk.

## Specific risk information regarding the Fund

**Investments of the investment fund in high-interest securities which do not have first-class credit ratings are assumed to have an increased risk of exchange rate fluctuations or risk of default. Existing interest and repayment obligations might not always be complied with by the relevant issuers – especially in the case of bankruptcy – or may not or may only be enforceable with markdowns. Furthermore, the tradability of these transferable securities cannot be guaranteed. This may result in considerable unit value losses.**

**In addition, increased fluctuations in value and losses or defaults are possible with investments in emerging or developing countries (e.g. due to political and legal risks).**

## Investment objective

The objective of the investment fund's investment policy is to generate long-term growth as well as income in line with the market.

The Fund is a UCITS fund managed as a bond fund.

### Active Fund Management

The assets to be acquired for this Fund are identified on a discretionary basis using a consistent investment process ("active management"). Union Investment has established a research process to implement active management. Potentially interesting investments are analysed by the portfolio management, in particular on the basis of database analyses, company reports and personal impressions.

In compliance with legal and contractual regulations, the portfolio management decides on the purchase or sale of an asset. Reasons for the purchase or sale may include the current market situation, a change in the news situation regarding a company or cash flows in the Fund. Potential risks are also taken into account in the investment decision. Risks can be taken if the relationship between opportunity and risk is considered positive.

The Fund does not track any securities index and its investment strategy is not based on tracking the performance of one or more indices. Rather, the investment strategy is based on a benchmark (until 30 June 2020: 100% Merrill Lynch EMU Direct Government Index 1-3 Jahre (total return, weighting according to market capitalisation, based on EUR) plus 25 base points; up from 1 July 2020: 75 % ICE BofA 1-3 Year Global Government Index und 25 % ICE BofA 1-3 Year Euro Large Cap Index) and attempts to exceed its performance. Therefore through active over- and underweighting of individual values on the basis of current capital market assessments, fund management may deviate substantially – both positively and negatively – from this benchmark. The extent to which the portfolio may deviate from the benchmark is limited by the investment strategy. This may

limit the ability to outperform the benchmark. In addition, investments in securities that are not part of the benchmark are possible at any time.

As the Fund's assets and their weightings may differ significantly from the securities which are included in the benchmark, the performance of the Fund may also differ significantly from the performance of the benchmark.

## Profile of the typical investor

The Fund is best suited to conservative investors interested in capitalising on the opportunities offered by investing in international, interest-bearing securities with short residual maturities, mainly denominated in euros, and in accepting a limited degree of risk. Depending on the extent of the possible fluctuations, the investor may have to accept capital losses when redeeming units.

The Fund is not well suited to investors who are not willing to accept a limited degree of risk, or to those who strive for higher yield, in view of the higher risks involved.

## Investment principles

The Investment Fund may invest in

1. **Transferable securities** pursuant to § 193 KAGB;
2. **Money market instruments** pursuant to § 194 KAGB;
3. **Bank balances** pursuant to § 195 KAGB,
4. **Investment units** pursuant to § 196 KAGB,
5. **Derivatives** pursuant to § 197 KAGB, and
6. **Other investment instruments** pursuant to § 198 KAGB.

## Individual asset types which may be acquired

At least 25 percent of the value of the Fund's assets is invested in interest-bearing securities, the issuers of which must have their registered office in a member state of the European Union or in another state that is party to the Agreement on the European Economic Area at the time of purchase. At least 35% of the Fund's assets are invested in interest-bearing securities of central governments, regional governments, corporations and public-law institutions with legal capacity or supranational issuers that must have their registered office outside a member state of the European Union, or another state that is party to the Agreement on the European Economic Area, at the time of purchase. The acquisition of shares is only permitted from the exercising of rights arising from subscriptions, options or interest-bearing securities in accordance with § 1(1) of the Special Terms of Contract (STC). However, equities acquired in this manner must be sold within a reasonable timeframe. Transferable securities acquired under repurchase agreements shall be included in the investment limits of § 206(1)–(3) KAGB.

The Company may invest up to 40% of the Investment Fund's assets in money market instruments in accordance with § 6 of the GTC. Money market instruments acquired under repurchase agreements shall be included in the investment limits of § 206(1)–(3) KAGB.

The acquisition of transferable securities and money market instruments of a single issuer may exceed 5% up to a value of 10% of the Investment Fund's assets, if the total value of said securities and instruments of this issuer does not exceed 40% of the Investment Fund's assets.

Up to 40% of the Investment Fund's assets may be held in bank balances pursuant to § 7 of the GTC.

Up to 10% of the Investment Fund's assets may be held in investment units pursuant to § 8 of the GTCs. The investment units acquired under repurchase agreements shall be included in the investment limits of § 207 and § 210 paragraph 3 KAGB.

## Consideration of the principal adverse impacts of investment decisions on sustainability factors

The consideration of the principal adverse impacts of investment decisions on sustainability factors is not part of this Fund's investment strategy. However, as part of the acquisition and ongoing analysis of the Fund's assets, these effects are considered to be part of the Company's general due diligence obligations and risk analysis. Information on the principal adverse impacts of investment decisions on sustainability factors is available under "Other disclosures" in the appendix to the Fund's annual report.

## Information according to Regulation (EU) 2020/852 on establishing a framework to facilitate sustainable investment ("Taxonomy Regulation")

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

## Derivatives

A derivative is an instrument, the price of which depends on the price fluctuations or anticipated prices of other assets ("underlying"). The provisions below apply both to derivatives and to financial instruments with a derivative component (jointly referred to below as "derivatives").

**The Company may carry out derivative transactions for the purpose of hedging, efficient portfolio management and to achieve additional interest income (i.e. also for speculative purposes). This may at least temporarily increase the Investment Fund's risk of loss.**

The Company has opted for the qualified approach for derivatives and may – provided it maintains an appropriate risk management system – invest on behalf of the Fund in any derivatives or financial instruments with a derivative component within the meaning of Article 10(1) of Directive 2007/16/EC derived from assets that may be acquired for the Investment Fund or from a financial index within the meaning of Article 9(1) of Directive 2007/16/EC, interest rates, exchange rates or currencies. This in-

cludes in particular options, financial futures/forward contracts and swaps, as well as combinations thereof.

The potential market risk of the Investment Fund may be increased by the use of derivatives. However, a maximum value of 200% of the potential market risk of a derivative-free comparable portfolio (reference portfolio) may not be exceeded at any time. Market risk denotes the risk that results from the market prices developing unfavourably for the Investment Fund. For the calculation of the potential market risk for the use of derivatives, the Company applies the qualified approach as defined in the German Derivatives Regulation (Regulation on risk management and risk measurement when using derivatives, securities lending transactions and repurchase agreements in connection with investment funds pursuant to the KAGB). The risks connected with the use of derivatives are controlled by means of a risk management process that enables the risk associated with the investment positions, as well as the respective contribution to the overall risk profile of the investment portfolio, to be monitored and measured at all times.

Under the qualified approach, the potential risk contribution from market risk is calculated in comparison with a reference portfolio. The value-at-risk (VaR) indicator, a statistical and mathematical measurement of risk, is also calculated. Under the relative VaR approach, the VaR of the Investment Fund may not exceed more than twice the VaR of the reference portfolio. The Investment Fund's reference portfolio is made up as follows:

75 % ICE BofA 1-3 Year Global Government Index, 25 % ICE BofA 1-3 Year Euro Large Cap Index.

### Option contracts

For the account of the Investment Fund and within the scope of the investment principles, the Company may buy and sell call and put options on transferable securities, money market instruments, financial indices within the meaning of Article 9(1) of Directive 2007/16/EC, interest rates, exchange rates and currencies, in addition to trading in warrants. Option contracts grant a third party the right against payment (option premium) to request the delivery or purchase of assets or the payment of a differential amount or to acquire corresponding option rights at a pre-determined price (exercise price) during or at the end of a certain period of time. The options or warrants must be exercisable either during the whole term or at the end of the term. Moreover, the value of the option at the exercise date must be linearly dependent on the positive or negative difference between the underlying price and the market price of the underlying, and become zero if the difference has the opposite (positive/negative) sign.

### Futures/forward contracts

For the account of the Investment Fund and within the scope of the investment principles, the Company may conclude futures/forwards contracts on all transferable securities and money market instruments permissible for the Investment Fund, as well as on financial indices within the meaning of Article 9(1) of Directive 2007/16/EC, interest rates, exchange rates and currencies. Futures/forwards contracts are unconditionally binding on both contractual parties, requiring these to buy or sell a specific quantity of a certain underlying at an agreed price at a specific date (due date) or within a determined time frame.

## Swaps

For the account of the Investment Fund and within the scope of the investment principles, the Company may conclude all permissible swaps, particularly interest swaps, currency swaps, interest-currency swaps and variance swaps.

Swaps are exchange agreements switching the underlying payment flows or risks of the relevant transaction between the parties to the contract.

## Swaptions

Swaptions are options on swaps. A swaption is the right, but not the obligation, to enter into a swap, the conditions of which are clearly specified, at a given time or within a given period. Moreover, the principles listed in connection with option contracts apply. On behalf of the Fund, the Company may only conclude swaptions that are composed of the options and swaps described above.

## Credit default swaps

Credit default swaps are credit derivatives which enable a potential credit default volume to be passed on to third parties. The seller of the risk pays a premium to its counterparty in return for taking on the credit default risk. The specifications for swaps shall also apply accordingly.

## Total Return Swaps

A total return swap is a derivative in which one party normally makes payments based on an interest rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset, whereby this includes both changes in the value of assets and income (e.g. coupons or dividends). It is also possible that the payments of both parties are based on the return of underlying assets. The underlying to be used in this regard may be, for example, equity indices and bonds baskets, whereby all underlyings pursuant to §197 KAGB are permitted. When entering into a total return swap, the party whose payments are based on the return of an underlying asset transfers the entire economic risk of this underlying to the counterparty.

For the account of the Fund, the Company may enter into total return swaps for the purpose of hedging and as part of the investment strategy. This includes transactions with total return swaps for the purposes of efficient portfolio management and to achieve additional income (i.e. also for speculative purposes). This may at least temporarily increase the Fund's risk of loss.

All types of assets of the Fund permitted under § 197 KAGB may be subject to total return swaps: Up to 30 percent of the Fund's assets may be used in such transactions. The Company expects that, as a general rule, no more than 20 percent of Fund assets will be subject to total return swaps. However, this is only an estimated value that can be exceeded in individual cases. The total return swaps accrue fully to the Fund, after deduction of the transaction costs.

The counterparties for total return swaps are selected according to the following criteria:

a credit and financial services institution established in an EU Member State, an EEA signatory state or a third country whose prudential rules are considered by BaFin to be equivalent to those laid down in EU law. The counterparty must have a

minimum credit rating of Investment Grade, but this requirement may be waived in exceptional cases. "Investment grade" means a rating of "BBB-" or "Baa3" or higher, resulting from the analysis of creditworthiness performed by a rating agency. The specific counterparty is selected primarily taking into consideration the contract terms offered. The Company monitors the financial situation of the counterparty under consideration.

## Securitised financial instruments

The Company may also buy the financial instruments described above on behalf of the Fund, if they have been securitised. It is also possible for the transactions involving the financial instruments to be only partly securitised (e.g. bonds with warrants). The statements concerning risks and opportunities apply to such securitised financial instruments accordingly, provided the risk of loss of such securitised financial instruments is limited to the value of the transferable security.

## OTC derivative transactions

For the account of the Fund, the Company may enter into derivative transactions admitted for trading on a stock exchange or included in another organised market, but also in so-called over-the-counter (OTC) transactions.

The Company shall only be allowed to enter into derivatives transactions neither admitted for trading on a stock exchange nor included in another organised market with suitable credit institutions or financial services providers within standardised framework agreements. In the case of OTC traded derivatives, the counterparty risk associated with a counterparty must not exceed 5% of the Investment Fund's assets. If the counterparty is a credit institution established in the EU, an EEA signatory state or a non-EU member state with a comparable level of prudential supervision, the counterparty risk may be up to 10% of the Investment Fund's assets. Derivatives traded over the counter, which are concluded with a central clearing house of a stock exchange or another organised market as party to the contract, shall not be considered in the counterparty limits, provided the derivatives are subject to daily valuation at market prices with daily margin settlement. Claims of the Investment Fund against intermediate dealers shall, however, be counted towards the limit even if the derivative is traded on a stock exchange or another organised market.

## Leverage

Leverage denotes any method used by the Company to increase the investment rate of the Fund. Such methods include in particular borrowings, securities lending and repurchase transactions as well as leverage funding embedded in derivatives. The Company may use such methods for the Fund to the extent described in this Sales Prospectus. The possibility of using derivatives and of concluding transferable securities lending transactions and repurchase agreements has already been described in the section entitled "Derivatives" in the Special Section of the Sales Prospectus and in the sections entitled "Transferable securities lending transactions" and "Repurchase agreements" in the general part of the Sales Prospectus. The possibility of using credit is explained in the section "Borrowing" in the general part of the Sales Prospectus.

The Company applies the following principles with respect to leverage:

The Company invests the capital entrusted to it on behalf of the Investment Fund while taking account of the statutory and prudential supervisory requirements, in particular the Derivatives Regulation. In addition, the various specific investment restrictions are observed. While observing the relevant investment restrictions, derivatives, transferable securities lending and repurchase transactions, as well as short-term loans may be used to leverage the Investment Fund's assets. The associated risks are identified, assessed, monitored and controlled by the Company. In case of any violations to the applicable restrictions, real-time correction is monitored and the management of the Company is informed accordingly.

The use of the methods described above is not allowed to more than double the market risk (see the "Derivatives" section in the Special Section of the Sales Prospectus).

The calculation of the leverage must take account both of derivatives and of any effects of the reinvestment of collateral in connection with transferable securities lending and repurchase transactions. In each case, the leverage is calculated by dividing the total exposure of the Fund by its net asset value. The calculation of the net asset value is explained in the general part of this Sales Prospectus in the section entitled "Issue and redemption price". In order to simplify the calculation, the applicable amount for the leverage is calculated based on gross values, i.e. without offsetting/inclusion of hedging transactions.

The maximum leverage anticipated by the Company based on the gross value method is 800%.

**However, depending on market conditions, this leverage may fluctuate, such that the stipulated maximum leverage amounts may be exceeded, despite ongoing monitoring by the Company.**

## Initial sales charge and issue costs

When the issue price is determined, an initial sales charge is added to the unit value. The initial sales charge amounts to up to 3.0% of the unit value. Currently, an initial sales charge of 2.0% is charged. The initial sales charge may reduce or even completely offset Fund performance, particularly during shorter investment periods. The initial sales charge is essentially a fee for distributing the units of the Investment Fund. The Company may pass on the initial sales charge, either in whole or in part, as compensation for marketing services to other intermediary agents.

## Redemption of units and redemption fee

Pursuant to § 17(4) of the GTC, the Company may restrict the redemption of units if the redemption requests of investors reach at least 8% of the net asset value (threshold value).

No redemption fee shall be levied.

## Charges

Management fee:

For the management of the Investment Fund, the Company shall receive a management fee per calendar day amounting to  $\frac{1}{365}$  (in leap years:  $\frac{1}{366}$ ) of up to 0.8% of the net asset value for the relevant calendar day.

At present, a management fee of 0.6% of the net asset value relevant for each calendar day is charged to the Investment Fund.

Fee for the initiation, preparation and execution of securities lending transactions and securities repurchase agreements:

A fee of one-third of the gross income from these transactions is currently charged to the Investment Fund.

Flat fee:

From the Investment Fund's assets, the Company receives a flat fee for each calendar day of  $\frac{1}{365}$  (in leap years:  $\frac{1}{366}$ ) of up to 0.2% of the net asset value for the relevant calendar day.

A flat fee of 0.1% of the net asset value relevant for each calendar day is currently charged for the Investment Fund.

Collateral manager fee:

The Company pays the collateral manager of derivative transactions a fee from the Investment Fund per calendar day of  $\frac{1}{365}$  (in leap years:  $\frac{1}{366}$ ) of up to 0.1% of the net asset value for the relevant calendar day.

At present, the Company pays the collateral manager of derivative transactions a fee per calendar day of  $\frac{1}{365}$  (in leap years:  $\frac{1}{366}$ ) of up to 0.03% of the net asset value for the relevant calendar day.

Reimbursement for the provision of analysis material or services by third parties:

The amount that can be taken out of the Investment Fund per calendar year for the provision of analysis material or services by third parties amounting to  $\frac{1}{365}$  (in leap years  $\frac{1}{366}$ ) of the net asset value of the Investment Fund relevant for each calendar day is up to 0.10% of the average net asset value of the Investment Fund in the relevant calendar year.

Currently no amounts are withdrawn for the provision of analysis material or services by third parties.

Maximum annual allowable amount:

The amount which may be charged to the Investment Fund for the management fee, the flat fee and for the collateral manager fee and as reimbursement of expenses per calendar year for the provision of analysis material or services by third parties may amount to a total of up to 1.2% of the average net asset value of the Investment Fund in the relevant calendar year, calculated as the sum of the individual values accrued, which are determined for each calendar day as  $\frac{1}{365}$  (in leap years  $\frac{1}{366}$ ) of the net asset value relevant for the calendar day concerned.

Performance fee:

a) Definition of performance fee

In return for managing the Investment Fund, the Company also receives a performance fee for each unit issued totalling 25% of the amount by which the unit value performance in an accounting period exceeds the performance of the benchmark index during the same accounting period (outperformance of the benchmark index, i.e. positive deviation of the

unit value performance from the benchmark performance, hereinafter also referred to as the "positive benchmark deviation"), subject to a maximum of 2.5% of the average of the net asset values of the Investment Fund relevant for the calendar days falling into the accounting period.

If a calendar day is a valuation date, the relevant net asset value is the net asset value determined for that valuation date.

If a calendar day is not a valuation date, the relevant net asset value shall be the net asset value determined for the valuation date thereafter.

Costs charged to the Investment Fund may not be deducted from the performance of the benchmark index before the comparison of performances.

If the performance of the unit value during an accounting period falls short of the performance of the benchmark index (underperformance relative to the benchmark index, i.e. negative deviation of the unit value performance from the benchmark performance, hereinafter also referred to as "negative benchmark deviation"), the Company shall not receive a performance fee. In line with the calculation of the performance fee in the case of a positive benchmark deviation, an underperformance amount per unit value is calculated in this case on the basis of the negative benchmark deviation and carried forward to the next accounting period as a negative carryforward ("negative carryforward"). The negative carryforward is not limited by a maximum amount. For the next accounting period, the Company will receive a performance fee only if the amount calculated on the basis of the positive benchmark deviation at the end of this accounting period exceeds the negative carryforward from the preceding accounting period. In this case, the fee entitlement is calculated from the difference between both amounts. If the amount calculated from the positive benchmark deviation does not exceed the negative carryforward from the previous accounting period, both amounts are offset. The remaining underperformance amount per unit value will be carried forward again into the next accounting period as a new negative carryforward. If there is again a negative benchmark deviation at the end of the next accounting period, the existing negative amount carried over shall be increased by the underperformance amount calculated on the basis of this negative benchmark deviation. In the annual calculation of the fee entitlement, any underperformance amounts of the five preceding accounting periods are taken into account. If there are less than five previous accounting periods for the Investment Fund, all previous accounting periods are taken into account. In addition to the above, the performance of the unit value is taken into account in accordance with the agreement reached under § 6(6f) of the STC.

b) Definition of accounting period

The first accounting period began on 1 July 2020 and ended on 31 March 2022. The accounting period will begin on 1 April of each calendar year and end on 31 March of the following calendar year.

The payment of the performance fee shall be made by the 20th calendar day after the end of the accounting period.

c) Benchmark index

The benchmark used is the ICE BofA 1-3 Year Global Government Index (75%) and the ICE BofA 1-3 Year Euro Large Cap Index (25%). Should the benchmark index or – in the case of composite indices – one of its components cease to exist, the Company shall designate another suitable index to replace the aforementioned index.

The ICE BofA 1-3 Year Global Government Index and ICE BofA 1-3 Year Euro Large Cap Index are managed by ICE Data Indices LLC and registered to the European Securities and Markets Authority ESMA for inclusion in a benchmarks register (a list of EU benchmark administrators and third country benchmarks).

The Company has drawn up robust written plans outlining the measures it would take if a benchmark index changes significantly or is no longer provided.

d) Calculation of the unit value performance

Unit value performance is calculated according to the BVI method. The BVI method is an internationally recognised standard method for calculating the performance of investment assets. It enables a simple, understandable and accurate calculation. Performance is defined as the percentage change between the value of the unit at the start and end of the investment period. In the calculation, any distributions are converted into new fund units to enable performance comparisons between distributing and reinvesting funds.

e) Provision

In accordance with the result of a comparison performed for each valuation date, a provision is made for any performance fee calculated and accrued on the subsequent valuation date in the Investment Fund per unit issued, or a provision already booked is reversed accordingly. Reversed provisions accrue to the Investment Fund. A performance fee may only be withdrawn provided that appropriate provisions have been made.

f) Negative unit value performance

The performance fee may also be drawn upon if the unit value at the end of the accounting period is less than the unit value at the start of the accounting period (negative unit value performance).

g) Example for the calculation of a performance fee

The following diagram describes the basic procedure for withdrawing a performance fee:

(i) Deduction of a performance fee in the event of positive performance of the Fund and (less) positive performance of the benchmark index

A performance fee may be deducted if the positive performance of the Fund exceeds the positive performance of its benchmark index ("outperformance").

Example 1:

The Fund achieved ten percent growth during the reference period. In contrast, the growth in value of the underlying benchmark index was only seven percent during the reference period. The following calculations result from taking these assumptions into account:

a. Calculation of the outperformance:

|                                                      |            |
|------------------------------------------------------|------------|
| Performance of the fund                              | 10 %       |
| less performance of the benchmark index              | <u>7 %</u> |
| = Outperformance of the fund in the reference period | 3 %        |

b. Offset of an existing loss carried forward:

The loss carried forward from the previous five years amounts to 1.2 percent, for example.

The Fund's outperformance during the reference period as calculated in a) above is adjusted by the illustrative loss carried forward, resulting in a remaining outperformance of 1.8 percent:

3.0 percent – 1.2 percent = 1.8 percent remaining out-performance.

c. Calculation of the percentage share of the performance-related remuneration:

Remaining outperformance 1.8 percent \* Deduction rate of performance fee at 25 percent = 0.45 percent

d. Accounting for the agreed upper limit:

The amount of a performance fee is limited to 2.5% (i.e. "upper limit"). In the example, the percentage value of 0.45% determined under (c) is below the agreed upper limit of 2.5% and can be withdrawn from the fund assets.

The aforementioned calculation takes place on each valuation day (of the unit value) and a performance fee is accordingly demarcated daily from the Fund assets – i.e. is included in the unit value.

The timing of the deduction of a defined performance fee has no impact on the unit value due to the ongoing adjustment of the provision.

(ii) Deduction of a performance fee in the event of negative performance of the Fund and negative performance of the benchmark index

A performance fee may also be deducted if the Fund performs negatively, but this performance is less negative than the performance of its benchmark index ("out-performance").

Example 2:

The Fund incurred a loss of two percent (-2%) during the reference period. In contrast, the loss recorded by the underlying benchmark index was five percent (-5%) during the accounting reference period. The following calculations relating to the unit value at the beginning of the financial year, result from taking these assumptions into account:

a. Calculation of the outperformance:

|                                         |              |
|-----------------------------------------|--------------|
| Performance of the fund                 | - 2 %        |
| less performance of the benchmark index | <u>- 5 %</u> |

= Outperformance of the fund in the reference period + 3 %

b. Offset of an existing loss carried forward:

The loss carried forward from the previous five years amounts to 1.2 percent, for example.

The Fund's outperformance during the reference period as calculated in a) above is adjusted by the illustrative loss carried forward, resulting in a remaining outperformance of 1.8 percent:

3.0 percent – 1.2 percent = 1.8 percent remaining out-performance.

c. Calculation of the percentage share of the performance-related remuneration:

The calculation of the share of the performance fee as well as the consideration of the agreed upper limit are carried out as described under point (i), example 1, under c. and d.

Additional rules in connection with the purchase and redemption of investment units:

The Company does not charge the Investment Fund any management fees for purchased units if the relevant/purchased investment fund is managed by the same Company or by another company associated with the Company via a substantive direct or indirect holding (group affiliation). This is achieved by the Company reducing its own management fee for the portion relating to units in such group target funds – up to the total amount, if applicable – by the amount of the management fee charged by the acquired group target fund.

## Financial year and use of income

The financial year of the Investment Fund ends on 30 September of each year. The annual reports are published as at 30 September, and half-yearly reports on 31 March.

For the investment fund described in this sales prospectus, profits are not distributed, but rather reinvested in the Investment Fund (accumulating).

# General Terms of Contract

Governing the legal relationship between the investors and Union Investment Privatfonds GmbH, Frankfurt / Main (the "Company") concerning the Investment Fund pursuant to the UCITS Directive managed by the Company; these Terms of Contract shall only be valid in combination with the Special Terms of Contract issued for the relevant UCITS investment fund.

## § 1 Basic principles

1. The Company is a UCITS management company and is subject to the provisions of the KAGB.
2. The Company invests the capital deposited with it in its own name and for the joint account of the investors, but separately from its own assets in the form of a UCITS investment fund. It invests this capital pursuant to the principle of risk spreading in assets permitted under the KAGB.

The corporate purpose of the UCITS investment fund is limited to investing in accordance with a specified investment strategy within the framework of collective asset management, using the funds deposited with it. It does not have an operating function or active business control of the assets held.

3. The legal relationship between the Company and the investor is governed by the General Terms of Contract (GTCs) and the Special Terms of Contract (STCs) of the UCITS Investment Fund and the KAGB.

## § 2 Depositary

1. The Company shall appoint a credit institution as the depositary of the UCITS investment fund; this depositary shall act independently of the Company and exclusively in the interest of the investors.
2. The duties and obligations of the Depositary are governed by the Depositary agreement made with the Company in accordance with the KAGB and the Terms of Contract.
3. The Depositary may outsource the Depositary duties in line with § 73 KAGB to another company (sub-custodian). Further information on this can be found in the Sales Prospectus.
4. The Depositary shall be liable to the UCITS investment fund or to the investors for the loss of a financial instrument within the meaning of § 72(1)(1) KAGB held in its safekeeping or the safekeeping of a sub-custodian to whom the safekeeping of the financial instruments in accordance with § 73(1) KAGB has been delegated. The Depositary shall not be liable if it can prove that the loss has arisen as a result of an external event, the consequences of which were unavoidable despite all reasonable efforts to the contrary. Further claims resulting from the provisions of civil law arising from agreements or tort shall not be affected. The depositary is also liable vis-à-vis the UCITS or the investors for all other losses suffered by them as a result of the depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the provisions of the KAGB. The liability of the depositary shall not be affected by any transfer of the depositary duties in accordance with the first sentence of paragraph 3 above.

## § 3 Fund management

1. The Company shall purchase and manage the assets in its own name for the collective account of the investors with the due skill, honesty, care and diligence. It acts independently of the depositary and solely in the interests of the investors when carrying out its tasks.
2. The Company shall be authorised to purchase and resell assets with the money deposited by investors, and to otherwise invest the proceeds; it shall also be authorised to perform all other legal acts resulting from the management of the assets.
3. The Company may neither lend money nor assume obligations resulting from guarantees or guarantee agreement for the collective account of investors; it may not sell assets pursuant to §§ 193, 194 and 196 KAGB which are not held by the UCITS investment fund at the time the transaction is concluded. § 197 KAGB shall remain unaffected.

## § 4 Investment principles

The UCITS Investment Fund will invest directly or indirectly in accordance with the principle of risk diversification. The Company shall only acquire assets for the UCITS Investment Fund which are expected to generate income and/or growth. It stipulates the assets eligible for purchase on behalf of the UCITS Investment Fund in the STCs.

## § 5 Transferable securities

Unless additional restrictions are imposed by the STCs, the Company may – subject to § 198 KAGB – only buy transferable securities for the UCITS Investment Fund, provided:

- a) they are admitted to trading on a stock exchange of an EU member state or a signatory state of the Agreement on the European Economic Area, or are admitted to trading on or included in another organised market in any such state,
- b) these are exclusively admitted to trading on a stock exchange in a state outside the EU or EEA, or are admitted to trading or included in another organised market in any such state, if this choice of stock exchange or organised market has been approved by Federal Financial Supervisory Authority (BaFin)<sup>3</sup>,
- c) their admission to trading on a stock exchange in an EU member state or EEA signatory state, or their admission to trading on an organised market or their inclusion in such a market in an EU member state or EEA signatory state must be applied for according to their terms of issue, and provided the admission or inclusion of these transferable securities takes place within one year of their issue;
- d) their admission for trading on a stock exchange or their admission to or inclusion in the organised market outside of the Member States of the European Union or outside of any other member states of the European Economic Area Agreement is to be applied for according to their issuing terms, provided that the choice of such a stock exchange or organised market has been approved by BaFin and that the ad-

mission or inclusion of such transferable securities occurs within one year of issue;

- e) they are equities to which the UCITS fund is entitled in the event of a capital increase out of retained earnings.
- f) these are purchased by exercising subscription rights held by the UCITS investment fund;
- g) these are units of closed-end funds meeting the criteria laid down in § 193(1)(7) KAGB;
- h) these are financial instruments meeting the criteria laid down in § 193(1)(8) KAGB.

The purchase of transferable securities pursuant to (a)–(d) above shall only be allowed if the conditions of the final paragraph of § 193(1) KAGB have also been met. Subscription rights deriving from transferable securities which are themselves acquirable in accordance with this § 5 are also acquirable.

## § 6 Money market instruments

1. Unless additional restrictions are imposed by the STCs, the Company may – subject to § 198 KAGB – acquire, for the account of the UCITS Investment Fund, instruments which are normally traded on the money market, as well as interest-bearing transferable securities which at the time of purchase for the UCITS Investment Fund have a residual maturity not exceeding 397 days, the interest rate of which is, according to the terms of issue, regularly adjusted to market conditions over their entire term (or at least once every 397 days) or the risk profile of which is similar to the risk profile of such transferable securities (money market instruments).

Money market instruments may only be acquired for the UCITS investment fund, provided these are:

- a) admitted to trading on a stock exchange of an EU member state or an EEA signatory state, or are admitted to trading on or included in another organised market in any such state;
- b) exclusively admitted to trading on a stock exchange in a state outside the EU or EEA, or are admitted to trading or included in another organised market in any such state, if this choice of stock exchange or organised market has been approved by BaFin<sup>4</sup>,
- c) issued or guaranteed by the EU, the Federal Republic of Germany, a German federal government fund, a German federal state, another EU member state or another national, regional or local body or the central bank of an EU member state, the European Central Bank or European Investment Bank, a non-member state of the EU or, if such country is a federation of states, by one of the members making up the federation, or a public international body to which one or more EU member states belong;
- d) issued by a company whose transferable securities are traded on one of the markets specified under points (a) and (b);
- e) they are issued or guaranteed by a credit institution subject to supervision pursuant to the criteria established under European Union law, or by a bank subject to and

complying with supervisory provisions which are, in the view of BaFin, equal to those of European Union law, or

- f) issued by other bodies which comply with the requirements laid down in § 194(1)(6) KAGB.

2. Money market instruments within the meaning of paragraph 1 above shall only be acquired if they meet the relevant requirements of § 194(2) and (3) KAGB.

## § 7 Bank balances

The Company may hold bank balances on behalf of the UCITS Investment Fund with a maximum term of 12 months. The amounts to be held in blocked accounts may be held with a credit institution established in an EU Member State or State party to the EEA Agreement; however, these amounts may also be held with a credit institution established in a third country with prudential rules considered by BaFin as equivalent to those laid down in EU law. Unless otherwise specified in the STCs, the bank balances may also be denominated in foreign currency.

## § 8 Investment units

1. Unless otherwise specified in the STCs, the Company may acquire units in investment funds pursuant to Directive 2009/65/EC (UCITS Directive) on behalf of a UCITS investment fund. Units of other domestic investment funds and investment companies with variable capital, as well as units of open-end EU-AIF and foreign open-end AIF, may be purchased, provided that they meet the requirements of § 196(1), sentence 2 KAGB.
2. The Company may only acquire units in domestic investment funds and investment companies with variable capital, EU UCITS, open-end EU AIFs and foreign open-end AIFs, if the terms of contract or the articles of association of the management company, investment company with variable capital, the EU investment fund, the EU management company, the foreign AIF or the foreign AIF management company are permitted to invest a maximum of 10 percent of the value of its assets in units of other domestic investment funds, investment companies with variable capital, open-end EU investment funds or foreign open-end AIFs.

## § 9 Derivatives

1. Within the scope of the management of the UCITS Investment Fund and unless otherwise specified in the STCs, the Company may buy derivatives pursuant to § 197(1), sentence 1 KAGB and financial instruments with derivative components pursuant to § 197(1), sentence 2 KAGB. Depending on the type and volume of used derivatives and financial instruments with derivative components, the Company may use either the simple or the qualified approach pursuant to DerivateV enacted in accordance with § 197(3) KAGB, to ascertain the degree of market risk, the limit of which is established under § 197(2) KAGB for the use of derivatives and financial instruments with derivative components; for further details, please refer to the Sales Prospectus.
2. Should the Company opt for the simple approach, it may regularly use only basic forms of derivatives and financial instruments with derivative components as well as

combinations of such derivatives, financial instruments with derivative components and underlying assets permitted pursuant to § 197(1)(1) KAGB for the account of the UCITS investment fund. Complex derivatives comprising underlying assets as defined in § 197(1)(1) KAGB may only be used on a negligible scale. The amounts to be taken into consideration for the UCITS investment fund under § 16 DerivateV for the interest-rate risk may not at any time exceed the value of the UCITS investment fund.

The basic forms of derivatives are:

- a) Futures/forwards with underlying assets pursuant to § 197(1) KAGB, with the exception of investment units pursuant to § 196 KAGB;
  - b) Options or warrants on underlying assets pursuant to § 197(1) KAGB, with the exception of investment units pursuant to § 196 KAGB, and on futures/forwards pursuant to point (a) featuring the following characteristics:
    - aa) exercise is possible either over the entire term or at the end of the term; and
    - bb) the value of the option at the exercise date is linearly dependent on the positive or negative difference between the underlying price and the market price of the underlying asset and becomes zero if the difference has the opposite (positive/negative) sign;
  - c) interest rate swaps, currency swaps or interest-currency swaps;
  - d) options on swaps pursuant to (c), provided these have the characteristics specified under (b)(aa) and (bb) (swaptions);
  - e) credit default swaps relating to a single underlying asset (single name credit default swaps).
3. Should the Company use the qualified approach, it may – provided it maintains an appropriate risk management system – invest in any financial instruments with derivative components or in derivatives derived from an underlying asset permissible under § 197(1)(1) KAGB.
- In this context, however, the potential risk amount of the market risk ("risk amount") attributable to the UCITS investment fund must never exceed twice the potential risk amount of the market risk of the applicable reference assets pursuant to § 9 DerivateV. Alternatively, the risk amount may not at any time exceed 20 percent of the value of the UCITS investment fund.
4. Under no circumstances may the Company deviate from the investment principles and investment limits specified in the Terms of Contract or in the Sales Prospectus in relation to such transactions.
  5. The Company shall use derivatives and financial instruments with derivative components for hedging purposes, efficient portfolio management and in order to achieve additional income, if and in so far as it considers this to be in the interests of investors.
  6. When calculating the market risk limit for the use of derivatives and financial instruments with derivative components,

the Company may at any time switch between the simple and the qualified approach pursuant to § 6(3) DerivateV. The switch shall not require BaFin approval; however, the Company must notify BaFin promptly of this switch and publish such in the following half-yearly or annual report.

7. When using derivatives and financial instruments with derivative components, the Company shall comply with the DerivateV.

## § 10 Other investment instruments

Unless otherwise specified in the STCs, the Company may invest up to 10% of the UCITS Investment Fund's assets in other investment instruments pursuant to § 198 InvG for account of this Investment Fund.

## § 11 Issuer limits and investment limits

1. In its management activities, the Company shall comply with the investment limits and restrictions specified in the KAGB, the DerivateV and the Terms of Contract.
2. Up to 5% of value of the UCITS Investment Fund may be invested in transferable securities and money market instruments (including securities acquired under repurchase agreements and money market instruments of the same issuer). However, up to 10% of the value of the UCITS Investment Fund may be invested in these transferable securities if this is stipulated in the STCs and the total value of the transferable securities and money market instruments of these issuers does not exceed 40% of the value of the UCITS Investment Fund. Issuers of transferable securities and money market instruments must also be taken into account within the limits set out in sentence 1 if the transferable securities and money market instruments issued by them are acquired indirectly via other transferable securities contained in the UCITS that are linked to their performance.
3. The Company shall be allowed to invest up to 35 percent of the UCITS investment fund's assets each in bonds, borrower's note loans and money market instruments issued or guaranteed by the Federal Republic of Germany, a German federal state, the EU, an EU member state or its local bodies, a signatory state of the EEA, a non-EU member state or an international organisation to which at least one EU member state belongs.
4. The Company may invest up to 25% of the UCITS Investment Fund's value per issuer in
  - a) mortgage bonds and municipal bonds, as well as bonds issued by credit institutions headquartered in a member state of the European Union or in another contracting state of the Agreement on the European Economic Area before 8 July 2022, provided that these credit institutions are subject to special public supervision under statutory regulations for the protection of bondholders and that the funds raised through the issuance of these bonds are invested, in accordance with legal provisions, in assets that sufficiently cover the liabilities arising from them throughout their entire term and that, in the event of the issuer's default, are primarily designated for the due repayments and interest payments,

- b) covered bonds within the meaning of Article 3(1) of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issuance of covered bonds and public supervision of covered bonds and amending Directives 2009/65/EC and 2014/59/EU (OJ L 328, 18.12.2019, p. 29) issued after 7 July 2022.

If the Company invests more than 5% of the value of the UCITS Investment Fund in bonds issued by a single issuer in accordance with sentence 1, the total value of such bonds may not exceed 80% of the value of the UCITS Investment Fund.

5. The limit set out in paragraph 3 may be exceeded in the case of transferable securities and money market instruments of a single issuer pursuant to § 206(2) KAGB, if permitted by the STCs with regard to the issuers named therein. In such cases, the transferable securities and money market instruments held on behalf of the UCITS Investment Fund must originate from at least six different issues, and no single issue may exceed 30% of the value of the UCITS Investment Fund.
6. The Company may not invest more than 20 percent of the UCITS investment fund's assets in bank balances falling under § 195 KAGB at a single credit institution.
7. The Company shall ensure that a combination of:
  - a) transferable securities or money market instruments issued by a single institution,
  - b) deposits with such institution and
  - c) amounts to be applied for the counterparty risk for transactions entered into with this institution

does not exceed 20 percent of the value of the UCITS investment fund. Sentence 1 applies to the issuers and guarantors listed in paragraphs (3) and (4), provided that the Company has to ensure that a combination of the assets and applicable amounts referred to in sentence 1 does not exceed 35 percent of the value of the UCITS investment fund. In both cases, the relevant individual limits shall remain unaffected.

8. The debt securities, borrower's note loans and money market instruments specified in paragraphs (3) and (4) are not taken into account in the 40 percent limit specified in paragraph (2). Notwithstanding the regulation in paragraph (7), the limits specified in paragraphs (2)–(4) and (6)–(7) may not be accumulated.
9. The Company may only invest up to 20 percent of the UCITS investment fund's assets in units of any single investment fund pursuant to § 196(1) KAGB. Overall, the Company may only invest up to 30 percent of the UCITS investment fund's assets in units of investment funds pursuant to the last paragraph of § 196(1) KAGB. On behalf of the UCITS investment fund, the Company may not acquire more than 25 percent of the issued units of another open-end, German, EU or foreign investment fund, which has invested in accordance with the principle of risk spreading in assets within the meaning of §§ 192–198 KAGB.

## § 12 Merger

1. Pursuant to §§ 181–191 KAGB, the Company may
  - a) transfer all assets and liabilities of this UCITS investment

fund to another existing or a newly-formed UCITS investment fund established thereby, or to an EU UCITS or a UCITS investment company with variable capital;

- b) absorb all assets and liabilities of another open-end public investment fund in this UCITS investment fund.
2. The merger must be authorised by the relevant supervisory authorities. Details of the procedure are set forth in §§ 182–191 KAGB.
3. The UCITS investment fund may only be merged with a public investment fund that is not a UCITS, if the absorbing or newly-established investment fund will henceforth be a UCITS. Moreover, EU UCITS may also be merged into the UCITS investment fund in accordance with the stipulations of Article 2(1)(p)(iii) of Directive 2009/65/EC.

## § 13 Securities lending

1. On behalf of the UCITS investment fund, the Company may grant a securities loan, which can be called at any time, to a securities borrower in return for market-rate compensation after the transfer of sufficient collateral in accordance with § 200(2) KAGB. The market value of the transferable securities to be transferred, together with the market value of the transferable securities already transferred, as a securities loan on behalf of the UCITS investment fund to the same securities borrower, including group companies within the meaning of § 290 HGB, may not exceed 10 percent of the UCITS investment fund's assets.
2. If the collateral for the transferable securities transferred by the securities borrower is provided in cash, the sum must be held in blocked accounts in accordance with § 200(2)(3)(1) KAGB. Alternatively, the Company may make use of the option of investing this sum in the currency provided in the following assets:
  - a) in high-quality debt securities issued by the Federal Republic of Germany, a German federal state, the EU, an EU member state or its local bodies, an EEA signatory state or a non-EU member state;
  - b) in money market funds of a short duration corresponding to the guidelines set forth by the BaFin on the basis of § 4(2) KAGB.
  - c) by way of a reverse repurchase agreement with a credit institution that guarantees the repayment of the accrued cash amount at any time.

The UCITS investment fund shall be entitled to the income from investing the collateral.

3. The Company may also use a system organised by a central securities depository for the brokerage and settlement of securities loans that deviates from the requirements pursuant to § 200(1)(3) KAGB if the right of termination at any time pursuant to paragraph 1 is not deviated from.
4. Unless otherwise specified in the STCs, the Company may also allow transferable securities loans in connection with money market instruments and investment units, provided that the UCITS Investment Fund is permitted to acquire such assets. The provisions of points 1–3 shall apply accordingly.

## § 14 Repurchase agreements

1. On behalf of the UCITS investment fund, the Company may enter into securities repurchase agreements which may be terminated at any time pursuant to § 340b(2) HGB with credit institutions or financial services providers based on the standardised framework agreement and in return for compensation.
2. The repurchase agreements must have transferable securities as their underlying assets, which the UCITS investment fund is permitted to acquire under the Terms of Contract.
3. Repurchase agreements shall be limited to a term of 12 months.
4. Unless otherwise specified in the STCs, the Company may also conclude repurchase agreements in connection with money market instruments and investment units, provided that the UCITS Investment Fund is permitted to acquire such assets. The provisions of points 1–3 shall apply accordingly.

## § 15 Borrowing

On the collective behalf of the investors, the Company may take out short-term loans amounting to up to 10 percent of the UCITS investment fund's assets, provided the loan is made under normal market terms and the depositary agrees to the loan.

## § 16 Units

1. Units in the investment fund are made out to the bearer and may either be securitised in unit certificates or issued as electronic unit certificates.  
  
Securitised unit certificates are securitised in a global certificate; the issue of individual certificates is excluded. By acquiring a share in the Investment Fund, the investor acquires a co-ownership share in the global certificate. This is transferable unless otherwise stipulated in the STCs.
2. The units may have different characteristics, especially regarding the use of income, the front-end load, the redemption fee, the currency of the unit value, the management fee and the minimum investment amount, or a combination of these characteristics (unit classes). For details, please refer to the STCs.

## § 17 Issue and redemption of units, restriction and suspension of redemption

1. In principle, there is no restriction as to the number of units issued. The Company reserves the right to suspend or permanently discontinue the issue of units.
2. The units may be purchased from the Company, the depositary or through a third party. The STCs may provide that units may only be acquired and held by certain investors.
3. The investors may require the Company to redeem the units. The STCs may provide for redemption periods. The Company shall be obliged to redeem the units at the relevant applicable redemption price on behalf of the UCITS Investment Fund. The redemption agent is the depositary.
4. Unless otherwise stipulated in the STCs, the Company reserves the right, however, to limit the redemption of units for up to 15 working days if the redemption requests of investors to be

executed on a value determination day reach a threshold above which the redemption requests can no longer be executed in the interests of all investors due to the liquidity situation of the assets of the Investment Fund. The threshold value is defined in the STCs as a percentage of the net asset value of the Investment Fund.

In this case, the Company will only correspond to the redemption request per investor on a pro rata basis; otherwise, the redemption obligation will no longer apply. This means that each redemption order is executed only on a pro rata basis. The unexecuted portion of the order (remaining order) will not be executed by the Company at a later date, but expires (pro-rata approach upon expiry of the remaining order). Further details on the procedure for the redemption restriction can be found in the Sales Prospectus. The Company must immediately publish the restriction on the redemption of units and their cancellation on its website.

5. The Company also reserves the right to suspend unit redemption in accordance with § 98(2) KAGB in the event of extraordinary circumstances that make this suspension appear to be necessary in the interests of the investors.
6. The Company shall inform the investors of any suspension pursuant to section (5) and the resumption of redemption by means of publication of a notice in the German Federal Gazette, as well as a financial or daily newspaper with sufficient circulation or in the electronic media stated in the Sales Prospectus. Following the publication of a notice in the German Federal Gazette, investors shall be immediately informed by means of a permanent data carrier of the suspension and resumption of unit redemption.

## § 18 Issue and redemption prices

1. Unless otherwise stipulated in the STCs, the net asset value (sum of the market values of the assets belonging to the UCITS Investment Fund less loans and other liabilities) is determined in order to determine the issue and redemption price of the units and this is divided by the number of units in circulation (unit value). Should different unit classes be established for the UCITS Investment Fund pursuant to § 16(2), the unit value, as well as the issue and redemption prices, shall be calculated separately for each unit class.

The assets shall be valued in accordance with §§ 168 and 169 KAGB and the KARBV.

2. The issue price equals the unit value of the UCITS Investment Fund, where applicable, plus a front-end load, as stated in the STCs pursuant to § 165(2), point 8 KAGB. The redemption price equals the unit value of the UCITS Investment Fund, where applicable, less a redemption fee, as stated in the STCs pursuant to § 165(2), point 8 KAGB.
3. The settlement day for unit purchase and redemption orders shall be no later than the valuation date following receipt of the unit purchase and/or redemption order, unless otherwise specified in the STCs.
4. The net asset value, the unit value and the issue and redemption prices are determined for the following days (valuation dates): Monday to Friday except on public holidays in Frankfurt / Main, Hesse, and except on 24 and 31 December.

Further days which are not valuation dates may also be indicated in the STCs.

## § 19 Charges

The STCs shall state the expenses and the remunerations due to the Company, the depositary and third parties, which may be charged to the UCITS Investment Fund. In addition, the STCs specify the manner, the amount and the calculation basis of any remunerations specified in sentence 1.

## § 20 Accounting

1. No later than four months after the end of the UCITS investment fund's financial year, the Company shall issue an annual report, including an income statement pursuant to § 101(1), (2) and (4) KAGB.
2. No later than two months after the middle of the financial year, the Company shall issue a half-yearly report pursuant to § 103 KAGB.
3. In the event that the right to manage the UCITS investment fund is transferred to another management company or the UCITS investment fund is merged with another UCITS investment fund, UCITS investment company with variable capital or EU UCITS investment fund during the financial year, the Company shall prepare an interim report covering the period up to the effective transfer date, which complies with the requirements for an annual report pursuant to paragraph 1.
4. If the UCITS investment fund is liquidated, the Depositary shall draw up a liquidation report each year, and on the day on which the liquidation is completed, which complies with the requirements for an annual report in accordance with paragraph (1).
5. The reports can be obtained from the Company, the Depositary and other sources specified in the Sales Prospectus and the KID; a notice thereof will also be published in the German Federal Gazette.

## § 21 Termination and liquidation of the UCITS investment fund

1. The Company may cease managing the UCITS investment fund subject to at least six months' prior notice via publication of a notice in the German Federal Gazette, as well as in the annual or half-yearly report. Investors shall be immediately informed by means of a permanent data carrier of any termination as notified pursuant to sentence 1.
2. On the date on which termination takes effect, the right of the Company to manage the UCITS investment fund shall expire. In this case, the UCITS investment fund and/or the right of disposal over the UCITS investment fund shall be transferred to the depositary for its liquidation and distribution to the investors. The depositary shall be entitled to a fee for carrying out its liquidation duties during the liquidation period, as well as to the reimbursement of its expenses incurred as a necessary part of the liquidation. With BaFin approval, the depositary may refrain from the liquidation and distribution, and appoint another management company to manage the UCITS investment fund in line with the current Terms of Contract.

3. For the day on which the Company's management right expires pursuant to § 99 KAGB, it shall prepare a liquidation report which complies with the requirements for an annual report pursuant to § 20(1).

## § 22 Change of the capital management company and the Depositary

1. The Company may transfer the right of management and disposal of the UCITS investment fund to another capital management company. The transfer is subject to prior approval by BaFin.
2. The approved transfer will be announced in the German Federal Gazette and, in addition, in the annual report or half-yearly report as well as in the electronic information media designated in the Sales Prospectus. The transfer will take effect no earlier than three months after its announcement in the Federal Gazette.
3. The Company may change the Depositary for the UCITS investment fund. The change requires the approval of BaFin.

## § 23 Amendments to the Terms of Contract

1. The Company may amend the Terms of Contract.
2. Amendments to the Terms and Conditions are subject to prior approval by BaFin.
3. All planned amendments shall be published in the German Federal Gazette, as well as in a financial or daily newspaper with sufficient circulation or in the electronic media specified in the Sales Prospectus. Any publication pursuant to sentence 1 shall state the planned amendments and their effective date. In the event of changes to costs that are detrimental to investors pursuant to § 162(2)(11) KAGB, or changes that are detrimental to investors with regard to principal rights of investors, as well as in the event of changes to the investment principles of the UCITS investment fund pursuant to § 163(3) KAGB, investors must be informed, simultaneously to the publication in accordance with sentence 1, of the main contents of the planned amendments to the Terms and Conditions of Investment and the reasons for same, in a comprehensible manner and by way of a permanent data carrier. In the event of changes to the previous investment principles, investors must also be informed of their rights pursuant to § 163(3) of the KAGB.
4. The amendments shall come into force at the earliest on the day following their notification in the German Federal Gazette or, in the event of changes to information of costs or investment principles, no earlier than four weeks after the corresponding notification. With the approval by BaFin, an earlier date may be set for changes to the information on costs that benefit investors.

## § 24 Place of performance

The place of performance shall be the registered office of the Company.

## § 25 Dispute settlement procedure

The Company has committed itself to participate in dispute resolution proceedings before a consumer arbitration board. In the event of disputes, consumers may call upon the

Ombudsman's Office for Investment Funds of the BVI Bundesverband Investment und Asset Management e.V. as the competent consumer arbitration board. The Company shall participate in dispute resolution proceedings before this arbitration board.

The contact details are as follows: Büro der Ombudsstelle des BVI Bundesverband Investment und Asset Management e.V., Unter den Linden 42, 10117 Berlin, [www.ombudsstelle-investmentfonds.de](http://www.ombudsstelle-investmentfonds.de).

# Special Terms of Contract

governing the legal relationship between the investors and Union Investment Privatfonds GmbH, Frankfurt / Main (the "Company") concerning the Company-managed UCITS investment fund pursuant to the UCITS Directive (hereinafter, the "Investment Fund")

**UniKapital,**

which shall only apply together with the "General Terms of Contract" (GTCs) drawn up by the Company for this Investment Fund.

## Investment principles and investment limits

### § 1 Assets

The Investment Fund may invest in

1. **Transferable securities** pursuant to § 193 KAGB;
2. **Money market instruments** pursuant to § 194 KAGB;
3. **Bank balances** pursuant to § 195 KAGB,
4. **Investment units** pursuant to § 196 KAGB,
5. **Derivatives** pursuant to § 197 KAGB, and
6. **Other investment instruments** pursuant to § 198 KAGB.

### § 2 Investment limits

1. At least 25% of the value of the investment fund is invested in interest-bearing securities whose issuers must, at the time of acquisition, have their registered office in a Member State of the European Union or another country which is party to the Agreement on the European Economic Area. At least 35% of the value of the investment fund is invested in interest-bearing securities issued by central governments, regional governments, corporations and public-law institutions with legal capacity or supranational issuers, which, at the time of acquisition, must have their registered office outside a Member State of the European Union or another country party to the Agreement on the European Economic Area. The acquisition of shares is only permitted through the exercise of subscription, option and conversion rights from interest-bearing securities in accordance with § 1(1) of the "Special Terms of Contract". However, shares acquired in this way must be sold within a reasonable period of time. Transferable securities acquired under repurchase agreements shall be included in the investment limits of § 206(1)–(3) KAGB.
2. The Company may invest up to 40% of the Investment Fund's assets in money market instruments in accordance with § 6 of the GTC. Money market instruments acquired under repurchase agreements shall be included in the investment limits of § 206(1)–(3) KAGB.
3. The acquisition of transferable securities and money market instruments of a single issuer may exceed 5% up to a value of 10% of the Investment Fund's assets, if the total value of said securities and instruments of this issuer does not exceed 40% of the Investment Fund's assets.

4. Up to 40% of the Investment Fund's assets may be held in bank balances pursuant to § 7 of the GTC.
5. Up to 10% of the Investment Fund's assets may be held in investment units pursuant to § 8 of the GTC. The investment units acquired under repurchase agreements shall be included in the investment limits of § 207 and § 210(3) KAGB.

## Unit classes

### § 3 Unit classes

1. For the Investment Fund, it is possible to create unit classes within the meaning of § 16(2) of the GTC. Such unit classes may differ regarding the use of income, the initial sales charge, the currency of the unit value (including the use of currency hedging), the management fee and the minimum investment amount, or a combination of these characteristics. Unit classes may be formed at any time at the discretion of the Company. Units of a unit class need not be in circulation.
2. The value of a unit class shall be calculated at the time its units are first issued on the basis of the value determined for the entire Investment Fund, pursuant to § 168(1) KAGB. The unit value shall be calculated separately for each unit class by attributing the costs for the launch of new unit classes, distributions (including any taxes to be paid out of the Fund's assets), the management fee and the results of currency hedging transactions related to a certain unit class, including, as the case may be, any income adjustment, exclusively to the relevant unit classes.
3. The existing unit classes shall be itemised separately in the Sales Prospectus, as well as in the annual and half-yearly reports. The characteristics of the unit classes are described individually in the Sales Prospectus, as well as in the annual and half-yearly reports.
4. Currency hedging transactions may be concluded exclusively in favour of an individual currency unit class. With regard to currency unit classes with a currency hedge in favour of the currency of this unit class (reference currency), the Company may also, notwithstanding § 9 of the GTC use exchange rate or currency derivatives pursuant to § 197(1) KAGB with the aim of avoiding losses in unit value resulting from exchange rate losses relating to fund assets that are not denominated in the reference currency for the unit class. Such usage of derivatives may not have any effect on other unit classes.

## Units, issue price, redemption price, unit redemption and costs

### § 4 Units

The investors are fractional co-owners of the Investment Fund's respective assets in proportion to their number of units.

### § 5 Issue and redemption prices; calculation of unit value, settlement and redemption restriction

1. The front-end load amounts to 3.0% of the unit value. In the

special part of the Sales Prospectus, the Company shall specify the front-end load actually applicable to the Investment Fund or to one or more unit classes in the section entitled "Front-end load and issue costs". No redemption fee shall be levied.

2. Unit purchase and redemption orders received by 16:00 on a valuation date specified in § 18(4) of the GTCs shall be executed at the issue or redemption price ascertained for this valuation date. The issue and redemption price shall be payable in the fund currency within three bank working days (these being bank working days in Frankfurt / Main) of this valuation date.
3. Unit purchase and redemption orders received after 16:00 on a valuation date or a day that is not a valuation date shall be executed at the issue or redemption price determined for the subsequent valuation date. The issue and redemption price shall be payable in the fund currency within three bank working days (these being bank working days in Frankfurt / Main) of this subsequent valuation date.
4. Pursuant to § 17(4) of the GTC, the Company may restrict the redemption of units if the redemption requests of investors reach at least 10% of the net asset value (threshold value). Details of this are described in the general section of the Sales Prospectus in the section entitled "Restriction of unit redemption".

## § 6 Charges

### Fees payable to the Company

1. For the management of the Investment Fund, the Company shall receive a management fee per calendar day amounting to 1/365 (in leap years: 1/366) of up to 0.8% of the net asset value for the relevant calendar day. The percentage actually applicable for the calculation of the management fee for the Investment Fund or for one or more unit classes is stated in the special section of the Sales Prospectus in the section entitled "Costs".

When determining the relevant net asset value for calculating the management fee, a distinction is made between calendar days which are valuation dates and those which are not valuation dates.

If a calendar day is a valuation date, the relevant net asset value is the net asset value determined for that valuation date. The management fee calculated in this way will be posted as a liability of the Investment Fund on the subsequent valuation date.

If a calendar day is not a valuation date, the relevant net asset value shall be the net asset value determined for the valuation date thereafter. The management fee calculated in this way will be posted as a liability of the Investment Fund on the valuation date after the subsequent valuation date.

The payment of the management fee for all calendar days of a month shall be made by the 10th calendar day of the subsequent month.

The amounts calculated in accordance with the above provisions shall include any applicable value added tax.

2. Furthermore, in return for arranging, preparing and conducting securities lending transactions and repurchase

agreements on behalf of the Investment Fund, the Company also receives a fee under normal market conditions of up to a third of the gross income from these transactions. The Company shall specify the fee actually valid in the section entitled "Costs" in the special section of the Sales Prospectus. The costs arising from preparing and conducting such transactions, including the fees to be paid to third parties in the context of these transactions, shall be borne by the Company. The fee will be posted as a liability of the Investment Fund on the date of accrual of the income concerned.

The payment of the fee, which will be posted as a liability within one month, shall be made by the 20th calendar day of the subsequent month.

The amounts calculated in accordance with the above provision shall include any applicable value added tax.

3. In addition, the Company shall receive a flat fee from the Investment Fund of 1/365 per calendar day (in leap years: 1/366) of up to 0.2% of the net asset value for the relevant calendar day. The percentage actually applicable for the calculation of the flat fee is indicated in the section entitled "Costs" in the special section of the Sales Prospectus.

When determining the relevant net asset value for calculating the flat fee, a distinction is made between calendar days which are valuation dates and those which are not valuation dates.

If a calendar day is a valuation date, the relevant net asset value is the net asset value determined for that valuation date. The flat fee calculated in this way will be posted as a liability of the Investment Fund on the subsequent valuation date.

If a calendar day is not a valuation date, the relevant net asset value shall be the net asset value determined for the valuation date thereafter. The flat fee calculated in this way will be posted as a liability of the Investment Fund on the valuation date after the subsequent valuation date.

The payment of the flat fee for all calendar days of a month shall be made by the 10th calendar day of the subsequent month.

The amounts calculated in accordance with the above provisions shall include any applicable value added tax.

The flat fee shall cover the following payments and costs, which are not charged separately to the Investment Fund:

- a) depositary fee;
- b) custody, account and depositary fees, for the safekeeping of assets, in line with standard banking practice;
- c) Costs of the auditing of the Investment Fund by its independent auditors;
- d) costs of appointing voting proxies;
- e) Fee for data provision and maintenance;
- f) Reporting fees;
- g) Fees for the accounting services of the Investment Fund;
- h) Fees in connection with the supervision and risk management of the Investment Fund (risk controlling).

Fee payable to third parties

4. The Company pays the collateral manager of derivative transactions a fee from the Investment Fund per calendar day of 1/365 (in leap years: 1/366) of up to 0.1% of the net asset value for the relevant calendar day. The percentage actually applicable for the calculation of the collateral manager fee is indicated in the section entitled "Costs" in the special section of the Sales Prospectus.

When determining the relevant net asset value for calculating the collateral manager fee, a distinction is made between calendar days which are valuation dates and those which are not valuation dates.

If a calendar day is a valuation date, the relevant net asset value is the net asset value determined for that valuation date. The fee calculated in this way will be posted as a liability of the Investment Fund on the subsequent valuation date.

If a calendar day is not a valuation date, the relevant net asset value shall be the net asset value determined for the valuation date thereafter. The fee calculated in this way will be posted as a liability of the Investment Fund on the valuation date after the subsequent valuation date.

The payment of the collateral manager fee for all calendar days of a month shall be made by the 10th calendar day of the subsequent month.

The amounts calculated in accordance with the above provisions shall include any applicable value added tax.

#### Maximum annual allowable amount

5. The amount which may be charged to the Investment Fund in accordance with points 1, 3 and 4 above as fees and costs and in accordance with point 7e) as reimbursement of expenses per calendar year may amount to a total of up to 1.2% of the average net asset value of the Investment Fund in the relevant calendar year, calculated as the sum of the individual values accrued, which are determined for each calendar day as 1/365 (in leap years 1/366) of the net asset value relevant for the calendar day concerned.

If a calendar day is a valuation date, the relevant net asset value is the net asset value determined for that valuation date.

If a calendar day is not a valuation date, the relevant net asset value shall be the net asset value determined for the valuation date thereafter.

#### Performance fee

##### 6. Performance fee

###### a) Definition of performance fee

In return for managing the Investment Fund, in addition to the fees pursuant to points 1 and 2, the Company receives a performance fee for each unit issued totalling 25% of the amount by which the unit value performance in an accounting period exceeds the performance of the benchmark index during the same accounting period (out-performance of the benchmark index, i.e. positive deviation of the unit value performance from the benchmark performance, hereinafter also referred to as the "positive benchmark deviation"), subject to a maximum of 2.5% of the average of the net asset values of the In-

vestment Fund relevant for the calendar days falling into the accounting period.

If a calendar day is a valuation date, the relevant net asset value is the net asset value determined for that valuation date.

If a calendar day is not a valuation date, the relevant net asset value shall be the net asset value determined for the valuation date thereafter.

Costs charged to the Investment Fund may not be deducted from the performance of the benchmark index before the comparison of performances.

If the performance of the unit value during an accounting period falls short of the performance of the benchmark index (underperformance relative to the benchmark index, i.e. negative deviation of the unit value performance from the benchmark performance, hereinafter also referred to as "negative benchmark deviation"), the Company shall not receive a performance fee. In line with the calculation of the performance fee in the case of a positive benchmark deviation, an underperformance amount per unit value is calculated in this case on the basis of the negative benchmark deviation and carried forward to the next accounting period as a negative carryforward ("negative carryforward"). The negative carryforward is not limited by a maximum amount. For the next accounting period, the Company will receive a performance fee only if the amount calculated on the basis of the positive benchmark deviation at the end of this accounting period exceeds the negative carryforward from the preceding accounting period. In this case, the fee entitlement is calculated from the difference between both amounts. If the amount calculated from the positive benchmark deviation does not exceed the negative carryforward from the previous accounting period, both amounts are offset. The remaining underperformance amount per unit value will be carried forward again into the next accounting period as a new negative carryforward. If there is again a negative benchmark deviation at the end of the next accounting period, the existing negative amount carried over shall be increased by the underperformance amount calculated on the basis of this negative benchmark deviation. In the annual calculation of the fee entitlement, any underperformance amounts of the five preceding accounting periods are taken into account. If there are less than five previous accounting periods for the Investment Fund, all previous accounting periods are taken into account.

In addition to the above, the unit value performance is taken into account in accordance with the agreement reached under point 6f).

###### b) Definition of accounting period

The accounting period will begin on 1 April of each calendar year and end on 31 March of the following calendar year.

The payment of the performance fee shall be made by the 20th calendar day after the end of the accounting period.

###### c) Benchmark index

The benchmark used is the ICE BofA 1-3 Year Global Government Index (75%) and the ICE BofA 1-3 Year Euro Large Cap Index (25%). If the benchmark index ceases to exist, the Company shall specify another suitable index to replace the aforementioned index.

d) Calculation of the unit value performance

Unit value performance is calculated according to the BVI method. The BVI method is an internationally recognised standard method for calculating the performance of investment assets. It enables a simple, understandable and accurate calculation. Performance is defined as the percentage change between the value of the unit at the start and end of the investment period. In the calculation, any distributions are converted into new fund units to enable performance comparisons between distributing and reinvesting funds.

e) Provision

In accordance with the result of a comparison performed for each valuation date, a provision is made for any performance fee calculated and accrued on the subsequent valuation date in the Investment Fund per unit issued, or a provision already booked is reversed accordingly.

Reversed provisions accrue to the Investment Fund. A performance fee may only be withdrawn provided that appropriate provisions have been made.

f) Negative unit value performance

The performance fee may also be drawn upon if the unit value at the end of the accounting period is less than the unit value at the start of the accounting period (negative unit value performance).

Other expenses

7. In addition to the above-mentioned fees and costs, the following expenses are charged to the Investment Fund:

- a) Costs for enforcing and implementing legal claims by the Company on behalf of the Investment Fund, as well of defending claims raised against the Company at the cost of the Investment Fund;
- b) Fees and costs imposed by government agencies with respect to the Investment Fund;
- c) Costs of legal and tax consulting services for the Investment Fund;
- d) Costs and any fees incurred in connection with the acquisition and/or use or appointment of a benchmark or financial index;
- e) costs for the provision of analysis material or services by third parties in relation to one or more financial instruments or other assets or in relation to the issuers or potential issuers of financial instruments or in close connection with a particular industry or market per calendar year up to an amount of 0.10% of the average net asset value of the Investment Fund in the relevant calendar year, calculated as the sum of the individual values accrued, which are determined for each calendar day as 1/365 (in leap years 1/366) of the net asset value relevant for the relevant calendar day.

If a calendar day is a valuation date, the relevant net asset value is the net asset value determined for that valuation date.

If a calendar day is not a valuation date, the relevant net asset value shall be the net asset value determined for the previous valuation date.

- f) Costs incurred in relation to the purchase and sale of assets (transaction costs);
- g) taxes, in particular VAT, which are incurred in relation to the expenses listed in letters a) to f) above and to be reimbursed by the Investment Fund.

Risks in connection with the acquisition and redemption of investment units

8. The Company shall specify in the annual and half-yearly reports the amount of the initial sales charges and redemption fees paid out from the Fund the reporting period for the purchase and redemption of units pursuant to § 196 KAGB and comparable foreign units. Concerning the purchase of units managed directly or indirectly by the Company itself or by another company associated with the Company via a substantive direct or indirect holding, the Company or the other company is not allowed to apply any initial sales charge or redemption fee for the purchase or redemption of units. In its annual and half-yearly reports, the Company shall specify the fee charged to the Investment Fund by the Company itself, another management company, an investment company or another company associated with the Company via a substantive direct or indirect holding or a foreign investment company, including its management company, as a management fee for the units held in the Investment Fund. However, the Company does not charge the Investment Fund any management fees for purchased units if the relevant/purchased investment fund is managed by the same Company or by another company associated with the Company via a substantive direct or indirect holding (group affiliation). This is achieved by the Company reducing its own management fee for the portion relating to units in such group target funds – up to the total amount, if applicable – to the amount of the management fee charged by the acquired group target fund.

## Use of income and financial year

### § 7 Distribution / accumulation

1. The Company shall reinvest the interest, dividends and other income accruing during the financial year to the investment fund that have not been used in order to cover costs – taking account of the relevant income adjustment – as well as the realised capital gains in the investment fund.  
If reinvestment unit classes are formed, the Company shall invest the pro rata interest, dividends and other income for these classes accruing during the financial year to the investment fund that have not been used in order to cover costs – taking account of the relevant income adjustment – and the pro rata realised capital gains on disposals in the investment fund.
2. For creation of distributing unit classes, the Company shall, in

principle, distribute the pro rata interest, dividends and other income – taking account of the relevant income adjustment – accruing during the financial year to the Investment Fund, which have not been used to cover costs. Any sales gains may also be distributed on a pro rata basis, while taking account of the relevant income adjustment.

3. Distributable pro rata income pursuant to paragraph (1) may be carried forward for distribution in future financial years provided that the total sum of returns carried forward does not exceed 15 percent of the relevant value of the Investment Fund at the end of the financial year. Income from short financial years may be carried forward in full.
4. In the interest of capital preservation, pro rata income may be allocated for partial reinvestment in the Investment Fund, or under extraordinary circumstances, may even be reinvested in full.
5. The distribution shall be carried out annually within four months of the end of the financial year.
6. Interim distributions may be paid.

## **§ 8 Financial year**

The financial year of the Investment Fund begins on 1 October and ends on 30 September of the following year.

# Performance of the Fund

## UniKapital

Absolute performance in past periods, based on entire calendar years (as at 31.12.2024)

| Periods         | 1 year | 3 years | 5 years | 10 years |
|-----------------|--------|---------|---------|----------|
| Fundvolume in % | 5.24   | 1.27    | -0.16   | -0.94    |
| Benchmark in %  | 5.54   | 3.99    | 2.51    | 4.78     |

Information on the benchmark and/or return target can be found in the Special Section of the Sales Prospectus, section "Investment Objective".

Investment Fund and/or unit class performance: own calculations using the BVI method (i.e. excluding any initial sales charge).

Current information relating to the performance of the Investment Fund or unit classes may be obtained from the annual and half-yearly reports, as well as from the homepage of the Company's website at [privatkunden.union-investment.de](http://privatkunden.union-investment.de).

**The past performance of the Investment Fund/individual unit classes is no indicator of future performance.**

# Sales and paying agents

## Sales and paying agents in the Federal Republic of Germany:

DZ BANK AG  
Deutsche Zentral-Genossenschaftsbank  
Platz der Republik  
60325 Frankfurt am Main

Registered office: Frankfurt / Main

and the credit institutions affiliated with the aforementioned cooperative central bank

## Additional information for the marketing of units of the Fund in the Grand Duchy of Luxembourg:

### Entity referred to in Article 92(1)(a), (b), (d) and (e) of Directive 2009/65/EC (UCITS) - Distributor and Paying Agent:

DZ PRIVATBANK S.A.  
4 rue Thomas Edison  
L-1445 Luxemburg-Strassen

The Sales Prospectus containing the Terms of Contract, along with the KID the annual and half-yearly reports, as well as the issue and redemption prices, may be obtained from DZ PRIVATBANK S.A. Further information and documentation may also be consulted at this address. Furthermore, DZ PRIVATBANK S.A. will remit payments destined for unitholders to these unitholders and process unit subscriptions and redemptions as soon as it is presented with the corresponding subscription and redemption orders.

Important notices to unitholders are published on Union Investment's website (which can be accessed via [www.union-investment.com](http://www.union-investment.com)) and, in cases expressly stipulated by law, also in the "Luxemburger Tageblatt".

### Entity referred to in Article 92(1)c), and (f) of Directive 2009/65/EC (UCITS) - Contact point for communication with the competent authorities:

Union Investment Privatfonds GmbH  
Weißfrauenstraße 7  
60311 Frankfurt am Main

Information on access to procedures and arrangements for exercising investor rights arising from investments in these funds is also provided by Union Investment Privatfonds GmbH.

## Additional information for the marketing of the Fund in Austria:

### Entity referred to in Article 92(1)(a), (b), (d) and (e) of Directive 2009/65/EC (UCITS) - Distributor and Paying Agent:

VOLKSBANK WIEN AG  
Dietrichgasse 25  
A-1030 Wien  
E-Mail: [filialen@volksbankwien.at](mailto:filialen@volksbankwien.at)

The Sales Prospectus with the terms and conditions of investment and KID can be obtained from VOLKSBANK WIEN AG, as can the annual and semi-annual reports and the issue and redemption

prices for this Fund. Other information and documentation may be viewed there.

Furthermore, VOLKSBANK WIEN AG will remit payments destined for unitholders to these unitholders and process unit subscriptions and redemptions as soon as it is presented with the corresponding subscription and redemption requests.

All funds approved for sale in Austria that are managed by Union Investment Privatfonds GmbH may be consulted on the dedicated homepage of Union Investment for unitholders resident in Austria, which can be accessed via [www.union-investment.com](http://www.union-investment.com).

Important notices to unitholders will be published in the cases specified under the Austrian Investment Fund Act 2011 [Investmentfondsgesetz 2011] on the electronic announcement and information platform of the German government, as well as on the dedicated website for unitholders residing in Austria, which can be accessed via [www.union-investment.com](http://www.union-investment.com).

### Entity referred to in Article 92(1)c), and (f) of Directive 2009/65/EC (UCITS) - Contact point for communication with the competent authorities:

Union Investment Privatfonds GmbH  
Weißfrauenstraße 7  
60311 Frankfurt am Main

Information on access to procedures and arrangements for exercising investor rights arising from investments in these funds is also provided by Union Investment Privatfonds GmbH.

# Investment funds managed by Union Investment

BBBank Dynamik Union  
 BBBank Kontinuität Union  
 BBBank Wachstum Union  
 Bright Future Fund  
 FVB-Aktienfonds ESG  
 FVB-Renten Plus ESG  
 GI Portfolio I  
 Global Select Portfolio I  
 Global Select Portfolio II  
 Invest Global  
 KCD-Union ESG AKTIEN  
 KCD-Union ESG MIX  
 KCD-Union ESG RENTEN  
 KinderZukunftsFonds  
 LIGA-Pax-Aktien-Union  
 LIGA-Pax-Rent-Union  
 PrivatFonds: Flexibel pro  
 PrivatFonds: Kontrolliert  
 PrivatFonds: Kontrolliert pro  
 Profi-Balance  
 Profi-Balance Defensiv ESG  
 SpardaOptiAnlage Defensiv  
 Uni21.Jahrhundert -net-  
 UniDeutschland XS  
 UniESG Aktien Deutschland  
 UniESG Aktien Global  
 UniEuroAktien  
 UniEuropa -net-  
 UniEuroRenta  
 UniEuroRenta HighYield  
 UniFavorit: Aktien  
 UniFonds  
 UniFonds -net-  
 UniGlobal  
 UniGlobal -net-  
 UniGlobal Vorsorge

UniKapital  
 UniKapital -net-  
 UniKlassikMix  
 UniMultiAsset Chance I ESG  
 UniMultiAsset Chance II ESG  
 UniMultiAsset Chance III ESG  
 UniMultiAsset Chance IV ESG  
 UniMultiAsset Exklusiv ESG  
 UniMultiAsset: Chance I  
 UniMultiAsset: Chance II  
 UniMultiAsset: Chance III  
 UniMultiAsset: Chance IV  
 UniMultiAsset: Exklusiv  
 UniNordamerika  
 UnionGeldmarktFonds  
 UniRak  
 UniRak Konservativ  
 UniRenta

UniStrategie: Ausgewogen  
 UniStrategie: Dynamisch  
 UniStrategie: Konservativ  
 UniStrategie: Offensiv  
 UniThemen Blockchain  
 UniZukunft Klima  
 Volksbank in Ostwestfalen NachhaltigkeitsInvest  
 Volksbank Westmünsterland Aktiv  
 Volksbank Westmünsterland Select  
 VR Bank Rhein-Neckar Union Balance Invest  
 VR Mainfranken ESG  
 VR Sachsen Global Union  
 Werte Fonds Münsterland Zukunft  
 Werte-Bank-Münsterland Aktien Global

as well as other mutual funds suitable for institutional or professional investors:

Katholische Werte-Fonds  
 LIGA Multi Asset Income  
 Multi Asset Fonds Weinheim  
 Pax ESG Global Fonds  
 Pax Substanz Fonds  
 Quoniam Bonds MinRisk SGB  
 UniInstitutional Aktien Infrastruktur ESG  
 UniInstitutional Asset Balance  
 UniInstitutional Dividend ESG  
 UniInstitutional EM Bonds  
 UniInstitutional EM Bonds Spezial  
 UniInstitutional Euro Covered Bonds 4-6 years ESG  
 UniInstitutional Euro Reserve Plus  
 UniInstitutional European MinRisk Equities  
 UniInstitutional Global Corporate Bonds  
 UniInstitutional Global Corporate Bonds +  
 UniInstitutional Global High Dividend Equities  
 UniInstitutional Green Bonds  
 UniInstitutional Kommunalfonds ESG  
 UniInstitutional Premium Corporate Bonds  
 UniInstitutional Stiftungsfonds ESG

and 1 special fund \*)

\*) As at 30 June 2025

# Management Company, committees, auditor

## Management Company

Union Investment Privatfonds GmbH

60070 Frankfurt / Main

Postfach 16 07 63

Tel.: +49 (0)69 2567-0

Subscribed and paid-up capital:

EUR 24.462 million

Equity capital:

EUR 922.269 million

(As at: 31 December 2024)

## Court of registration

Frankfurt / Main District Court, HRB 9073

## Supervisory Board

Hans Joachim Reinke

Chairman

(Chairman of the Executive Board of  
Union Asset Management Holding AG,  
Frankfurt / Main)

Dr. Frank Engels

Deputy Chairman

(Member of the Executive Board of  
Union Asset Management Holding AG,  
Frankfurt / Main)

Jörg Frese

(independent member of the Supervisory Board  
pursuant to § 18(3) KAGB)

Prof. Dr. Bernd Raffelhüschen

(independent member of the Supervisory Board  
pursuant to § 18(3) KAGB)

Catharina Heidecke

Employee representative

Stefan Judt

Employee representative

## Management Board

Marc Harms

Kerstin Knoefel

Carola Schroeder

Jochen Wiesbach

## Information regarding the main roles of the Supervisory Board and Management Board members performed outside the Company

Hans Joachim Reinke is the Deputy Chairman of the Supervisory Board of Union Investment Institutional GmbH and the Deputy Chairman of the Supervisory Board of Union Investment Real Estate GmbH.

Dr. Frank Engels is the Deputy Chairman of the Supervisory Board of Union Investment Institutional Property GmbH.

Carola Schroeder is a member of the Management Board of Union Investment Institutional GmbH.

## Shareholder

Union Asset Management Holding AG,

Frankfurt / Main

## Auditor

PricewaterhouseCoopers GmbH

Wirtschaftsprüfungsgesellschaft

Friedrich-Ebert-Anlage 35-37

60327 Frankfurt / Main

As at 15 September 2025,

unless otherwise stated

## Footnotes

- 1) § 37(2) AO.
- 2) § 190(2)(2) KAGB.
- 3) The “List of approved stock exchanges and other organised markets pursuant to Article 193(1), nos. 2 and 4 KAGB” shall be published on the website of the Federal Financial Supervisory Authority (<http://www.bafin.de>).
- 4) The “List of approved stock exchanges and other organised markets pursuant to Article 193(1), nos. 2 and 4 KAGB” shall be published on the website of the Federal Financial Supervisory Authority (<http://www.bafin.de>).

Union Investment Privatfonds GmbH  
Weißfrauenstraße 7  
60311 Frankfurt / Main

Phone 0049 69 59 88-6060  
Fax 0049 69 5998-9000

visit our website at:  
[www.union-investment.com](http://www.union-investment.com)