

# **Berenberg Euro Floating Rate Notes (SGB)**

## **S a l e s P r o s p e c t u s**

including  
Management Regulations  
Edition: 14 June 2024



An investment fund of the Grand Duchy of Luxembourg

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## Important information

### US persons, Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)

No information may be given other than that which is available to the public and contained in this Sales Prospectus or in the documents mentioned herein.

Purchases of units based on information or statements not contained in this Sales Prospectus are made entirely at the purchaser's risk. The following Management Regulations form an integral element of this Prospectus.

Some jurisdictions may impose restrictions on the distribution of this Sales Prospectus and the offer of fund units. This Sales Prospectus does not constitute an offer to sell or an invitation to purchase in any jurisdiction in which such offer or solicitation is not authorised or to those to whom it is unlawful to make such an offer or invitation.

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

On 28 March 2014, the Grand Duchy of Luxembourg concluded an Intergovernmental Agreement with the United States of America (IGA; hereinafter referred to as: IGA Luxembourg-USA) to Improve International Tax Compliance and to Implement FATCA (Foreign Account Tax Compliance Act, FATCA). The provisions of the Luxembourg-USA IGA were implemented in the Luxembourg Law of 24 July 2015 relating to the Foreign Account Tax Compliance Act (FATCA). Within the framework of the FATCA provisions, Luxembourg financial institutions are required to periodically report information about financial accounts held directly or indirectly by U.S. persons to the competent authorities.

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

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

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

All investors declare that they are prepared to make voluntary disclosures, and to forward further relevant documents (such as W-8 tax forms) where necessary, to the Management Company of the Fund for FATCA and CRS purposes. If there is a change in the information, the investor must inform the Management Company of the Fund immediately (i.e. within 30 days) by transferring the relevant updated forms.

If the Fund were to become subject to withholding tax or to reporting requirements or suffer other damages due to the absence of FATCA or CRS compliance by an investor, the Management Company of the Fund reserves the right, notwithstanding other rights, to enforce damages claims against the respective investor.

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

## **Management and Administration**

### **Management Company (Central Administration Agent):**

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

Equity: EUR 28,085,891.00  
(as at: 30 September 2023\*)

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

Martin Groos  
Member of the Management Board  
Universal-Investment-Luxembourg S.A.  
Grevenmacher

Matthias Müller  
Member of the Management Board  
Universal-Investment-Luxembourg S.A.  
Grevenmacher

Bernhard Heinz  
Member of the Management Board  
Universal-Investment-Luxembourg S.A.  
Grevenmacher

business domicile for all of the above at 15, rue de Flaxweiler,  
L-6776 Grevenmacher,  
Grand Duchy of Luxembourg

### **Supervisory Board of the Management Company:**

Frank Eggloff  
Chairperson of the Supervisory Board  
Universal-Investment-Gesellschaft mbH  
Frankfurt

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

Heiko Laubheimer  
Member of the Supervisory Board  
Universal-Investment-Gesellschaft mbH  
Frankfurt

### **Depositary, Transfer Agent and Registrar:**

BNP Paribas – Luxembourg Branch  
60, Avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Fund Manager**

Joh. Berenberg, Gossler & Co. KG  
Neuer Jungfernstieg 20  
D-20354 Hamburg

**Paying agent and distributor  
in the Grand Duchy of Luxembourg**

BNP Paribas – Luxembourg Branch  
60, Avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Collateral Manager**

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

**Auditor:**

Deloitte Audit, S.à r.l.  
20 Boulevard de Kockelscheuer  
L-1821 Luxembourg  
Grand Duchy of Luxembourg

also the auditor for  
Universal-Investment-Luxembourg S.A.

\* Up-to-date information on the equity of the Management Company and Depositary as well as the composition of the committees is contained in the latest annual and semi-annual reports.

## The Fund

The Berenberg Euro Floating Rate Notes (SGB) is an investment fund (*fonds commun de placement*) pursuant to Part I of the Luxembourg Law of 17 December 2010 relating to undertakings for collective investment ("Law of 2010") within the meaning of the European Directives.

The Fund is managed by Universal-Investment-Luxembourg S.A. (the "Management Company"), a public limited company under the law of the Grand Duchy of Luxembourg with its registered office in Grevenmacher, in its name for the collective account of the unitholders.

The Fund qualifies as a UCITS pursuant to Article 1(2) 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 Directive"), as amended, and may therefore be offered for sale subject to registration in each EU Member State.

The currency of the Fund is the EUR.

If the Fund assets are invested in target funds its performance may be impacted by a double charging of expenses, especially since costs and expenses as defined in Article 11 of the Management Regulations are charged to both the target fund and the Fund. The management fees of the target funds in which the Fund is permitted to invest may amount to up to 4.00% p.a.

If the Fund purchases units in other UCITS and/or other UCIs which are managed directly or indirectly by the same Management Company or another company with which the Management Company is affiliated via shared management or control or by a considerable direct or indirect investment, then the Management Company or other company may not charge any fees for subscription or repurchase of units in other UCITS and/or other UCIs by the Fund in the form of sales charges or redemption fees.

A description of the Fund can be seen in the table "Fund overview".

The investment principles, objectives and limits of the Fund are presented in the section "Special remarks" of this Sales Prospectus, in the table overview entitled "Fund overview" in conjunction with Article 4 of the Management Regulations.

The current version of the Management Regulations has been filed at the Luxembourg Trade and Companies Register. A notice of its filing in the Trade and Companies Register was published on in the Recueil électronique des sociétés et associations, the electronic platform of the Grand Duchy of Luxembourg (hereinafter, "RESA").

The Fund was established on 5 October 2007 and launched on 25 October 2007 with unit classes B and I in accordance with the Law of 20 December 2002. With effect from 16 November 2020, unit class B was renamed unit class R D and unit class I was renamed unit class I D. Since 1 July 2011, the Fund has been subject to the Law of 17 December 2010.

Unit class R D is available for purchase by private investors as well as institutional investors. Unit class I D is only available for purchase by institutional investors.

The original fund name was Berenberg Euro Money Market (SGB), later changed to Berenberg activeQ Floating Rate Notes (SGB). With effect from 16 November 2020, there was another renaming to Berenberg Euro Floating Rate Notes (SGB).

The initial issue price of unit classes R D and unit class I D, excluding the issuing surcharge, was EUR 100.00 each.

The front-end load received by the Distributor has been set at up to 1.0% based on the net asset value for each unit in accordance with the fund overview for unit class R D. No issuing surcharge is currently charged for unit class I D.

The Fund is set up for an indefinite period. The first accounting year of the Fund ran from the launch of the Fund to 30 April 2008. The second accounting year of this Fund began on 1 May 2008 and ended on 30 April

2009, the third accounting year began on 1 May 2009 and ended on 30 April 2010. The fourth accounting year was a short financial year and ran from 1 May 2010 to 16 January 2011. The fifth accounting year was a short financial year and ran from 17 January 2011 to 31 December 2011. The following accounting years each commence on 1 January and end on 31 December of the calendar year.

According to the provisions of the Management Regulations set out below, a redemption fee may be charged when units are redeemed. Until further notice, no redemption fee will be charged.

The expenses and costs of the Fund are set out in Article 11 of the Management Regulations.

The costs of establishing the Fund amount to approx. EUR 20,000 and are charged to the assets of the Fund and written down within the first five business years.

The costs incurred for the management of the Fund during the reporting period are charged to the Fund (excluding transaction costs) and disclosed in the annual report, being stated as a ratio of the average fund volume ("total expense ratio", TER).

Certificates are not generally issued for fund units in accordance with Article 8 of the Management Regulations and the holding is evidenced by written confirmation of the units at the time they are issued, once the issue price has been remitted to the Depositary. In this case, the units are allocated down to a thousandth of a unit and are entered in a registration account/unit register ("registered units") held by the Registrar and Transfer Agent. There is no right to receive physical certificates. The units can also be securitised by way of global notes.

In addition, the portfolio turnover ratio ("TOR") is calculated each year using the following formula and is published in the Fund's annual report:

$$\text{TOR} = [(\text{Total1} - \text{Total2}) / M] \times 100,$$

where:

Total1 = total transactions during the reference period = x+y

x = value of purchased assets during the reference period

y = value of sold assets during the reference period

Total2 = total transactions in units during the reference period = s+t

s = value of subscriptions during the reference period

t = value of repurchases during the reference period

M = average net fund assets during the reference period.

## The Management Company

Universal-Investment-Luxembourg S.A., a public limited company under the law of the Grand Duchy of Luxembourg, was founded on 17 March 2000 in Luxembourg for an indefinite period. Its registered office is at 15, rue de Flaxweiler, L-6776 Grevenmacher.

The Articles of Association of the Management Company were published in Mémorial C, Recueil des Sociétés et Associations ("**Mémorial**") (replaced by the RESA) on 3 June 2000 and filed with the Luxembourg Trade and Companies Register (R.C.S. Luxembourg). The last amendment to the Articles of Association was published by the RESA and deposited with the Luxembourg Trade and Companies Register.

The Management Company has three Supervisory Board members who form the Supervisory Board. In addition, the Management Company has a Management Board consisting of three members appointed by the Supervisory Board who, in accordance with the provisions of the Luxembourg Law of 12 July 2013 on alternative investment fund managers of 2013 ("Law of 2013") and within the limits of the powers granted by the Articles of Association, are entrusted with the day-to-day management and represent the Management Company in dealings with third parties (the "Management Board"). The Management Board ensures that the Management Company and all service providers perform their duties in accordance with the relevant laws and guidelines and this Sales Prospectus. The Board will report to the Supervisory Board on a regular basis or, if necessary, when a situation requires it to do so. The Supervisory Board exercises ongoing oversight



over the Management Board's management of the Management Company, without itself being authorised to manage the business day-to-day; nor does it represent the Management Company in dealings with third parties.

The object of the Company is to launch and/or manage undertakings for collective investment in transferable securities ("UCITS") and/or undertakings for collective investment ("UCI") as per the Laws of 17 December 2010 and 13 February 2007 in their currently valid versions, as well as to carry out all activities connected with the launch and management of these UCITS and/or UCIs.

The purpose of the Management Company is also the launching and/or management of Luxembourg and/or foreign Alternative Investment Funds ("AIFs") that are authorised in accordance with Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers ("AIFM Directive"). The management of AIFs involves at least the investment management functions for AIFs that are specified in point 1(a) and/or (b) of Annex I to the AIFM Directive, and, insofar as this is possible, the other duties that are specified in point 2 of Annex I to the AIFM Directive.

The Company may also assume administration of companies pursuant to the Act of 15 June 2004 (SICAR Law) and special purpose entities (sociétés de participation financière) that qualify as 100% investments of the UCIs and AIFs managed in accordance with paragraphs 1 and 2.

The Company may engage in any other business and take any measures which promote its interests or which otherwise serve or may be useful in achieving its objectives, in accordance with Chapter 15 of the Law of 17 December 2010, the Law of 13 February 2007 and/or the Law of 12 July 2013.

The Company may also engage in administrative activities for a securitisation company as defined in the Law of 22 March 2004.

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

The monies accruing to the Fund are used for purchasing securities and other legally permissible assets according to the investment policy set out in the Management Regulations.

The management of the Fund was transferred from Management Company to Joh. Berenberg, Gossler & Co. KG based in Neuer Jungfernstieg 20 in D-20354 Hamburg. Joh. Berenberg, Gossler & Co. KG contributes its extensive knowledge of the investment markets and makes the necessary investment decisions as part of the investment policy stipulated for the Fund, but the control and responsibility lies with the Management Company.

The Management Company may also seek the advice of one or more investment advisers; in return, the investment adviser(s) will receive a fee from the assets of the Fund.

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

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

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

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

Further details of the Management Company's current remuneration policy have been published online at [www.universal-investment.com/de/Verquetungssystem-Luxemburg](http://www.universal-investment.com/de/Verquetungssystem-Luxemburg). It includes a description of the valuation methods for remuneration and payments to certain employee groups, as well as details of the persons responsible for allocation, including the composition of the remuneration committee. On request, the Management Company will provide the information in hard copy form without charge.

## **The Depositary**

The Fund's assets are held in safekeeping by the Depositary.

The role and responsibility of the Depositary are governed by the Law of 2010, the Depositary Agreement made between the Management Company and Depositary and the rights and obligations as set out in Article 3 of the General Section of the Management Regulations.

The Management Company has appointed BNP Paribas – Luxembourg Branch as the Depositary.

BNP Paribas – Luxembourg Branch is a branch of BNP Paribas.

BNP Paribas is an authorised bank incorporated in France as a *société anonyme* (public limited company) and registered in the *Registre du commerce et des sociétés Paris* (Trade and Companies Register) under the number 662 042 449, authorised by the *Autorité de Contrôle Prudentiel et de Résolution* (ACPR) and supervised by the *Autorité des Marchés Financiers* (AMF). Its registered office is at 16, Boulevard des Italiens, 75009 Paris, France, and it operates through its branch in Luxembourg, whose office is located at 60, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, and which is registered with the Luxembourg Trade and Companies Register under number B23968 and supervised by the *Commission de Surveillance du Secteur Financier* (the "CSSF").

## **The Registrar and Transfer Agent**

The Registrar and Transfer Agent as well as the Paying Agent for the Fund is BNP Paribas – Luxembourg Branch, whose registered office is at 60, Avenue John F. Kennedy, L-1855 Luxembourg. The tasks of the Transfer Agent and Registrar comprise executing applications and orders for the subscription, conversion, redemption and transfer of units.

## **Collateral Manager**

Collateral management for the Fund's derivatives transactions is outsourced to Universal-Investment-Gesellschaft mbH, Theodor-Heuss-Allee 70, 60486 Frankfurt am Main (the "Collateral Manager"). The Collateral Manager will initiate the exchange of collateral to mitigate the risks of OTC derivative transactions ("Collateral Management"). This may involve the provision of collateral in the form of cash or securities which are to be exchanged between the counterparties concerned.

## Special information

### **a** *Investment policy and investment limits*

The Fund's investment policy and investment limits are set out in the fund overview below and in the Management Regulations.

The objectives of the investment policy are pursued while abiding by the principle of risk diversification. Particular note must be taken of Article 4 "General guidelines for investment policy and investment limits" of the Management Regulations, in which the other legally permissible assets and investment forms entailing increased risks are described. In general, it should be pointed out that the performance of the fund units is largely determined by the changes in stock prices on each market day for the assets held in the Fund and the earnings.

### **b** *Notes on techniques for efficient portfolio management*

Pursuant to the amended CSSF Circular 08/356, the CSSF Circular 13/559, supplemented by the CSSF Circular 14/592 and the ESMA Guidelines ESMA/2014/937 (the "ESMA Guidelines"), efficient portfolio management techniques may be used for the Fund. Of these, the Fund currently only uses derivative transactions that can be concluded for hedging purposes. Securities financing transactions are currently not used.

All income resulting from techniques for efficient portfolio management, less direct and indirect operational costs, is paid to the UCITS (Fund) and forms part of its net asset value.

The Fund's annual report will contain information on income from efficient portfolio management techniques for the Fund's entire reporting period, together with details of the Fund's operational costs and fees, both direct (e.g. transaction fees for securities, etc.) and indirect (e.g. general costs incurred for legal advice), insofar as they are associated with the management of the corresponding Fund / unit classes as applicable.

The Fund's annual report will provide details on the identity of any companies affiliated with Universal-Investment-Luxembourg S.A. or the Depository of the Fund that receive direct and indirect operational costs and fees.

All income arising from the use of techniques and instruments for efficient portfolio management, less direct and indirect operational costs, accrue to the Fund in order to be reinvested in line with the Fund's investment policy. The counterparties to the agreements on the use of techniques and instruments for efficient portfolio management are selected according to the Management Company's principles for executing orders for financial instruments (the "best execution policy"). These counterparties will essentially comprise recipients of the direct and indirect costs and fees that are incurred in this connection. The costs and fees to be paid to the respective counterparty or other third party will be negotiated on market terms.

In principle, the counterparties are not affiliated companies of the management company or companies belonging to the promoter's group.

The use of derivatives must not, under any circumstances, cause the Fund to deviate from its investment policy as described in this Prospectus, or expose the Fund to additional significant risks that are not outlined herein.

The Fund may reinvest cash which it receives as collateral in connection with the use of techniques and instruments for efficient portfolio management, pursuant to the provisions of the applicable laws and regulations, including CSSF Circular 08/356, as amended by CSSF Circular 11/512, CSSF Circular 13/559, supplemented by CSSF Circular 14/592 and the ESMA Guidelines.

### **c** *Notes concerning risks*

As a result of the Fund's investment policy, the following specific risks are particularly apparent:

#### **Price risks entailed by changes in interest** **Risks associated with derivatives**

The specific risks resulting from the investment policy are also listed in the table entitled "Fund overview".

### **(c)(1) Risks entailed by fund units**

Investing in fund units is a form of investment that is characterised by the principle of risk diversification. However, it cannot be excluded that there will be risks entailed from investing in fund units, particularly as a result of the Fund's investment policy, the assets held in the Fund and transactions in the units. With regard to their risks and rewards, fund units are comparable to securities, and possibly in combination with the instruments and techniques employed.

In the case of units denominated in a foreign currency, the exchange rates entail risks and rewards. It must also be considered that such units are exposed to what is referred to as "transfer risk".

The purchaser of the units only makes a profit on selling his units if the increase in value exceeds the front-end load paid at the time of purchase, taking into account the redemption fee. In the case of just a brief duration of the particular investment the front-end load may reduce the performance for the investor or even result in losses.

There is a risk of loss in the case of assets held abroad in particular which can result from insolvency, failures in the duty of care or abusive conduct by the depositary or a sub-custodian (**depositary risks**).

The Fund may fall victim to fraud or other criminal acts. It may suffer losses as a result of misunderstandings or errors on the part of employees of the Management Company or external parties or due to external events such as natural disasters (**operational risks**).

### **(c)(2) Risks entailed by the Fund's investments**

#### **General risks inherent in securities**

When choosing investments, the expected performance of the assets takes priority. It should be noted that, in addition to the opportunities for price gains and income, securities are exposed to the risk that their price will fall below the original price paid at the time of purchase.

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

Factors which influence changes in the prices of fixed-income securities are, above all, the development of interest rates on the capital markets which are in turn affected by general economic factors. With rising capital market interest rates, fixed-income securities may suffer falls in price, whilst they may rise when interest rates on the capital markets fall. The changes in price also depend on the term or remaining term of the fixed-income securities. As a rule, fixed-income securities with shorter terms are exposed to lower price risks than fixed-income securities with longer terms. However, this generally means that lower yields have to be tolerated as well as higher reinvestment costs because of the more frequent (shorter) maturities of the securities held.

#### **Issuer risk**

Even with a cautious selection of the securities that are to be acquired, creditworthiness risk, i.e. the risk of loss due to the insolvency of issuers (issuer risk), cannot be excluded.

#### **Credit risk**

The Fund may invest part of its assets in government or corporate bonds. The issuers of such bonds may become insolvent, meaning that some or all of the value of the bonds could be lost.

#### **Risk in the case of financial futures**

Financial futures (derivatives) can be concluded as traded contracts or as over-the-counter contracts. Exchange-traded contracts are usually more highly standardised, and they have high liquidity and a lower

counterparty default risk. In the case of OTC transactions, these characteristics are not always so marked (cf. counterparty risk and liquidity risk, among others).

Financial futures can be subdivided into those with a symmetrical risk profile, e.g. futures, forwards, forward exchange rate contracts, swaps, etc. and those with an asymmetrical risk profile, e.g. options, warrants and derivatives based on option rights, e.g. caps, floors, etc.

Financial futures are associated with considerable opportunities, but also entail risks because only a fraction of the contract volume (margin) has to be paid immediately. If the Management Company's expectations are not fulfilled, the difference between the price used as basis on closing the deal and the market price at the latest at the time the transaction is due must be paid by the Fund. The amount of loss exposure is therefore unknown at the outset and may even exceed any collateral that is provided.

This may render temporary rights acquired through financial futures worthless or reduce their value.

Transactions through which it is intended to restrict or even exclude the risks arising through financial futures transactions may possibly not occur or may entail a loss-making market price.

The risk of loss increases when credit is used to satisfy obligations arising through financial futures or the commitment from such transactions or the consideration claimable for this is denominated in a foreign currency or unit of account.

Listed options and futures also involve a market risk as a consequence of the change in exchange rates, interest rates, etc. or the corresponding underlying securities, e.g. rises and falls in share prices.

Financial futures can be used for investment purposes but also for hedging. Hedging transactions serve to reduce downside risks. Since these hedging transactions can only serve to protect the fund assets or stock prices to a limited extent, it is not impossible for changes in stock prices to have an adverse impact on the development of the fund assets.

### **Currency risks**

When investing in foreign currencies or entering into transactions in such currencies there are risks and opportunities for changes in the exchange rates. It must also be considered that such investments in foreign currencies are exposed to what is referred to as "transfer risk".

### **Currency hedging transactions**

Currency hedging transactions serve to reduce currency risks. Since these hedging transactions can only serve to protect the fund assets or currency rate losses to a limited extent, it is not impossible for changes in the currency rates to have an adverse impact on the development of the fund assets.

### **Forward exchange rate transactions**

Costs and potential losses arising through forward exchange rate transactions or the acquisition of corresponding option rights and warrants reduce the earnings of the Fund.

### **Note concerning borrowing by the Fund**

The interest incurred by borrowing will reduce the Fund's performance. However, such charges may enable the Fund's income to be increased by taking up credit.

### **Legal and tax risk**

Changes to tax regulations and tax assessment of circumstances in the various countries in which the respective sub-fund holds assets, the unitholders' country of domicile, and to the respective sub-fund's country of domicile may have adverse effects on the tax situation of the respective sub-fund or its unitholders.

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

Since 1 January 2018, certain income generated in Germany (particularly income from dividends, rent and gains from the sale of property) has been taxed at fund level. Exemptions to this fund-level taxation are only possible if the fund units are held by certain tax-privileged investors or held under old-age provision or basic pension agreements (Riester/Rürup pension plans).

In particular, since 2018, investors have not been exempt from paying tax on gains from the sale of shares, and it has not been possible to deduct withholding taxes levied on income earned by the fund at investor level.

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

If the applicable partial exemption regime changes, or the requirements relating thereto cease to apply, then the investment unit shall be regarded as sold.

Furthermore, a different assessment of the partial exemption requirements by the financial authorities may also lead to a partial exemption being denied in principle.

## **ATAD**

The European Union has adopted Directive 2016/1164 to combat tax avoidance practices ("ATAD 1"). The Directive implements recommendations for action from the OECD's BEPS project. These include regulations on the taxation of hybrid mismatches, interest deduction restrictions, regulations on the taxation of additions and a general tax abuse regulation. Luxembourg has transposed ATAD 1 into national law and has applied these rules since 1 January 2019. ATAD 1 was supplemented by the amending directive of 29 May 2017 ("ATAD 2") in relation to hybrid arrangements with third countries. While ATAD 1 provided rules for certain hybrid mismatches between Member States, ATAD 2 extends the scope of the Directive to various other mismatches between Member States and to mismatches between Member States and third countries. The requirements of ATAD 2 have also been transposed into national law in Luxembourg and will be applied from 1 January 2020. An exception to this are the rules on "reverse hybrid mismatches", which Member States will only have to apply in national law from 1 January 2022. The impact of the BEPS Action Plan and of ATAD 1 and ATAD 2 may result in additional tax charges at the level of the Fund, target funds, alternative investment vehicles, holding companies or portfolio companies, which may reduce the value of the Fund's investment without the Management Company being able to legally influence this. The Management Company may decide, at its discretion, that an investor whose tax status has caused an additional tax burden shall bear said burden.

## **DAC6**

In 2017, the European Commission proposed new transparency obligations for intermediaries such as tax advisers, auditors, banks and lawyers who design and market tax arrangements for their customers. On 13 March 2018, EU member states reached a political agreement on new transparency rules for such intermediaries. As a result, the EU Directive on administrative cooperation in the field of taxation (2011/16/EU) was amended by EU Directive 2018/822. Accordingly, users and intermediaries will have to report information on cross-border tax arrangements to their competent tax authority under new reporting obligations ("DAC6"). This information is subject to an automatic exchange of information among EU member states. These rules require affected intermediaries and subsidiary users to report the details of relevant arrangements made after 25 June 2018.

There is a possibility that the new disclosure requirements will impact transparency, disclosure and/or reporting with respect to the Fund and its investments, as well as investor participation in the Fund.

## **Compliance with the statutory data protection provisions**

The General Data Protection Regulation (GDPR) came into force on 25 May 2018 and it replaces the data protection laws which applied previously within the European Union. The aim of the GDPR is to unify national data protection laws throughout the European Union and simultaneously to modernise the law so as to adapt it to new technological developments. The GDPR is automatically binding on companies which process personal data (data controller or processor) in all EU Member States without national implementation being required. The GDPR has, in particular, a greater extra-territorial scope, and it will have significant effects on any data controller or processor which is domiciled in the European Union and which offers goods or services for data subjects in the European Union or which monitors the behaviour of data subjects within the European Union. The new regulation imposes more onerous operational requirements on data controllers and data processors, and it introduces significant penalties for non-compliance consisting of monetary fines of up to 4% of total annual worldwide turnover or EUR 20 million (whichever amount is greater) depending on the type and seriousness of the breach.

Further developments on legislation relating to privacy can be anticipated. The currently applicable Privacy and Electronic Communications Directive (the “ePrivacy Directive”) is being superseded by the Regulation on Privacy and Electronic Communications (the “ePrivacy Regulation”) which aims to strengthen trust and security within the digital single market by updating the legal framework. The ePrivacy Regulation is currently being finalised and should come into force in the near future.

Compliance with the current and future privacy, data protection and information security legislation could have a considerable effect on existing and planned data protection and information security practices. This includes the gathering, use, passing on, storage and protection of personal data as well as some of the current and planned business activities of the Fund and the Management Company. Non-compliance with these laws may lead to monetary fines, sanctions or other penalties which may have a significant adverse effect on the operating result and the overall business as well as the company's reputation.

### **Inclusion of sustainability risks in the investment process**

As part of the investment process, the relevant financial risks are included in the investment decision and assessed on an ongoing basis. This will also take into account relevant sustainability risks as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector (hereinafter, “Disclosure Regulation”), which may have a material adverse effect on the return of an investment.

Sustainability risk is defined as an environmental, social or governance event or condition that could have a material adverse effect on the value of the investment. Sustainability risks can therefore lead to a material deterioration in the financial profile, liquidity, profitability or reputation of the underlying investment. If sustainability risks are not already taken into account in the investment valuation process, they may have materially adverse effects on the expected/estimated market price and/or the liquidity of the investment, and consequently on the return provided by the Fund. Sustainability risks may have a significant impact on all known risk types, and they may be a factor contributing to the materiality of all those risk types.

As part of the selection of assets for the investment fund, the influence of the risk indicators, including sustainability risks, is assessed in addition to the objectives and investment strategies.

The risk quantification assessment process includes aspects of the sustainability risks, and it relates these to other factors (in particular price and expected return) that are considered when making the investment decision.

In general, risks (including sustainability risks) are already taken into account in the investment valuation process (price indication) on the basis of the potential material impacts of risks on the investment fund's return. Nevertheless, depending on the asset and due to external factors, negative impacts on the investment fund's return may result arising from sustainability risks.

For more information on how sustainability risks are incorporated into the investment process and the extent to which they may impact returns, please visit Universal-Investment's website.

#### **d** *Potential conflicts of interest*

The Management Company maintains appropriate and effective organisational and administrative arrangements for taking any appropriate measures to identify, prevent, resolve and monitor conflicts of interest in order to prevent them from harming the Fund and its unitholders.

As well as the Fund portfolio, the portfolio manager manages, either alone or jointly or with other partners, the capital investments of other companies and investment funds with different and similar investment criteria, and also offers a broad range of services to other companies, funds, capital investments, etc. Various conflicts of interest may occur within this area, particularly with regard to the allocation of investment opportunities to different investment funds that are advised or managed by the Portfolio Manager. It is therefore down to the Portfolio Manager to decide which of the investment funds they manage or advise should be allowed a share in a limited investment opportunity; this Fund does not therefore have any preferential rights.

In addition, the Portfolio Manager may also combine purchases or sales of investments made on behalf of the Fund with purchases or sales that he undertakes for other customers, and in doing so he may average out the purchase/sales prices achieved (block trading with average prices). As a result, the Fund may receive better or worse prices than if the Portfolio Manager had always executed the transactions solely for the Fund in each case.

In respect of potential conflicts of interest in connection with the flat fee of the Fund, the Portfolio Manager also maintains appropriate and effective organisational and administrative arrangements for taking any appropriate measures to identify, prevent, resolve and monitor conflicts of interest in order to prevent them from adversely affecting the interests of the Fund and its unitholders.

#### **e** *Risk management procedure*

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

The risk management principles given in the supervisory authority documents must enable, for example, measurement of the market risk (including total risk) which could exist to a considerable degree for the funds with regard to its investment objectives and strategies, the management style or methods used to manage the Fund and the valuation processes, which therefore could also have a direct impact on the interests of the unitholders of the funds managed.

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

Commitment approach:

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



Value-at-Risk (VaR) approach:

The VaR figure is a mathematical/statistical concept which is used as a standard risk measure in the financial sector. The VaR indicates the level of losses during a specific period (the “holding period”) that will not be exceeded with a specific level of probability (the “confidence level”).

Relative VaR approach:

In the relative VaR approach, the VaR (99% confidence level, 1-day holding period, 1-year period under consideration) of the Fund may not exceed the VaR of a derivative-free reference asset by more than a specific proportion (the VaR limit ratio). The reference assets are basically an approximate representation of the Fund's investment policy.

Absolute VaR approach:

In the absolute VaR approach, the VaR (99% confidence level, 1-day holding period, 1-year period under consideration) of the Fund may not exceed a specific proportion of the Fund's assets.

Leverage:

The leverage effect of derivatives may result in a greater impact – both positive and negative – on the value of the fund assets than would be the case with the direct acquisition of securities and other assets. To this extent, their use is associated with special risks.

The point is made that regardless of the maximum limit of market risk prescribed by law which arises from the relative VaR calculation, the leverage effect may be higher because its calculation is based on the total notional values (sum of the notionals) of the derivatives held by the Fund. Any effects from reinvestment arising from collateral are also taken into account. The actual leverage effect is subject to fluctuations on the securities markets over time and may therefore also in the end be greater due to extraordinary market conditions.

Due to the leverage calculation method used in accordance with the total notional values method, the calculated leverage can be considerable and is not necessarily in line with investors' expectations with regard to the direct leverage effect. The expected leverage should therefore not be perceived as a target value, but rather as the expected value of the leverage applied. Accordingly, the actual leverage may differ from the expected value given. As a consequence, the information on the expected leverage should not be viewed as a form of investment limit which, if exceeded, requires payment of compensation.

## **f Flat fee**

In return for managing the Fund, the Management Company receives a flat fee in accordance with the annex to the Sales Prospectus entitled “Fund overview”, which may differ for the various unit classes of the Fund. The flat fee includes the following fees and costs, which are not charged separately to the Fund's assets:

- i. fee for managing the Fund's assets;
- ii. fee for the Depositary, including all other costs and expenses incurred by the Depositary in connection with its activities for the Fund's assets;
- iii. fee for the Fund's Portfolio Manager;
- iv. fee for the Distributor;
- v. fee for the Paying Agent;
- vi. fee for the Information Agent;
- vii. fees for the Fund's Registrar and Transfer Agent, including all other costs and expenses incurred by the Registrar and Transfer Agent in connection with its activities for the Fund's assets.

The flat fee is initially paid out to the Management Company as a single amount from the Fund's assets. The Management Company then uses the flat fee to pay for the services covered by the flat fee.

Potential performance fees and front-end loads for the issue, redemption and exchange of fund units are not included in the flat fee.

The flat fee is calculated on the basis of the average daily net asset value of the unit class and is payable quarterly in arrears.

#### ***g Repayment of collected flat fee to certain investors and commission sharing agreements***

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

The Management Company generally passes on some of its flat fee to intermediaries. This is done as remuneration for sales services on the basis of brokered stocks. This may account for a considerable proportion of said fee. The Management Company does not receive any refunds from the remuneration and reimbursement of expenses that is to be paid from the Fund assets to the Depositary and third parties. Non-cash benefits which are offered by brokers and dealers and used by the Management Company in the interests of investors remain unaffected.

#### ***h Issue and redemption of units***

The purchase and sale of units take place on the basis of this Sales Prospectus and the Management Regulations in the latest applicable version. The Sales Prospectus is valid only in conjunction with the latest annual report, and also the latest semi-annual report, should the annual report be older than eight months. It is not permissible to give information or explanations which deviate from the Sales Prospectus.

If the data given in the Sales Prospectus changes, the current information must be taken from the annual and semi-annual report. This Sales Prospectus together with the Management Regulations in the latest valid version, the latest annual report and additionally the latest semi-annual report, should the annual report be older than eight months, and the Key Investor Information Document ("KIID") shall be provided to unitholders free of charge from the registered office of the Management Company, the Depositary and any paying agent.

In connection with the legal provisions on combating and preventing the use of the financial sector for the purposes of money-laundering, it is pointed out that the purchaser of units must provide identification to the Management Company itself, the Registrar and Transfer Agent or another agency which receives the customer's purchase agreement. The Paying Agents take receipt of money from customers.

The Management Company is empowered to issue new fund units on a continuous basis. It does, however, reserve the right to stop issuing fund units, either on a temporary or permanent basis. Payments that have already been made shall be refunded immediately in such event.

If Universal-Investment-Luxembourg S.A. resumes issuing units, the Management Company shall notify unitholders and those who wish to become unitholders by means of publication in a Luxembourg daily newspaper and shall include this in the Sales Prospectus accordingly (if necessary).

Units in the Fund may be acquired at the issue price on any valuation day in accordance with Article 5 of the Management Regulations from the Management Company, the Depositary and from the Paying Agents of the Fund. Should the Management Company decide at a particular time to cease issuing new units either temporarily or permanently, units may only be acquired by way of purchase from an existing investor. The Management Company may issue fractions of up to 0.001 of a unit.

Units in the Fund may be redeemed at the next calculated redemption price on any valuation day in accordance with Article 5 of the Management Regulations from the Management Company, the Depositary and from the Paying Agents of the Fund.

The net asset value is not known at the time the units are issued or redeemed. Purchase and sale orders for units of the Fund which are received by 14:00 (Luxembourg time) on a valuation day on which the Registrar and Transfer Agent has received the order shall be settled on the basis of the issue and redemption prices for this valuation day. Purchase and sale applications received by the Transfer Agent and Registrar after

14:00 (Luxembourg time) will be settled on the basis of the issue and redemption price of the next valuation day. The valuation of the Fund is carried out on a whole banking day, which is also a whole trading day in Luxembourg and Frankfurt am Main ("valuation day").

In compliance with Circular 04/146 of CSSF, the Management Company prohibits all practices associated with market timing / late trading. The Management Company is entitled to reject applications for subscription and/or conversion from an investor if it suspects that the investor is applying such practices. In this case, the Management Company reserves the right to take all necessary measures in order to protect the remaining unitholders.

Until further notice, no redemption fee will be charged.

Information on the issue and the redemption prices is available from the registered offices of the Management Company, Depositary and Paying Agents of the Fund, and is published in accordance with the legal provisions of each country in which the units are authorised for public distribution, as well as on the Management Company's website ([www.universal-investment.com](http://www.universal-investment.com)).

If it appears to the Management Company that a person who is or shall be excluded from holding units in the Fund, acting either individually or with another person, is a beneficial or registered owner of units, it may compulsorily seize these units.

In addition, the Management Company or an authorised representative must register the Fund's ultimate beneficial owners in the Luxembourg register of beneficial owners in accordance with the provisions of the Luxembourg Law of 13 January 2019 on the register of beneficial owners (registre des bénéficiaires effectifs) ("RBE Law"). As a result, certain beneficial owners who satisfy the conditions of the RBE Law are entered in this register, which is also available to the public. The Management Company or its authorised representative will contact the beneficial owners concerned prior to their registration in the register.

#### ***i Annual and semi-annual reports***

After the close of the accounting year, the Management Company shall prepare an audited annual report for the Fund, which shall provide information on the fund assets, its administration and financial results. After the close of the first half of the accounting year, the Management Company shall prepare a semi-annual report for the Fund, which shall provide information on the fund assets and its administration during the corresponding half year.

These reports are available free of charge to unitholders from the registered office of the Management Company, Depositary and any Paying Agent.

#### ***j Use of earnings***

The ordinary net income of the Fund accrued during the financial year is generally distributed. The Management Company reserves the right to make interim distributions. It is also at the Management Company's discretion whether to distribute capital gains, as well as proceeds from the sale of subscription rights and other income in whole or in part.

The associated income equalisation is taken into account.

This applies to unit classes R D and I D.

#### ***k Taxation of fund assets and income***

In accordance with the provisions of Article 174 of the Law of 2010, the Fund's assets are subject in the Grand Duchy of Luxembourg to a taxe d'abonnement of 0.05% p.a. for the unit class R D and 0.01% for institutional customers for the unit class I D, payable quarterly and based on the net fund assets at the end of each quarter. Target funds that are already subject to a taxe d'abonnement in Luxembourg are exempt from paying a second taxe d'abonnement. Income from the investment of Fund assets will not be taxed in

Luxembourg. However, it may be subject to withholding tax or other taxes in the countries in which Fund assets are invested. Neither the Management Company nor the Depositary will obtain individual or collective receipts for such taxes.

According to the current legislation, unitholders must not pay any income, gift, inheritance or other taxes in Luxembourg on units or income therefrom, unless they are resident in Luxembourg or maintain a business establishment there.

Purchasers are recommended to obtain advice on the laws and regulations (e.g. those concerning the tax system and foreign exchange controls) applicable to the subscription for, purchase, possession and sale of units as well as the receipt of income in their place of origin, permanent or temporary residence.

## ***l Data protection***

### Privacy statement

Specific personal data relating to the investors (in particular the name and address of each investor and the amount invested by them) may be gathered and/or processed and used by the Management Company.

The Management Company must safeguard the privacy and integrity of the investors in relation to any personal data which is contained in a document that is provided by the investor as well as any other personal data which is gathered in the course of the business relationship with the Fund. The Fund and the Management Company process personal data in accordance with the applicable data protection laws, including but not limited to Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "GDPR").

The investor confirms that he has read and understood the Fund's privacy statement which is available at <https://www.universal-investment.com/de/datenschutz-anleger-ubos>. This data protection declaration may be amended from time to time, and the current version of it is available via the aforementioned link.

## ***m Prevention of money laundering***

In accordance with the current version of the Luxembourg Law of 12 November 2004 on the fight against money laundering and the financing of terrorism, the Luxembourg Law of 13 February 2018 (partially) implementing Directive (EU) 2015/849 of 20 May 2015 on the prevention of money laundering, the Grand-Ducal Regulation of 1 February 2010, Regulation 12-02 of 14 December 2012 and the relevant circulars and regulations of the CSSF, traders according to Article 2 of the Law of 2004 and all the people and companies working in the financial sector are subject to obligations to fight money laundering and the financing of terrorism in order to prevent the use of undertakings for collective investment for money laundering purposes. This also includes the obligation to identify and verify the identity of investors and investment monies. **Investors' depositary institutions are required to implement identification and identity verification processes.**

In accordance with these provisions, these identification processes are implemented and, if necessary, detailed verification is carried out by the Management Company or the Registrar and Transfer Agent of the Fund.

Investors must enclose with the subscription documents the legally prescribed documents proving the investors' identity. These documents vary depending on the type or corporate form of the investor. **The identification and identity verification obligation is incumbent upon the investors' depositary institutions.**

The Fund and the Registrar and Transfer Agent retain the right to demand appropriate (additional) information which is required in order to verify the identity of an applicant. In the event of a delay or a failure by the applicant to provide the information required for verification purposes, the Management Company or the Registrar and Transfer Agent can refuse the application, and it is not liable for any interest, costs or compensation.

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

The recording of information which is to be provided in connection with investment in the Fund is undertaken exclusively to comply with the requirements on the prevention of money laundering. All the documents retained in this connection are retained for five years after the ending of the business relationship.

In relation to the undertaking of investments and divestments by the Company, in accordance with and as required by applicable law, the Management Company will exercise sufficient due diligence with regard to the Fund's assets. The Management Company shall also implement increased due diligence obligations in accordance with Article 3 of CSSF Regulation 12-02 if units are subscribed to through an intermediary which acts on behalf of its customers. This is done for the purpose of fulfilling all KYC obligations and obligations to combat money laundering and terrorist financing in accordance with the applicable provisions of the AML/CFT law so that the statutory provisions and regulations applicable to the Fund and the Management Company are fulfilled.

#### ***n*** ***Governing law and contract language***

The Fund is subject to the law of the Grand Duchy of Luxembourg. The same applies to the legal relationship between the unitholders and the Management Company.

The German versions of the Sales Prospectus, Management Regulations and other documents and publications are binding.

#### ***o*** ***Investor information***

Investors may submit complaints free of charge. Complaints may be sent by post or e-mail to the Management Company. Investors will find free information on the processing of complaints on the Management Company's website ([www.universal-investment.com](http://www.universal-investment.com)).

Information on contributions that the Management Company receives from third parties or pays to third parties, as well as the method for calculating these contributions, may be found free of charge on [www.universal-investment.com](http://www.universal-investment.com). Upon request of the investor, further details on contributions may be given.

Investors may find a brief description of the strategies regarding the use of voting rights by the Management Company free of charge on the website [www.universal-investment.com](http://www.universal-investment.com).

In addition, the Best Execution Principles may also be found on the website [www.universal-investment.com](http://www.universal-investment.com).

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

The Management Company shall inform investors of the fact that an investor may only assert investor rights in their entirety directly against the UCITS if the investor has been entered into the register of unitholders of the UCITS in its own name. In cases where an investor has invested in a UCI or UCITS via an intermediary agent, which makes the investment in its own name but on behalf of the investor, the investor may not necessarily be able to assert all the investor rights directly against the UCI or UCITS.

Investors are advised to be aware of their rights.

## Fund overview

<b>Fund name</b>	Berenberg Euro Floating Rate Notes (SGB)
<b>Fund currency</b>	EUR
<b>Investment objective</b>	The objective of the Fund is to achieve a return in EUR, taking into account the investment restrictions for social security agencies arising from the German Social Security Code (SGB IV). No assurance can be given that the objectives of the investment policy will be achieved.
<b>Investment strategy</b>	<p>The Fund invests primarily in floating rate notes/bonds denominated in EUR as well as debt securities and other creditor rights securities of issuers with their registered offices in an EU Member State, the European Economic Area (EEA), the Organisation for Economic Co-operation and Development (OECD) and Switzerland, if the securities are admitted for official trading on a stock exchange in the European Union, in the European Economic Area, within the OECD or in Switzerland or in another organised market in a Member State of the European Union, the EEA, the OECD or Switzerland, if this market is recognised, open to the public and operates regularly. Bonds from EEA currencies and Switzerland may be added in a currency-hedged fashion.</p> <p>Only securities with an investment-grade rating of a recognised rating agency are acquired.</p> <p>If several recognised rating agencies have issued a rating for a security, the aforementioned minimum ratings must have been issued by all rating agencies that have issued a rating for the security.</p> <p>Floating rate bonds and securities issued or guaranteed by a central, regional or local authority or the central bank of a Member State of the European Union, the European Central Bank or the European Investment Bank may also be acquired, provided that these floating rate bonds and securities are at least rated investment grade by a recognised rating agency.</p> <p>In the event of a downgrade below the minimum rating, the sale of the variable rate bonds/securities will be carried out at the next possible date, taking into account the interests of the unitholders.</p> <p>In addition, bank balances may be held with a credit institution in a member state of the European Union if a protection scheme from the banking industry is included in the guarantee.</p> <p>The Fund is actively managed.</p> <p>This Fund promotes environmental and social characteristics within the meaning of Article 8 of the Disclosure Regulation. However, the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities, nor are sustainable investments targeted within the meaning of Art. 2(17) of the Disclosure Regulation.</p> <p>The principal adverse impacts on sustainability factors ("PAI") are not considered in the investment process at Management Company level, because the Management Company does not pursue a general strategy across funds for the consideration of PAI.</p> <p>Even though the PAIs are not considered at Management Company level, the adverse impacts on sustainability factors are part of the</p>

	<p>investment strategy of the (sub-)fund and are therefore considered in a binding way.</p> <p>Information on the principal adverse impacts on sustainability factors is available in the Fund's annual report (annual reports to be published as of 01/01/2023).</p> <p><b>Further pre-contractual disclosure on environmental and/or social characteristics is provided in the Annex “Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852”.</b></p>
<b>Investment principles</b>	<p>Futures, interest rate swaps and options may only be used for hedging purposes.</p> <p>Investments in target funds are not permitted.</p> <p>In addition, the Fund may hold sight and time deposits with banks. The Fund may hold up to 20% of liquid funds. The 20% limit may be temporarily exceeded for an absolutely necessary period of time if circumstances require this due to exceptionally unfavourable market conditions and if such a violation is justified taking into account the interests of the investors. In addition, the Fund may also invest in money market instruments, such as longer-term time deposits or money market funds, for financial purposes or in the event of unfavourable market conditions. These, including sight deposits, are limited to a maximum of 49%.</p> <p><b>Note:</b> Of the possible techniques for efficient portfolio management, the fund currently only uses derivative transactions, which can be employed exclusively for hedging purposes. At present, the Fund does not currently use any securities financing transactions or total return swaps in accordance with Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012. If the Management Company intends to use other techniques for efficient portfolio management or securities financing transactions for the Fund, this Sales Prospectus shall be amended accordingly.</p> <p>No direct investments are made in asset-backed securities (ABS) and mortgage-backed securities (MBS).</p>
<b>Investor profile</b>	The Fund is aimed both at institutional investors subject to the provisions of the German Social Code as well as to private and institutional investors who seek a return in EUR.
<b>Risks affecting performance</b>	<p>Price risks entailed by changes in interest</p> <p>Risks associated with derivatives</p> <p>Capital is subject to fluctuations and the capital loss must be borne by the investor</p>
<b>Management Company</b>	Universal-Investment-Luxembourg S.A., Luxembourg
<b>Depositary</b>	BNP Paribas – Luxembourg Branch
<b>Registrar and Transfer Agent</b>	BNP Paribas – Luxembourg Branch

<b>Paying Agent in Luxembourg</b>	BNP Paribas – Luxembourg Branch	
<b>Portfolio Manager</b>	Joh. Berenberg Gossler & Co. KG, Hamburg	
<b>Collateral Manager</b>	Universal-Investment-Gesellschaft mbH	
<b>Valuation day</b>	Whole banking days which are whole trading days in both Luxembourg and Frankfurt am Main.	
<b>Payment of issue and redemption price</b>	Two banking days after the relevant valuation day.	
<b>Accounting year</b>	1 January to 31 December	
<b>Fund term</b>	Indefinite	
<b>Flat fee</b>	up to 0.50% p.a.	
<b>Unit class</b>	R D	I D*
<b>Currency</b>	EUR	EUR
<b>ISIN code</b>	LU0321158700	LU0321158882
<b>Unit classes hedging</b>	N/A	N/A
<b>Securities ID No</b>	A0M5AB	A0M5AC
<b>Initial issue price (without issuing surcharge)</b>	EUR 100.00	EUR 100.00
<b>Minimum investment</b>	1 unit	1 unit
<b>Current front-end load applicable</b>	up to 1.0%	None
<b>Current redemption fee</b>	none at present	none at present
<b>Launch date / activation date and place of launch</b>	25 October 2007 in the Grand Duchy of Luxembourg	25 October 2007 in the Grand Duchy of Luxembourg
<b>Use of earnings</b>	Distribution	Distribution
<b>Currency risks on redemption or conversion of units</b>	Units are denominated in EUR. There is a currency risk for investors who invest in a different currency.	
<b>Countries in which units are offered for sale</b>	Luxembourg, Germany	
<b>Risk management procedure</b>	Commitment approach in accordance with CSSF Circular 11/512	



<b>Classification according to the Disclosure Regulation</b>	The Fund is classified as an Article 8 Fund for the purposes of the Disclosure Regulation.
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\* Unit class I D is reserved for institutional investors according to Luxembourg law, and it may exclusively be subscribed to by such persons. The Management Company reserves the right to demand that investors who wish to invest or have invested in unit class I D provide evidence that they are institutional investors.

**Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852**

**Sustainable investment**

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of

**environmentally sustainable economic activities.** That Regulation does not lay down a list of socially sustainable economic activities.

Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

<b>Product name:</b> Berenberg Euro Floating Rate Notes (SGB)		<b>Legal entity identifier:</b> 529900YAMQ69JS82JD27	
<b>Environmental and/or social characteristics</b>			
<b>Does this financial product have a sustainable investment objective?</b>			
●● <input type="checkbox"/> Yes		●● <input checked="" type="checkbox"/> No	
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>		<input type="checkbox"/> It <b>promotes environmental/social characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of _% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>	
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective is:</b> ____%		<input checked="" type="checkbox"/> It promotes environmental/social characteristics, but <b>does not make any sustainable investments.</b>	



**What environmental and/or social characteristics are promoted by this financial product?**

This (sub-)fund promotes environmental and social characteristics within the meaning of Article 8 of the Disclosure Regulation.

Environmental and social characteristics are taken into account in the investment decisions such as climate change and environmental pollution in the field of the environment, working conditions, health and safety in the social sector. In addition, aspects of corporate governance are given consideration.

## Sustainability indicators

measure how the environmental or social characteristics promoted by the financial product are attained.

### ● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The (sub-)fund applies activity-based exclusions. Companies with the following activities are excluded:

- Conventional weapons (upstream activities, production, downstream activities) > 5% turnover
- Coal (upstream activities, production, downstream activities) > 25% turnover
- Companies that are active in uranium mining (exclusion if the turnover threshold of 5 percent is exceeded at issuer level)
- Companies that are involved in power generation based on atomic/nuclear energy (exclusion if the turnover threshold of 5 percent is exceeded at issuer level)
- Companies that are involved in the operation of nuclear power plants and/or the manufacture of key components for nuclear power plants (exclusion if the turnover threshold of 5 percent is exceeded at issuer level)
- Nuclear weapons (upstream activities, production, downstream activities) > 5% turnover
- Tobacco (production) > 5% turnover
- Unconventional weapons (upstream activities, production, downstream activities) > 0% turnover
- Unconventional oil & gas (production) > 5% turnover

The (sub-)fund also applies norms-based screening in relation to international frameworks, such as the “UN Global Compact Principles”, “OECD Guidelines for Multinational Enterprises” and “International Labour Organisation (ILO) Standards”. The (sub-)fund also applies other norms-based screening based on MSCI ESG Research’s ESG controversy methodology. On this basis, companies are identified that are directly related to persistent, particularly serious ESG controversies. They are excluded as a matter of principle for investment purposes.

The (sub-)fund applies exclusions for countries. The following exclusions are applied:

- Countries with serious violations of democratic rights and human rights are excluded on the basis of Freedom House’s assessment.
- Exclusion of sovereign bonds from countries that have a government ESG rating of worse than B from MSCI ESG Research

The exclusion criteria for the use of active target funds, ETPs/ETFs and derivatives/certificates differ from the above exclusion criteria for individual securities and are described below:

Active target funds are reviewed as part of a holistic qualitative and quantitative analysis. The core element is an internally developed questionnaire and personal interviews with the asset managers of the target funds used. In addition, sustainability assessments by recognised external agencies round off the process. A standardised and systematic evaluation of the information collected takes place at regular intervals, on the basis of which an internal score is compiled.

When purchasing new target funds, a fundamental part of the requirements is compliance with minimum standards defined as exclusion criteria:

- Exclusion of fund companies that do not sign the “UN Principles for Responsible Investment” and violate the “United Nations Global Compact Principles”.
- Complete exclusion of producers of controversial weapons and their suppliers of critical components from the individual security investment universe of the target fund.

For existing positions, a compliance review takes place on a regular basis. In the event of new findings with regard to the violation of the aforementioned minimum standards, a reassessment takes place internally. Subsequently, contact is made with the asset manager to obtain renewed compliance with the minimum standards. This

exchange may extend over a longer period of time (maximum 12 months). If there is no change, the position will be sold in the interest of the company.

When using ETPs/ETFs, we pursue the goal of participating in the index performance. We only invest in ETPs/ETFs from providers that are signatories to the “UN Principles for Responsible Investment”, do not violate the “United Nations Global Compact Principles” and do not have any particularly serious ESG controversies.

Derivatives and certificates

Individual securities:

- When using OTC derivatives/certificates on individual securities, the individual security-specific exclusion criteria described above apply both to the underlying and to the issuer or counterparty.
- When using exchange-traded derivatives on individual securities, the individual security-specific exclusion criteria described above apply only to the underlying.

Indices:

- When using derivatives/certificates on indices, we pursue the goal of participating in the index performance or efficiently managing portfolio risks. A review of the individual securities of the index and the application of individual security-specific exclusion criteria is therefore not carried out.
- For OTC derivatives/certificates on indices, the individual security-specific exclusion criteria described above apply only to the issuer or the counterparty.

- ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable

- ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable

- ***How have the indicators of adverse impacts on sustainability factors been taken into account?***

Not applicable

- ***How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? More information:***

Not applicable

The EU Taxonomy sets out a “do not significantly harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The principle of "avoidance of significant adverse effects" applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining part of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

Yes, the following PAIs are taken into account:

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- Exposure to companies operating in the fossil fuel sector (share of investments in companies operating in the fossil fuel sector)
- Share of energy consumption from non-renewable energy sources (share of the energy generation of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources)
- Activities that have an adverse effect on vulnerable biodiversity areas (share of investments in investee companies with sites/operators in or near vulnerable biodiversity areas, provided that the activities of these companies have a detrimental effect on these areas)
- Emissions in water (tonnes of emissions in water caused by investee companies per EUR million invested, expressed as a weighted average)
- Share of hazardous and radioactive waste (tonnes of hazardous and radioactive waste generated by investee companies per EUR million invested, expressed as a weighted average)
- Violations of the UNGC Principles and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (share of investments in investee companies in breach of the UNGC Principles or the OECD Guidelines for Multinational Enterprises)
- A lack of processes and compliance mechanisms to monitor compliance with the UNGC Principles and OECD Guidelines for Multinational Enterprises (share of investments in investee companies that have not set up guidelines for monitoring compliance with the UNGC Principles and OECD Guidelines for Multinational Enterprises or procedures for handling complaints due to violations of the UNGC Principles and OECD Guidelines for Multinational Enterprises)
- Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons) (share of investments in investee companies involved in the manufacture or sale of controversial weapons)
- Countries in which investments are made in violation of social provisions (number of countries in which investments are made in accordance with international treaties and conventions, the principles of the United Nations or, if applicable, national law breaching social provisions)
- Countries in which investments are made in violation of social provisions (percentage of countries in which investments are made in accordance with international treaties and conventions, the principles of the United Nations or, if applicable, national law breaching social provisions)
- Soil degradation, desertification, soil sealing (share of investments in investee companies whose activities lead to soil degradation, desertification or soil sealing)

The Fund takes into account adverse impacts on sustainability factors (Principal Adverse Impacts = PAIs) through binding elements of its investment strategy for individual stocks. More specifically, PAIs are taken into account in a binding manner through activity-related exclusions based on corporate turnover and through norms-related exclusions.

Information on PAIs is available in the (sub-)fund's annual report (annual reports from 01.01.2023).

No



## What investment strategy does this financial product follow?

To fulfil the promoted characteristics, the Fund's investment strategy focuses on ESG exclusion criteria applied to potential investments to ensure compliance with minimum ESG standards. The evaluation is based on data from external data providers, which are automatically made available in our systems.

The Berenberg ESG exclusion criteria set a minimum standard from an ESG perspective in order to qualify as a potential investment for the portfolio. In addition, the ESG controversy analysis performed by our external ESG data provider in individual securities investments is used to identify companies directly associated with persistent particularly serious ESG controversies. They are excluded as a matter of principle for investment purposes. Other ESG elements, in addition to the exclusion criteria and ESG controversy analysis, may be implemented in the Fund.

The asset allocation information explains what minimum environmental and/or social safeguards are applied to "Other investments".

The **investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

- **What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social objectives promoted by this financial product?**

The sustainability indicators described above to measure the achievement of the (sub-)fund's environmental and/or social characteristics are the binding elements of the (sub-)fund's investment strategy.

- **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

Not applicable

- **What is the policy to assess good governance practices of the investee companies?**

Good governance practices of the investee companies are evaluated on the basis of the following elements of the investment strategy:

- o Application of norms-based ESG exclusion criteria and monitoring ESG controversies with the exclusion of companies directly associated with persistent particularly serious ESG controversies, including governance practices and compliance with international norms based on Berenberg Wealth and Asset Management ESG principles and ESG exclusion criteria

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance



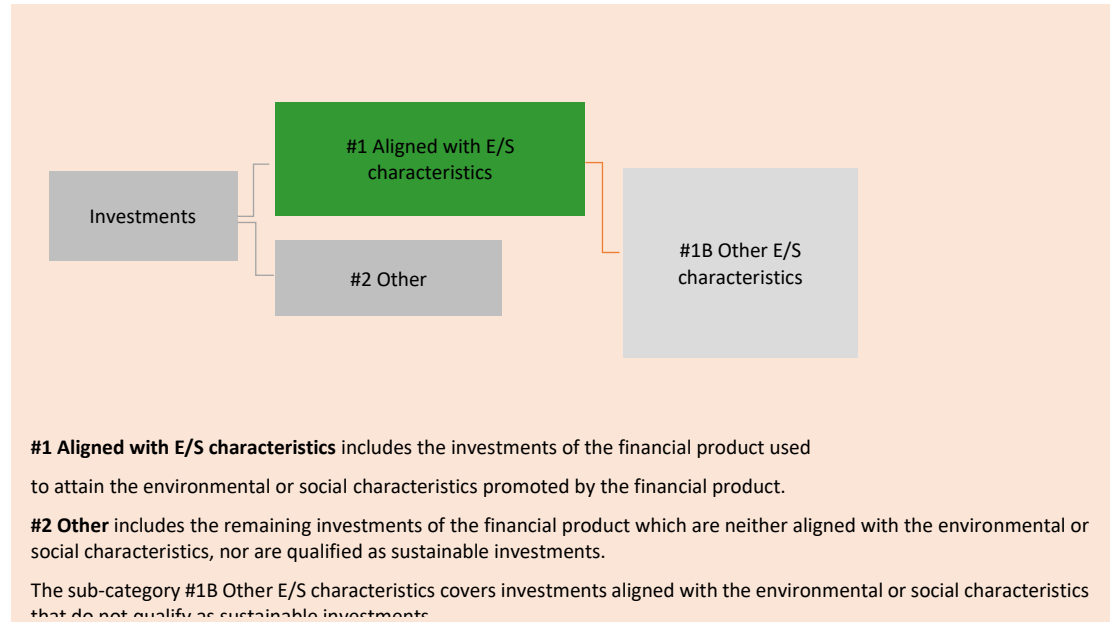
## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in certain assets.

The asset allocation of the (sub-)fund and to what extent the (sub-)fund may assume direct or indirect exposures to companies can be found in the Terms and Conditions of Investment and the investment guidelines of the Prospectus. The minimum share of investments of the (sub-)fund, which are made to fulfil the promoted environmental and/or social characteristics, is 51% of the value of the (sub-)fund's assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies



## ● How does the use of derivatives attain the environmental or social characteristics promoted by this financial product?

Derivatives are used in accordance with the provisions of the Terms and Conditions of Investment and the investment guidelines of the Prospectus. If derivatives may be acquired, they do not explicitly serve to attain the environmental and/or social characteristics of the (sub-)fund and are included under "Other". When selecting derivatives, an environmental and/or social minimum safeguard is ensured. This means derivatives with a non-sustainable underlying asset may not constitute a significant component of the portfolio.



## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

With regard to conformity to the EU Taxonomy, the criteria for **fossil gas** include limiting emissions and switching to renewable energy or low-carbon fuels by the end of 2035. The criteria for **nuclear energy** include comprehensive safety and waste management regulations.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

The minimum level of sustainable investments with an environmental objective as defined by the EU Taxonomy is 0%.

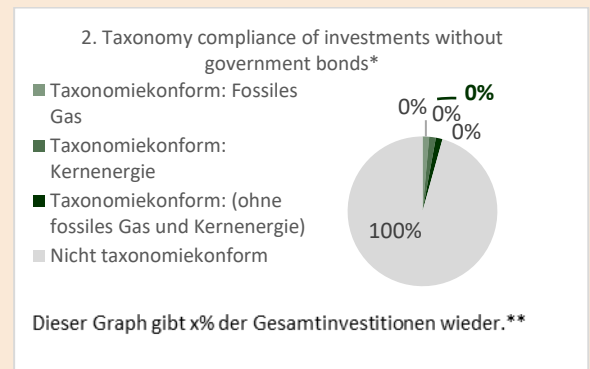
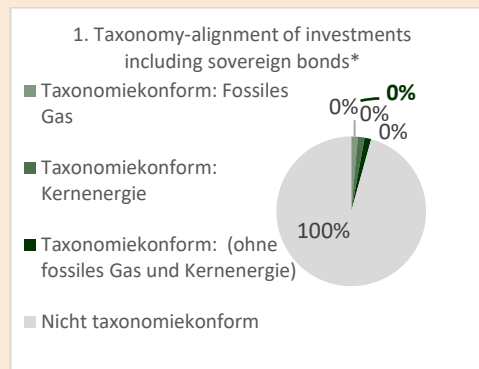
### ● Does the financial product involve investing in EU Taxonomy activities in the field of fossil gas and/or nuclear energy<sup>1</sup>?

Yes:

In fossil gas     In nuclear

No

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**



\* For the purposes of these graphs, "sovereign bonds" consist of all sovereign exposures.

### ● What is the minimum share of investments in transitional activities and enabling activities?

A minimum share of investments in transitional activities and enabling activities has not been set.

<sup>1</sup> Activities in the field of fossil gas and/or nuclear energy are only aligned with the EU Taxonomy if they contribute to climate change mitigation ("climate protection") and do not significantly affect the objective of the EU Taxonomy. The full criteria for economic activities aligned with the EU Taxonomy in the field of fossil gas and nuclear energy are laid down in Commission Delegated Regulation (EU) 2022/1214.

\*\* Since there is no Taxonomy alignment, there is no impact on the graph when sovereign bonds are excluded (i.e. the percentage of Taxonomy-aligned investments remains at 0%) and the Management Company therefore believes that it is not necessary to mention this information.





are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.



### **What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

A minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy has not been set.



### **What is the minimum share of socially sustainable investments?**

A minimum share of socially sustainable investments has not been set.



### **What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The "Other Investment" category includes cash holdings and investments in products, which are used only for hedging purposes.

For other investments that do not fall within the scope of the (sub-)fund's sustainability strategy, it is ensured that they are not used contrarily to the sustainability strategy. To the extent that derivatives may be acquired, it is ensured that the underlying asset complies with the sustainability strategy. If an index is used as the underlying asset, it is ensured that the index has sustainability characteristics. Due to the financial instruments available on the market, the sustainable characteristics of the underlying index may deviate from the (sub-)fund characteristics. All derivatives whose underlying asset may be classified as not in line with the sustainability strategy as well as currency holdings that do not correspond to the (sub-)fund's currency, or which are not denominated in EUR, USD, GBP, CHF or JPY, may not be included as an integral part of the (sub-)fund. This does not include the use of derivatives to offset negative market fluctuations. In addition, investments can be specifically excluded from the sustainability strategy that are not subject to an explicit assessment of minimum environmental and/or social safeguards.



**Was a specific index designated as a benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

Not applicable

- **How is the reference benchmark continuously aligned with each of the environmental and social characteristics promoted by the financial product?**

Not applicable

- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**

Not applicable

- **How does the designated index differ from a relevant broad market index?**

Not applicable

- **Where can the methodology used for the calculation of the designated index be found?**



Not applicable

**Where can I find more product-specific information online?**

**Further product-specific information can be found at:**

<https://fondsfinder.universal-investment.com/api/v1/LU/LU0321158700/document/SRD/de>



## **Management Regulations**

### ***Article 1 – The Fund***

The Berenberg Euro Floating Rate Notes (SGB) (hereinafter referred to as the "Fund") is a legally dependent investment fund (fonds commun de placement) according to the laws of the Grand Duchy of Luxembourg, and it was established in accordance with Part I of the Luxembourg Law of 20 December 2002. Since 1 July 2011, the Fund has been subject to the Law of 17 December 2010 ("Law of 2010"). It is an investment fund held by all the unitholders, consisting of securities and other legally permitted assets (the "fund assets"), which is managed on behalf of the Management Company and for the collective account of the holders of units (hereinafter the "unitholders"), based on the principle of risk diversification, by Universal-Investment-Luxembourg S.A., a public limited company subject to the laws of the Grand Duchy of Luxembourg, whose registered office is in Grevenmacher (hereinafter the "Management Company").

The Fund qualifies as a UCITS pursuant to Article 1(2) 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 Directive"), as amended, and may therefore be offered for sale subject to registration in each EU Member State.

The unitholders hold a share in the assets of the Fund proportional to the units they hold.

Certificates are not generally issued for fund units and the holding is evidenced by written confirmation of the units at the time they are issued, once the issue price has been remitted to the Depositary. In this case, the units are allocated down to a thousandth of a unit and are entered in a registration account/unit register ("registered units") held by the Registrar and Transfer Agent. There is no right to receive physical certificates. The units can also be securitised by way of global notes.

The Fund's Management Regulations can provide different unit classes for the Fund. The unit classes may differ from each other especially in terms of expenses and costs or the way in which the income is used and the type of investors. All units bear equal entitlement to participate in yields, price gains and liquidation proceeds pertaining to their unit class from the date they are issued.

The Management Company may at any time combine two or more unit classes and close one or more unit classes, although a unit class destined for investment by private customers may not be merged with a unit class intended for institutional customers.

The assets of the Fund which are held in safekeeping by a depositary must be kept separate from the assets of the Management Company.

The contractual rights and obligations of the shareholders, the Management Company and the Depositary are set out in these Management Regulations, whose current version and any amendments are published in RESA and are deposited with the commercial register of Luxembourg from which they may be obtained.

By purchasing a unit, the unitholder acknowledges the Sales Prospectus, including the Management Regulations and all approved and published amendments thereto.

## ***Article 2 – The Management Company***

Subject to the investment restrictions in Article 4 of the Management Regulations, the assets of the Fund are managed by the Management Company in its own name, but exclusively in the interests and for the collective account of the Fund's unitholders. The authority of the Management Company extends in particular, but not exclusively, to the purchase, sale, subscription, conversion and acceptance of securities and other legally permissible assets and to the exercise of any and all rights associated directly or indirectly with the assets of the Fund. The Management Company sets the investment policy of the Fund taking account of the legal and contractual investment restrictions in Article 4 of the General Section of the Management Regulations.

The Management Board of the Management Company may entrust one or more of its members and/or employees with the day-to-day management of the Fund. The Management Company is advised by the investment adviser, but is nevertheless free to make its own decision. In addition, the Management Company may bring in one or more investment advisers and one or more fund managers at its own cost and on its own responsibility.

The Management Company is entitled to use the remuneration charged to the fund assets as determined in the Management Regulations and Sales Prospectus.

## ***Article 3 – The Depositary***

BNP Paribas, Luxembourg Branch, has been appointed as the Depositary of the Fund pursuant to the written agreement between BNP Paribas, Luxembourg Branch and the Management Company (the "Depositary").

The Depositary carries out three types of tasks, namely (i) the supervisory duties (in accordance with Art. 34(1) of the Law of 17 December 2010), (ii) monitoring of the cash flows of the Fund (in accordance with Art. 34(2) of the Law of 17 July 2010) and (iii) safekeeping of the assets of the Fund (in accordance with Art. 34(3) of the Law of 17 December 2010).

As part of its supervisory duties, the Depositary is obligated to:

- (1) ensure that the sale, issue, repurchase, redemption and cancellation of units are carried out on behalf of the Fund in accordance with the Law of 17 December 2010 and the Fund's Management Regulations;
- (2) ensure that the value of units is calculated in accordance with the Law of 17 December 2010 and the Fund's Management Regulations;

- (3) follow the instructions of the Management Company acting on behalf of the Fund, unless they conflict with the Law of 17 December 2010 or the Fund's Management Regulations;
- (4) ensure that, in the case of transactions involving assets of the Fund, the contribution is transferred to the Fund within the usual time limits;
- (5) ensure that the income of the Fund is used in accordance with the Law of 17 December 2010 and its Management Regulations.

The primary objective of the Depositary is to protect the interests of the Fund's unitholders who always take precedence over commercial interests.

Conflicts of interest may arise if, in parallel with the appointment of BNP Paribas, Luxembourg Branch, the Management Company or the Fund has other business relationships with BNP Paribas, Luxembourg Branch.

Such other business relationships may include services relating to

- the outsourcing/transfer of middle or back office functions (e.g. trading, position management, post-trading monitoring of compliance with investment rules, collateral management, OTC valuation, fund management including calculation of net asset value, transfer agent, fund trading services) in which BNP Paribas or its affiliates act as agents of the Fund or the Management Company, or
- the selection of BNP Paribas or its affiliates as counterparty or provider of ancillary services, e.g. for the execution of foreign exchange transactions, securities lending transactions and interim financing.

The Depositary shall ensure that any transaction relating to these business relationships between the Depositary and a company belonging to the same group as the Depositary is carried out on arm's length terms and in the best interest of the unitholders.

For the management of conflicts of interest, the Depositary has implemented a policy to address, in particular, the following:

- identifying and analysing potential conflicts of interest;
- recording, managing and monitoring conflicts of interest through:
  - o trust in the permanent measures taken to address conflicts of interest, such as separation of duties, separation of reporting channels, insider lists for employees;
  - o conducting individual assessments to (i) take appropriate preventive measures such as creating a new watch list, introducing a new "Chinese Wall" (i.e. functional and hierarchical separation of their safekeeping duties from other activities), ensuring that transactions are carried out on arm's length terms and/or notifying the relevant unitholders of the Fund, or (ii) refuse to carry out the activity causing the conflict of interest;
  - o defining ethical principles (deontology);

- drawing up an overview of conflicts of interest to create a catalogue of permanent measures introduced to protect the interests of the Company; or
- introducing internal procedures, e.g. in relation to (i) the appointment of service providers that could lead to conflicts of interest, (ii) new products/activities of the Depositary to assess any situation that could lead to a conflict of interest.

In the event that conflicts of interest arise, the Depositary shall make reasonable efforts to resolve these conflicts of interest fairly (taking into account its obligations and duties) and ensure that the Company and the unitholders are treated fairly.

The Depositary may delegate the safekeeping of the Fund's assets to third parties, subject to the conditions laid down in the applicable laws and regulations and in the provisions of the Depositary agreement. The appointment of these delegates and their ongoing supervision shall be carried out to the highest quality standards and shall include the management of potential conflicts of interest that may arise from this appointment. These delegates must be subject to effective prudential regulation (including minimum capital requirements, regulatory monitoring in the relevant jurisdiction and external, periodic review) for the custody of financial instruments. The liability of the Depositary shall not be affected by such a delegation.

A potential risk of conflicts of interest may arise in situations where the delegates enter into or maintain a separate trading and/or business relationship with the Depositary in addition to the performance of the delegated custody functions.

In order to prevent these potential conflicts of interest from arising, the Depositary is organised internally in such a way that these separate commercial and/or business relationships have no influence on the selection of the delegate or the monitoring of the delegate's performance under the transfer agreement.

A list of these delegates and sub-contractors with the safekeeping functions is available on the following website:

<https://securities.cib.bnpparibas/regulatory-publications/>

This list may be subject to change.

Up-to-date information on the Depositary's safekeeping duties as well as a list of delegates and sub-contractors and any conflicts of interest that may arise can be obtained free of charge upon request from the Depositary.

BNP Paribas, Luxembourg Branch, as part of a group that provides its clients with a global network covering different time zones, may transfer some of its operations to other companies belonging to the BNP Paribas Group and/or third parties, with ultimate accountability and responsibility remaining in Luxembourg. The entities involved in supporting the internal organisation, banking services, central administration and transfer agent services are listed on the website at <https://securities.cib.bnpparibas/luxembourg/> in the "Publications Corner" section. Further information on the international operating model of BNP Paribas, Luxembourg Branch, in conjunction with the Company may be provided by the Company and/or the Management Company upon request.

#### **Article 4 – General guidelines on investment policy and investment limits**

**(A)** The Management Company may make certain types of investments subject to the investment policy specified in the fund overview.

These investments consist of:

1. Securities and money market instruments:
  - which are traded on a regulated market (as defined in Directive 2004/39/EU of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments);
  - which are traded on another regulated market of a Member State of the EU which operates regularly and is recognised and open to the public if this stock exchange or regulated market is specified in Art. 21 of the Special Management Regulations;
  - which are officially listed on a stock exchange in a third country or traded on another regulated market in a third country which is recognised, open to the public and operates regularly (third countries are countries in North or South America, Australia including Oceania, Africa, Asia and/or Europe which are not EU member states);
  - new issues if the terms of issue include the obligation that admission to official listing on a stock exchange or another regulated market which operates regularly and is recognised and open to the public is applied for and the listing is obtained at the latest by one year after issue.
2. Sight deposits or other callable deposits with a maturity period of 12 months at most at qualifying credit institutions, provided the credit institution in question has its registered office in a Member State of the European Union or, if the registered office of the credit institute is in an OECD and GAFI Member State, that it is subject to supervisory provisions which are, in the opinion of the CSSF, equivalent to those under EU law.
3. Derivative financial instruments (“derivatives”) including equivalent instruments settled in cash which are traded on a regulated market referred to in the first, second and third indent of A(1), and/or derivatives which are not traded on a stock exchange (“OTC derivatives”), provided:
  - the underlying securities are instruments as defined in section A or are financial indices, interest rates, exchange rates or currencies in which the Fund is permitted to invest according to its investment objectives;
  - the counterparties in transactions with OTC derivatives are first-rate institutions of the categories permitted by the CSSF and subject to supervisory oversight; and
  - the OTC derivatives are subject to a reliable and verifiable assessment on a daily basis and can, at any time, be sold, liquidated or closed out through a counter transaction at a reasonable current value.
4. Money market instruments which are not traded on a regulated market and which do not fall under the definition of Article 1 of the Law of 2010, if the issue or the issuer of those instruments is already subject to provisions concerning the protection of deposits and investors, and provided that they are:



- issued or guaranteed by a central, regional or local corporation or the central bank of a Member State, the European Union or the European Investment Bank, an OECD Member State or, in the case of a Federal state, a constituent state of the Federation, or by an international body under public law to which at least one Member State belongs;
  - issued by an undertaking whose securities are traded on the regulated markets referred to in A(1);
  - issued or guaranteed by an institution which is, in accordance with the criteria set out in EU law, subject to official oversight, or an institute which is subject to supervisory provisions which are at least as rigorous, according to the CSSF, as those of EU law, and which complies with them;
  - issued by other issuers which belong to a category that has been admitted by the CSSF, insofar as investments in those instruments are subject to regulations for investor protection which are equivalent to those of the first, second or third indents and, insofar as this involves an issuer which is either company with equity of at least ten million euros (EUR 10 million), which provides and publishes its annual financial statements in keeping with Directive 78/660/EEC, or a legal entity which is responsible, within a group encompassing one or more companies quoted on the stock exchange, for financing that group, or else a legal entity whose task is to finance the securitisation of liabilities by making use of a credit line granted by a bank.
5. Units in target funds complying with the following definition (“target funds”): UCITS pursuant to EU Directive 2009/65 or UCIs as defined in Article 1(2)(a) and 1(2)(b) of EU Directive 2009/65, whose registered office is located in a Member State or a non-EC state, provided:
- these UCIs were admitted in accordance with legal provisions which subject them to official oversight which in the view of the CSSF is equivalent and there is sufficient guarantee of collaboration between the authorities;
  - the degree of protection for the investors in the UCIs is equivalent to that of the investors in a UCITS, and particularly the provisions concerning the separate custody of the Fund, borrowing, granting credit and short sales of securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;
  - the business activities of the other UCIs are the subject of semi-annual and annual reports which allow an assessment to be made of the assets and liabilities, income and transactions in the reporting period; and
  - the UCITS or UCI whose units are to be acquired may, in accordance with its terms of contract or articles of association, invest a maximum of 10% of its assets in units of other UCITS or UCIs.
6. However, the Fund may invest a maximum of 10% of its net assets in other securities and money market instruments than those mentioned in A(1)–(4).
7. The Fund also holds liquid assets.

Assets whose sale is subject to any restrictions as a result of contractual agreements are not acquired.

Following the principle of risk diversification, the assets of the Fund shall be invested in accordance with the investment policy described below and comply with the investment restrictions pursuant to this Article of the Management Regulations.

**B) The following investment restrictions are applied to the net fund assets:**

1. The Fund is permitted to invest up to 10% of its net assets in securities or money market instruments from a single issuer. This limit does not affect the holding of liquid assets. The Fund may invest up to 20% of its net assets in investments in a single institution. This limit does not affect the holding of liquid assets either. The risk exposure to a counterparty in transactions of the Fund in OTC derivatives must not exceed the following:
  - if the counterparty is a qualifying credit institution in accordance with the definition in A(2) 10%;
  - otherwise, 5% of the net fund assets.
2. The total value of the securities and money market instruments of issuers in which the Fund has invested more than 5% of its net assets cannot exceed 40% of the value of its net assets. This limit does not apply to deposits and OTC derivative transactions undertaken with financial institutions which are subject to prudential supervision.
3. Irrespective of the single upper limits under B(1), the Fund is not permitted to invest more than 20% of its net assets in a combination of:
  - securities or money market instruments issued by that institution, and/or
  - deposits made with that body and/or
  - OTC derivatives acquired from that body.by this institution.
4. The upper limit in the first sentence of B(1) is raised to 35% if the securities or money market instruments are issued or guaranteed by a Member State or its local bodies, an OECD Member State or public international bodies to which one or more Member States belong.
5. The limit laid down in the first sentence of B(1) is raised to 25% if the debt instruments are issued by a credit institution that has its registered office in a Member State and is subject to particular public supervision based on legal provisions for the protection of the investors in these debt instruments. In particular, the income from the issue of these bonds must be invested in compliance with the legal provisions in assets that provide adequate cover for the resulting liabilities over the entire term of the bonds and are intended predominantly for the repayment of capital and interest should the issuer default.

If the Fund invests over 5% of its net assets in bonds within the meaning of B(5) above, which are issued by a single issuer, then the total value of these investments cannot exceed 80% of the value of the net fund assets.
6. The securities and money market instruments mentioned in B(4) and (5) shall not be taken into consideration in the application of the investment limit of 40% provided for in B(2).

The limits stated in B(1)–(5) are not cumulative and therefore investments as per B(1)–(5) in securities or money market instruments from a single issuer or in deposits with said issuer or in derivatives of the same are not permitted ever to exceed 35% of the net fund assets.

Companies belonging to the same company group for the purposes of drawing up the consolidated accounts as defined in Directive 83/349/EEC or according to recognised international principles of accounting shall be regarded as a single issuer in the calculation of the investment limits provided for in B(1)–(6).

Investments of the Fund in securities and money market instruments of a single group of companies together are not permitted to comprise 20% of its net assets.

7. **Without prejudice to the provisions under B(1)–(6), the Fund may, in accordance with the principle of risk diversification, invest up to 100% of its assets in securities and money market instruments of different issues that are issued or guaranteed by a Member State or its local authorities or by an OECD member country or by public international bodies to which one or more EU Member States belong, provided that (i) such securities belong to at least six different issues and (ii) no more than 30% of the net fund assets are invested in securities of a single issue.**
8. The Fund may acquire units of target funds, provided that it invests no more than 20% of its net assets in units of one and the same target fund. In the event that an umbrella fund is established to ensure the separation of liability for the assets of a sub-fund in relation to third parties, this 20% applies to such sub-funds.
9. Investments in units of target funds which are not UCITS are not permitted to exceed 30% of the net assets of the Fund. The investments of the Fund in target funds are not taken into account with regard to the upper limits set out in B(1) to B(7).
10. (a) The Management Company is not permitted to acquire any shares which carry voting rights for any of the investment funds qualifying as UCITS which it manages and which would permit it to exercise significant influence on the management of an issuer.  
  
(b) Furthermore, the Fund is permitted to acquire in total up to:
  - 10% of the non-voting shares of a single issuer;
  - 10% of the debt securities of a single issuer;
  - 25% of the units of a single target fund;
  - 10% of the money market instruments of a single issuer.

The investment limits given in the second, third and fourth item in the list need not be applied when making a purchase if the gross amount of the bonds or money market instruments or the net amount of the issued units cannot be calculated at the time of purchase.

Paragraphs (a) and (b) are not applied:

- to securities and money market instruments issued or guaranteed by a Member State or its local authorities;
  - to the securities and money market instruments issued or guaranteed by an OECD Member State;
  - to securities and money market instruments issued by an international organisation under public law to which one or more Member States belong;
  - to shares held by the Fund in the capital of a company in a third country which invests its assets mainly in securities of issuers which are domiciled in said country, if based on the legal provisions of that country such a participation is the only possible way for the Fund to make investments in securities of issuers domiciled in that country. However, this exemption only applies on condition that in its investment policy the company in the non-EC state does not exceed the limits prescribed in B(1) to (6) and (8) to (10)(a) and (b). In the event that the limits envisaged in B(1)–(6) and B(8)–(9) are exceeded, B(12)(a) and (b) shall apply mutatis mutandis.
11. a) While observing the investment limits stated in B 10. a) and b), the upper limits stated in B 1–6 for investments in shares or bonds of a single issuer are permitted to be raised to a maximum of 20% if according to the documentation of the UCITS the objective of investment policy is to replicate a share or bond index which is recognised by the Luxembourg supervisory authority. The index must meet the following requirements:
- the composition of the index must be sufficiently diversified;
  - the index must provide an adequate benchmark for the market to which it refers;
  - the index must be published by appropriate means.
- (b) The limit specified under B 11(a) amounts to a maximum of 35%, if so justified on the basis of extraordinary market conditions, namely particularly on regulated markets on which certain securities and money market instruments are highly dominant. Investment up to this limit is only possible with a single issuer.
12. (a) The Fund is not required to adhere to the investment limits outlined here when exercising subscription rights linked to securities or money market instruments which form part of the net assets. Irrespective of its obligation to adhere to the principle of risk diversification, the Fund may deviate from points B(1)–(9) during a period of six months after it is officially listed and after it is incorporated into another UCITS.
- (b) If the limits referred to in (a) are exceeded by the Fund either inadvertently or due to the exercise of subscription rights, then the main goal of the Fund in its subsequent sales is to achieve the normalisation of the situation in accordance with the best interests of the unitholders.
13. (a) Neither the Management Company, nor the Fund nor the Depositary is permitted to take out loans on behalf of the Fund. However, the Fund may acquire foreign currency by means of a back-to-back loan.
- (b) In derogation of (a), the Fund may take up loans of up to 10% of its net assets, provided these are temporary loans.

14. The Management Company or Depositary is not permitted to grant loans or stand surety for third parties for the account of the Fund, regardless of the application of section A. This does not impede the purchase by the Fund of not yet fully paid up securities, money market instruments or not yet fully paid up financial instruments mentioned in A(3)–(5).
15. The Management Company or Depositary are not permitted to short-sell securities, money market instruments or the financial instruments mentioned in A(3)–(5) for the account of the Fund.
16. The Fund is permitted to hold liquid assets in the form of cash and regularly traded money market instruments of up to 100% of its net assets or to invest them as time deposits.

**(C) Further investment guidelines, techniques and instruments:**

1. The Fund shall not invest in securities which feature unlimited liability.
2. The fund assets must not be invested in real estate, precious metals, precious metal contracts, goods or goods contracts.
3. Subject to the Depositary's agreement, the Management Company may apply further investment restrictions in order to comply with the conditions in those countries where units are to be offered for sale.
4. Securities lending transactions, repurchase agreements and reverse repurchase agreements may not be entered into.
5. Any portfolio commission (commission on target fund holdings held in the portfolio by the Fund) from target funds accrues to the fund assets.

**Efficient portfolio management techniques**

In accordance with CSSF Circular 13/559, supplemented by CSSF Circular 14/592, techniques may be used for the Fund in order to efficiently manage the portfolio. Of these, the Fund currently only uses derivative transactions that can be concluded for hedging purposes. Securities financing transactions are not currently used.

**Use of derivatives**

Subject to a suitable risk management system, the Fund may invest in any derivatives that are derived from assets that may be acquired for the Fund, or from financial indices, interest rates, exchange rates or currencies. This includes, in particular, options, financial futures contracts and swaps, as well as combinations thereof. They may also be used as part of the investment strategy, in addition to hedging.

Trading in derivatives shall be conducted within the investment limits and provides for the efficient management of the fund assets while also regulating investment maturities and risks.

**Collateral management for OTC derivatives transactions**

The Fund may receive collateral for transactions with OTC derivatives in order to reduce counterparty risk.

In order to secure obligations, the Fund may accept all collateral which corresponds to the rules of CSSF circulars 08/356, 11/512 and 13/559, supplemented by CSSF Circular 14/592.

In principle, the collateral for transactions with OTC derivatives, excluding currency futures transactions, must be provided in one of the following forms:

- a. liquid assets such as cash, short-term bank deposits, money market instruments pursuant to the definition in Directive 2007/16/EC of 19 March 2007, letters of credit and guarantees payable on first demand, which are issued by first-class credit institutions not connected to the counterparty, or bonds issued by an OECD Member State or its regional bodies or by supranational institutions and authorities at community, regional or international level, or
- b. bonds which are issued or guaranteed by first-class issuers with appropriate liquidity.

Collateral which is not in the form of cash must be issued by a legal entity which is not connected to the counterparty.

If collateral is provided in the form of cash and, as a result, a credit risk arises for the Fund in connection with the administrator of said collateral, this is subject to the 20% restriction as stipulated in Article 43(1) of the Law of 17 December 2010. In addition, such cash collateral may not be held in custody by the counterparty unless said collateral is protected from the consequences of a payment default by the counterparty.

Non-cash collateral may not be held in custody by the counterparty unless it is properly separated from the counterparty's own assets.

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

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

The discounts applied to collateral are influenced either by:

- the credit rating of the counterparty;
- the liquidity of the collateral;
- the collateral's price volatility;
- the credit rating of the issuer; and/or

- the country or the market on which the collateral is traded.

To adequately consider the risks associated with the relevant collateral, the Management Company will determine whether the value of the required collateral has to be increased by a surcharge or whether a conservative surcharge (haircut) must be made on the value of the relevant collateral. The more the value of the collateral fluctuates, the higher the surcharge is likely to be.

The Board of Directors of the Management Company is going to issue an internal regulation which will set out the details of the aforementioned requirements and values, in particular regarding the permitted types of collateral, the surcharges and discounts to be applied to the respective collateral, and the investment policy for cash that has been assigned as collateral. This regulation will be assessed by the Board of Directors of the Management Company on a regular basis and amended as applicable.

At present, the following requirements and applicable premiums and haircuts for the respective collateral have been specified by the Management Company:

**(a) Permitted collateral**

- Cash deposits / call money with daily availability in EUR, USD, CHF, JPY and GBP or in the corresponding fund currency. The outsourcing bank must have a minimum rating of A or higher;
- government bonds, supranational bonds, state-guaranteed bonds and bonds of German federal states;
- corporate bonds;
- covered bonds in accordance with the regulations of Germany (German Pfandbriefe), Denmark, Finland, France, Italy, Luxembourg, Norway and Sweden;
- bonds in general: maximum remaining term is not restricted, but there are higher haircuts (see below);
- ordinary and preferential shares from a valid index (see Annex A of the internal regulation: list of permitted indices).

Securities must be in one of the following currencies: EUR, USD, CHF, JPY or GBP.

The counterparty and issuer of the collateral may not belong to the same group.

**(b) Non-permitted collateral**

- Structured products (e.g. embedded options, coupons and notionals depending on a reference asset or trigger, stripped bonds, convertible bonds);
- securitisations (e.g. ABS, CDO);
- GDRs and ADRs Global Depositary Receipts (GDRs) and American Depositary Receipts (ADRs)

**(c) Quality requirements**

The issue rating (lowest of S&P, Moody's or Fitch) for bonds and the issuer rating for shares must be within investment grade. Stricter requirements often apply here, e.g. rating AA, potential exceptions for existing funds:

In the case of funds which have no collateral with a minimum rating of AA, a reduction of the minimum rating is possible within the range of the investment grade (at least equivalent to BBB). In this case, higher haircuts must be used.

Collateral has to be measurable and liquid. Indicators of liquidity are:

- Bid-ask spreads;
- Existence of broker quotes;
- Trade volume;
- Quotes' time stamp/up-to-dateness.

The aforementioned indicators must be shown on freely accessible Bloomberg websites.

The issuers have to be legally independent from the counterparty.

#### **d) Quantity requirements**

(1) Concentration risks involved with existing collateral are to be avoided or reduced using the following measures/limits:

- the proportion for each sector and country (outside the EURO zone) of the Fund must be at most 30% of total collateral for each counterparty;
- the nominal amount for bonds must not exceed 10% of the issue volume for each fund and for all counterparties;
- the volume of shares must not exceed 50% of the average daily volume (measured against the last 30 days on the main stock exchange) and 1% of market capitalisation.

AAA government bonds are not subject to the aforementioned limits.

#### (2) Haircut

With regard to the fact that CSSF Circular 11/512 provides for the implementation of bullet points 2 and 3 of Box 26 of the ESMA 10-788 Guidelines “for the valuation of the collateral presenting a significant risk of value fluctuation, UCITS should apply prudent discount rates”, the Management Company has specified discounts for the valuation of different asset classes.

The currently defined haircuts are as follows:

- for shares: 25%.
- for cash in a foreign currency: 4%.
- For government bonds and covered bonds depending on the remaining term:

<b>Remaining term</b>	<b>Haircut</b>
0–2 years	1%
2–5 years	2%
5-10 years	3%
> 10 years	5%



➤ Corporate bonds 15%.

The Management Company shall regularly review the specified haircuts in order to determine whether these values are still appropriate (in light of current market conditions) or whether the values need to be adjusted.

The Management Company (or its representatives) value(s) the collateral received on behalf of the Fund. If the value of the collateral already granted appears to be insufficient in relation to the amount to be covered, the counterparty must provide additional collateral very quickly. If the value is adequate, the exchange rate or market risks associated with the assets accepted as collateral will be taken into consideration by collateral margins.

The Fund will ensure that its collateral rights can be enforced if an event requires the exercise thereof, i.e. the collateral must be available in such a form, either directly or via an intermediary of a first-class financial institution, or a wholly-owned subsidiary of said institution that allows the Fund to acquire or value assets provided as collateral if the counterparty fails to meet its obligations to return the loaned securities.

Throughout the duration of the agreement, collateral may not be disposed of, provided as collateral in another form or pledged unless the Fund has other means of coverage.

If a fund accepts collateral for at least 30% of its assets, it will check the associated risk including by way of regular stress tests, the effects of changes in the market value and the liquidity of the collateral under normal and exceptional conditions.

#### **D) Risk management procedure:**

A risk management procedure is used to allow the Management Company to monitor and measure the risk which is associated with the investment positions of the Fund as well as their respective share in the overall risk profile of the net fund assets in accordance with CSSF Circular 07/308 (or a circular to replace it or add to it). With regard to derivatives, a procedure shall be applied here enabling a precise and independent valuation of the risk associated with derivatives.

The Management Company shall ensure, for each Fund, that the overall risk associated with derivatives does not exceed the net fund assets in question. The calculation of this risk shall take into account the market value of the underlying assets, the risk of default on the part of the counterparty, future market fluctuations and the liquidation period of the positions.

As part of its investment strategy, a fund may invest in derivatives within the limits set out above in B 6 of this Article to the extent that the overall risk for the underlying assets does not exceed the investment limits as per B 1–6 above. If a Fund invests in index-based derivatives, these investments shall not be considered in the investment limits as per B 1–6 above. A derivative embedded in a security or money market instrument must be taken into account with regard to compliance with the provisions of this section D.

#### **Article 5 – Calculation of the net asset value per unit**

The value of a unit is denominated in the currency (referred to hereinafter as the “fund currency”) defined in the fund overview. It is calculated daily by the Management Company

under the supervision of the Depositary on every whole banking day which is also a full trading day in Luxembourg and Frankfurt am Main (“valuation day”).

In exceptional circumstances, the Board of Directors may decide, with the prior consultation and approval of the Depositary, and taking into account the interests of the unitholders, to carry out an additional calculation of the net asset value outside the defined valuation date and accept the issue and redemption of units in the Fund.

The calculation is made as the difference between the sum of all the Fund's assets and the sum of all the Fund's liabilities, each valued according to the valuation at market prices or the valuation at model prices or both methods, divided by the total number of fund units. To counteract the practices of late trading and market timing, the calculation is to be made after the end of the time limit for accepting subscription and redemption orders, as set out in the fund overview.

The net asset value per unit is rounded to the next base point or, if published in a currency unit, to its currency equivalent.

The net fund assets (hereinafter also referred to as “net asset value”) are calculated based on the following principles:

- (a) Securities and money market instruments that are quoted on a stock exchange are valued at the latest available prices.
- (b) Securities and money market instruments not listed on a stock exchange, but traded on another regulated market (which operates regularly and is recognised and open to the public) are valued at the latest available price.
- (c) Securities and money market instruments which are neither listed on a stock exchange nor traded on another regulated market are valued at the market value fixed by the Management Company in good faith, abiding by generally recognised valuation rules that are verifiable by auditors.
- (d) Units in undertakings for collective investment are valued at the latest established and obtainable net asset value, less any redemption fee.
- (e) Liquid assets are valued at nominal value plus interest, where applicable.
- (f) All assets not denominated in the fund currency are converted to the fund or sub-fund currency at the latest available exchange rate.
- (g) In the case of derivatives, a distinction must be made with regard to the calculation of the net asset value: (i) derivatives traded on the stock exchange or other regulated markets (such as options) are in principle valued at their last available stock exchange prices or market prices. (ii) Derivatives that are not listed on a stock exchange (OTC derivatives) are valued using independent price sources. If only one independent price source is available for a derivative, the plausibility of this market value is verified using calculation models recognised by the Management Company and the auditor of the Management Company, based on the market value of the underlying asset from which the derivative is derived.

(h) The pro rata interest applicable to securities and/or money market instruments is included if it is not expressed in the market value.

If different unit classes are established for the Fund, pursuant to Article 1 of the Management Regulations, the following special features apply to the calculation of unit value:

The unit value is calculated separately for each unit class according to the criteria stated in this Article.

The inflow of funds based on the issue of units increases the percentage share of the respective unit class in the total value of the net fund assets. The outflow of funds based on the redemption of units reduces the percentage share of the respective unit class in the total value of the net fund assets.

In the event of a distribution, the unit value of units in the corresponding unit class that carry entitlement to a distribution is reduced by the amount of the distribution. At the same time the percentage share made up of the unit class carrying entitlement to a distribution in the total net fund assets is reduced, whilst the percentage share of the unit class which does not carry entitlement to a distribution in the total net fund assets is increased.

An income equalisation procedure is applied to the ordinary net income. This means that the income which has accrued during the financial year which the purchaser of units has to pay as part of the issue price, and which the seller of unit certificates will receive as part of the redemption price, is continuously netted. The expenses incurred are taken into account correspondingly. When calculating the income equalisation, the method is used which corresponds to the applicable rules given in the German Investment Act or Investment Tax Act.

If unusual circumstances arise which render a valuation in accordance with the above criteria impossible or inappropriate, the Management Company has the right to apply other valuation rules, in good faith, which are generally recognised and may be verified by auditors, in order to obtain a proper valuation of the fund assets.

On any given valuation date, the Company is not obligated to redeem more than 10% of units issued at this time. If the Company receives redemption requests for a larger number of units than the above-mentioned figure on a given valuation date, the Company shall be entitled to delay the redemption of units exceeding the 10% of units issued at this time until the fourth subsequent valuation date. These redemption requests should be given preferential treatment over applications received later. Redemption requests submitted on the same valuation day are treated equally.

### ***Article 6 – Issue of units***

Any natural person or legal entity may acquire units through their purchase and payment of the issue price, subject to Article 7 of the Management Regulations.

All units issued have equal rights.

The units are issued without delay by the Registrar and Transfer Agent on behalf of the Management Company following the receipt of the issue price by the Depositary.

Subscription orders received by the Management Company on a valuation date shall be settled at the issue prices on the valuation date specified in the fund overview, whereby the Management Company shall ensure at all times that the investor is not aware of this net asset value per unit at any time during subscription.

The issue price is the net asset value per unit in accordance with Article 5 of the Management Regulations on the corresponding valuation day plus a potential sales commission; it is due within the number of banking days stated in the fund overview following the corresponding valuation day. If a country's laws prescribe lower levels of sales commission, the banks involved in that country may sell units at a lower sales commission, but this must not fall below the maximum permitted sales commission that applies there. If savings plans are offered, sales commission shall be charged only on payments actually made. The issue price increases to include payments or other charges incurred in various countries in which units are sold.

If different unit classes are created for the Fund in accordance with Article 1 of the Management Regulations, the unitholder may convert a part of or all of his units, against payment of a conversion fee set in the Sales Prospectus and with the attribution of any issue tax applicable, into units of a different unit class, provided this is permitted in the Sales Prospectus for the relevant unit classes of the Fund. This conversion is made at the next calculated net asset values in accordance with Article 5 of the Management Regulations per unit of the Fund. Any residual amount resulting from the conversion of units shall be paid to the unitholder.

The Management Company may at any time at its own discretion issue additional units of the Fund to unitholders via the Depositary free of charge for the purpose of splitting units. When this is done, the unit split for all units issued is made using the same ratio. In compliance with Circular 04/146 of CSSF, the Management Company prohibits all practices associated with market timing. The Management Company is entitled to reject applications for subscription, redemption and conversion from an investor if it suspects that the investor is applying such practices. In this case the Management Company reserves the right to take all necessary measures in order to protect the remaining investors.

### ***Article 7 – Restrictions on the issue of units***

A unit acquisition is generally always possible. The Management Company must observe the laws and regulations of all countries in which units are offered for sale when issuing units.

The Management Company may reject a purchase order at any time at its choosing or may temporarily restrict, suspend or completely cease the issue of units if such a measure appears necessary in order to protect the interests of the unitholders or the Fund.

Moreover, at any time, and in exchange for payment of the redemption price, the Management Company may repurchase units held by unitholders excluded from purchasing or possessing units.

Incoming payments for purchase orders that have not been carried out shall be refunded immediately by the Depositary without including interest.

### ***Article 8 – Unit certificates***

Certificates are not generally issued for fund units and the holding is evidenced by written confirmation of the units at the time they are issued, once the issue price has been remitted to the Depositary. In this case, the units are allocated down to a thousandth of a unit and are entered in a registration account/unit register (“registered units”) held by the Registrar and Transfer Agent. There is no right to receive physical certificates.

The units can also be securitised by way of global notes. Additional conditions may be included in the Prospectus concerning the issue of units.

The Management Company may further decide to offer different categories of units (“unit classes”) from time to time bearing the features and rights to be determined by the Management Company, e.g. a specific distribution or reinvestment policy, a specific fee structure or other specific features. These features shall be defined by the Board of Directors of the Management Company and described in the table entitled “The Fund — an overview”.

### ***Article 9 – Redemption of units***

Unitholders are entitled to request the redemption of their units at any time. Redemption shall only take place on a valuation day pursuant to Article 5 of the Management Regulations in return for the units. The redemption price is the net asset value per unit calculated in accordance with Article 5 of the Management Regulations, less any redemption fee, in accordance with the fund overview, charged in favour of the Fund. The redemption price is payable in the currency of the Fund. Payment of the redemption price is made in accordance with the fund overview within the number of banking days defined therein after the corresponding valuation day.

Redemption orders received on a valuation day shall be settled at the net asset value of the units for the relevant valuation day as defined in the fund overview, whereby the Management Company shall ensure at all times that redemption orders received at the same time on a valuation day shall be settled at the same net asset value and that the investor shall not be aware of this net asset value per unit.

Subject to prior approval from the Depositary, the Management Company is entitled to effect considerable redemptions only after corresponding assets in the Fund have been sold without delay. In this case, redemption takes place in accordance with the provisions of Article 5, last section of the Management Regulations, at the net asset value per unit then applicable.

The Management Company ensures that the Fund assets include sufficient liquid assets to allow unit redemptions requested by unitholders to take place immediately in normal circumstances.

Investors who have requested the redemption of their units shall be notified immediately if the calculation of net asset value pursuant to Article 10 of the Management Regulations is suspended and shall be notified immediately when calculation of the net asset value resumes.

The Depositary is obliged to make a payment only insofar as no legal impediments, e.g. exchange control regulations or other circumstances which cannot be influenced by the Depositary, prevent or restrict the transfer of the redemption price to the applicant's country.

### ***Article 10 – Suspension of the issue and redemption of units and the calculation of net asset value***

The Management Company is authorised to temporarily cease calculating the net asset value and issuing and redeeming units if and as long as there are circumstances which necessitate this and if the suspension is justifiable on account of the interests of unitholders, particularly

- (a) during a period in which a stock exchange or another regulated market on which a significant proportion of the Fund's securities are traded is closed (except on normal weekends or public holidays) or trading on this stock exchange is suspended or restricted or the calculation of the unit value of target funds is suspended;
- (b) in emergency situations in which the Management Company cannot access the assets or in which it is impossible to transfer the countervalue for investment purchases or sales freely, or in which the calculation of net asset value cannot be properly conducted.

Investors who have offered their units for redemption shall be notified immediately of the cessation of the calculation of unit value.

### ***Article 11 – Fund costs and expenses***

The Fund bears the following expenses incurred in connection with managing and distributing the Fund:

- a) the fee for the Management Company, which is part of a flat fee, plus statutory value added tax as applicable, calculated based on the net asset value calculated daily (see Article 5 of the Management Regulations) and payable at the end of each quarter, in accordance with the annex to the Sales Prospectus entitled "Fund overview";
- b) the fee for the Portfolio Manager, which is part of a flat fee, plus statutory value

added tax as applicable, calculated based on the net asset value calculated daily (see Article 5 of the Management Regulations) and payable at the end of each quarter, in accordance with the annex to the Sales Prospectus entitled "Fund overview"; the fee for the Depositary, which is part of a flat fee, plus statutory value added tax as applicable, calculated based on the net asset value calculated daily (see Article 5 of the Management Regulations) and payable at the end of each month, as well as its handling charges and customary bank charges in accordance with the annex to the Sales Prospectus entitled "Fund overview";

- c) a normal market fee for the Registrar and Transfer Agent, which is part of a flat fee, plus statutory value added tax as applicable, in accordance with the annex to the Sales Prospectus entitled "Fund overview";
- d) a normal market fee for distributors and paying and information agents, which is part of a flat fee, in accordance with the annex to the Sales Prospectus entitled "Fund overview";
- e) taxes and duties levied on the assets of the Fund, its earnings and expenses, and charged to the Fund;
- f) taxes in connection with the management;
- g) costs and expenses in connection with managing and distributing the Fund;
- h) a normal market payment for the provision of services which generate additional income for the investment fund;
- i) costs incurred by the Management Company or the Depositary for legal advice when acting in the interests of the investors of the Fund;
- j) auditor fees;
- k) costs of performance analyses and other special reports;
- l) the Management Company may make use of the services of third parties for the management of collateral for derivative transactions. The Management Company has the right to charge a fee in respect of the assets of the Fund or of one or more unit classes. This fee shall not be covered by the flat fee and shall consequently be additionally charged to the Fund's assets by the Management Company;
- m) all other costs associated with implementing new regulatory requirements;
- n) Costs incurred for the exercising of voting rights.

As the Fund assets may be invested in target funds, its performance may be impacted by a double charging of expenses, especially since costs and expenses are charged to both the target fund and the Fund assets. When the Fund acquires units in a target fund which is managed directly or indirectly by the same management company or by a company

affiliated to the Management Company via shared management or control or by a considerable direct or indirect participation, then the Management Company or other company may not charge any fees for subscription or repurchase of units in this target fund by the Fund itself.

However, if the Fund invests in target funds which are launched and/or managed by other companies, the respective front-end load or possible redemption fees must be taken into account, where applicable. However, the object of fund management is to acquire target funds where possible without a front-end load and redemption fees. Costs incurred by the Fund from participating in subscriptions to target funds may be charged to the Fund. The maximum flat fee of the target funds may be viewed in the investment policy of the Fund in the annex ("Fund overview") to the Sales Prospectus.

The Fund may purchase assets which have not been admitted to the official market at a stock exchange or are not incorporated into an organised market. The Fund may use the services of third parties for the administration of OTC derivative transactions and collateral for derivative transactions. Fees incurred for the use of third-party services and internal costs of the Management Company, both being in line with market standards, are charged to the Fund. The Management Company may charge the Fund or one or several unit classes a lower fee at its own discretion, or indeed may exempt the latter from being paying such costs. The fees for third-party services shall not be covered by the flat fee and shall, as such, be charged to the Fund additionally. These costs and any losses from OTC derivative transactions reduce the earnings of the Fund. In the annual and semi-annual reports, the Management Company indicates the charges levied for these third parties for all unit classes.

The amounts paid as costs and payments are recorded in the annual reports.

All costs and payments are first added to the current income, then to the capital gains and finally to the assets of the Fund.

The costs and handling charges associated with the purchase or sale of assets may be included in the cost price and/or subtracted from the sales proceeds. In addition to the aforementioned fees and expenses, the costs incurred in connection with the acquisition and sale of assets are charged to the Fund's assets, provided these are not borne by the Company, the Depositary or the Portfolio Manager.

### ***Article 12 – Audit***

The fund assets are controlled by an independent firm of auditors nominated by the Management Company.

### ***Article 13 – Use of income***

Notwithstanding any other provision in the Management Regulations, the Management Company determines whether and, if applicable, at what time and in what amount a distribution of the Fund will be made. A distribution may be effected at regular as well as irregular intervals.



The ordinary net income of the Fund is included in the distribution. Ordinary net income is understood to include dividends received, interest payments, income from investment funds and other income, always less the general costs.

In addition – provided this is not in conflict with the Management Regulations – the Management Company may distribute realised capital gains and proceeds from the sale of subscription rights and other income either fully or partly in cash or in the form of bonus units in addition to the ordinary net income. Remaining fractions are payable in cash. The associated income equalisation is taken into account.

A distribution is made to the units which are in circulation on the distribution date. In the event of the creation of unit classes entitled to receive dividends in accordance with Article 1 of the Management Regulations the corresponding units are entitled to receive dividends. In the event of a distribution of bonus units, these units shall be attributable to the units of the unit class entitled to distributions.

An income distribution may not exceed the minimum volume of the Fund as prescribed pursuant to the Law of 2010.

#### ***Article 14 – Amendments to the Management Regulations***

In the interests of the unitholder, the Management Company may amend these Management Regulations partially or entirely at any time subject to prior approval from the Depositary.

Changes to the Management Regulations shall be deposited with the Luxembourg Trade and Companies Register and a notice of this deposit shall be published in the RESA. The changes shall come into effect on the date of signing unless determined otherwise. The Management Company may instigate further publications in line with Article 15 of the Management Regulations.

#### ***Article 15 – Publications***

Information on the issue price and the redemption price is available from the registered offices of the Management Company, Depositary and Paying Agents of the Fund abroad, and is published in accordance with the legal provisions of each country in which the units are authorised for public distribution, as well as on the Management Company's website [www.universal-investment.com](http://www.universal-investment.com). The net asset value may be requested from the registered office of the Management Company and is also published on the website of the Management Company.

By four months after the close of each accounting year at the latest, the Management Company shall prepare an audited annual report which provides information on the fund assets, its management and the results that have been obtained. By two months at the latest after the end of the first half of each accounting year, the Management Company shall prepare a semi-annual report which provides information on the Fund's assets and its management during the corresponding half year.

The Sales Prospectus together with the Management Regulations, the Key Information Document (PRIIP KID), the annual report and – if this report is older than eight months – also the latest semi-annual report of the Fund are available to unitholders free of charge at the registered office of the Management Company, the Depositary and each Paying Agent.

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

### ***Article 16 – Term of the Fund and unit classes, merger, liquidation or winding up and closure***

Notwithstanding any other provision in the Management Regulations, the Fund, including any unit classes, is established for an indefinite period.

A) The Fund or the relevant unit classes may be liquidated, wound up and/or closed at any time by resolution of the Management Company, particularly if the net assets of a fund or unit class fall below an amount at which efficient and rational management no longer seems possible. This is particularly the case in situations of changed economic and/or political framework conditions affecting the Fund or unit class, if the products offered are rationalised or in all other cases to protect the interests of the unitholders.

Liquidation or winding up is mandatory in the following cases:

- if the appointment of the Depositary is terminated without a new appointment being made within the statutory or contractual time limits;
- if the Management Company files for bankruptcy or is wound up for any reason;
- in other cases envisaged in the Law of 2010 on undertakings for collective investment.

The liquidation or winding up of the Fund and/or the closure of the Fund or individual unit classes shall be published by the Management Company according to the statutory provisions in the Grand Duchy of Luxembourg in a Luxembourg daily newspaper and in accordance with the legal provisions of each country in which the units are authorised for public sale. In the event of the liquidation, winding up and/or closure of the Fund, the completion of the liquidation or closure shall also be published in the RESA.

If circumstances arise leading to the liquidation or winding up of the Fund and/or the closure of the Fund or a unit class, the issue and redemption of units shall be suspended on the date of resolution. If equal treatment of unitholders can be ensured, units may be redeemed up to liquidation or winding up/closure. The Depositary shall distribute the liquidation proceeds less the liquidation costs and fees among the investors in proportion to their respective holdings at the instruction of the Management Company or, where applicable, the liquidators appointed by the Management Company or Depositary in agreement with the supervisory authorities. Liquidation proceeds which have not been claimed by unitholders by the conclusion of the liquidation proceedings shall be converted into EUR, insofar as this is required by law, and deposited by the Depositary with the Caisse de

Consignation in Luxembourg for the account of the entitled unitholders. These amounts shall be forfeited if not claimed within the statutory time limit.

(B) Neither unitholders nor their heirs or legal successors may apply for the winding up or splitting of the Fund or the merging of the Fund with another UCITS or the inclusion of another UCITS.

The Management Company may merge the Fund at any time with another domestic or foreign UCITS or absorb a domestic or foreign UCITS on a resolution by the Management Company in accordance with the provisions of Chapter 8 of the Law of 2010.

If the Management Company reaches a resolution to merge the Fund with another UCITS or to absorb another UCITS in accordance with the above paragraph, this must be announced in the RESA subject to notice of 35 days before it comes into effect, and in accordance with the statutory provisions of each country in which the units are authorised for public distribution.

Following the publication of the notice to the investors, unitholders of the merging fund and of the absorbing fund have the right during a period of up to five (5) banking days following notification of the merger to return their units free of charge.

### ***Article 17 – Limitation period and presentation period***

Claims by unitholders against the Management Company or Depositary may no longer be asserted under the law once five years have expired since the claim arose; the arrangements contained in Article 16 of the Management Regulations are exempted from this.

The presentation period for dividend coupons is five years from the publication of the distribution announcement. Income which is not claimed within the presentation period shall be returned to the Fund after this time limit has expired. However, the Management Company has the option to choose whether to redeem distribution coupons at the expense of the Fund after the presentation period has elapsed.

### ***Article 18 – Governing law, jurisdiction and contract language***

These Management Regulations are subject to the law of the Grand Duchy of Luxembourg.

The same applies to the legal relationship between the unitholders and the Management Company. The Management Regulations are deposited with the district court of Luxembourg.

Any legal dispute between unitholders, the Management Company and the Depositary shall be subject to the jurisdiction of the competent court in the judicial district of Luxembourg in the Grand Duchy of Luxembourg. The Management Company and the Depositary shall be entitled to subject themselves and the Fund to the jurisdiction and law of any country in which units in the Fund are publicly sold, provided the claims are from investors domiciled in that country and pertain to the subscription and redemption of units.

The German version of these Management Regulations is binding. The Management Company and the Depositary may, with regard to units sold to investors in the country in question, declare translations of the Management Regulations into the languages of these countries where such units are sold publicly to be binding on themselves and the Fund.

***Article 19 – Entry into force***

The Management Regulations shall enter into force on 14 June 2024.

## **Annex – Additional information for investors in the Federal Republic of Germany**

### **INFORMATION AGENT**

in the Federal Republic of Germany

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

**No separate paying agent has been specified for the Federal Republic of Germany since there are no printed individual certificates in circulation.**

Investors in the Federal Republic of Germany may submit redemption orders through their own domestic bank, which will then pass them on via normal bank processing methods (clearing) to the Depositary/Registrar and Transfer Agent of the Fund in the Grand Duchy of Luxembourg in order for them to be processed. All payments to German investors (redemption proceeds and any distributions or other payments) shall likewise be settled using normal bank clearing methods via the investor's own domestic bank, so German investors will receive such payments from that bank.

The current Sales Prospectus, including the Management Regulations, the Key Information Document (PRIIP-KID), and the annual and semi-annual reports are available in German, free of charge to investors, from the Management Company, Depositary, Registrar and Transfer Agent, and the Information Agent in the Federal Republic of Germany.

The agreements mentioned above under “Publications” as well as the Articles of Association of the Management Company may also be viewed at the establishments referred to above.

Issue and redemption prices as well as any notifications to unitholders are published in the Federal Republic of Germany on the website [www.universal-investment.com](http://www.universal-investment.com). In the cases prescribed by law in Germany (in accordance with the German Capital Investment Code (“KAGB”)), the notice to investors is also published in an electronic version of the Federal Gazette (“eBAZ”).

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

If investment units are purchased via verbal negotiations outside the permanent business premises of the party who is selling the units or has arranged the sale, the buyer may within two weeks send the foreign Management Company a written revocation of its/his declaration of intent to make a purchase (right of revocation). This shall also apply if the party selling the units or arranging the sale has no permanent business premises. In case of distance contracts within the meaning of Section 312b of the German Civil Code (Bürgerliches Gesetzbuch – “BGB”), the right of withdrawal shall not apply for financial services whose price is subject to fluctuations on the financial market (Section 312g(2)(1)(8) BGB).

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

The revocation period shall not begin until the buyer has been given a copy of the application to conclude the contract, or has been sent a bought note advising it/him of the right of revocation.

Should there be any dispute as to when the revocation period began, the seller bears the burden of proof.

The right of revocation shall not apply if the seller can prove either that the buyer purchased the units as part of their business activities or that the seller contacted the buyer for the negotiations leading up to the sale of the units on the basis of previous orders in accordance with Section 55(1) of the German Industrial Code (Gewerbeordnung).

If the revocation has been executed and the buyer has already made payments, then the foreign Management Company shall be obliged to reimburse the buyer, in instalments if necessary, for return transfer of the units acquired, for the costs paid as well as a sum corresponding to the value of the units paid for as of the day following the receipt of the statement of revocation.

The right of revocation cannot be waived.

### **Investor rights**

Universal-Investment-Luxembourg S.A. has established a complaints office. Complaints may be submitted to Universal-Investment-Luxembourg S.A. electronically or in written form.

Electronic complaints should be sent to the e-mail address: [Beschwerdemanagement-ui-lux@universal-investment.com](mailto:Beschwerdemanagement-ui-lux@universal-investment.com). Written complaints should be sent to:

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

Complaints can be made in English or German. The handling of complaints is a free service to investors. A reply letter will be sent within one month of receipt of the complaint.

If the matter has not been resolved within one month of sending the complaint to Universal-Investment-Luxembourg S.A. or if no interim reply has been sent, it is possible to use the procedure for the out-of-court settlement of complaints of the Luxembourg financial supervisory authority, the "Commission de Surveillance du Secteur Financier" ("CSSF"). The legal basis for this is CSSF Regulation 16-07. Contact should be made by post to:

Commission de Surveillance du Secteur Financier  
Department Juridique CC

283, Route d'Arlon  
L-2991 Luxembourg,

by fax (+35226251601), or by e-mail (reclamation@cssf.lu).

An application for out-of-court settlement of a complaint lodged with the CSSF is no longer admissible if more than one year has elapsed between the date on which the complaint was lodged with the CSSF and the date on which it was originally lodged with Universal-Investment-Luxembourg S.A.

In order to enforce investors' rights, legal action may also be taken before the ordinary courts. The possibility of an individual action is open.

### **Special risks arising from new tax-related obligations in Germany**

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

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

Investment fund under Luxembourg law

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

### General remarks

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

The Investment Fund itself is only partially subject in Germany to corporation tax of 15% plus solidarity surcharge for specific domestic income. The income subject to tax in Germany includes domestic investment income and other domestic income in accordance with the restricted income tax obligation with the exception of profits from the sale of units in stock corporations. However, corporation tax is discharged insofar as the income is subject to a tax deduction in Germany; in this case, the 15% tax deduction already includes the solidarity surcharge. In principle, the investment fund is not subject to trade tax in Germany.

The taxable income from the investment fund (investment income), i.e. Fund distributions, advance lump sums and profits from the sale of units, is subject to income tax for private investors as income from capital investments if this income, together with the investor's other capital gains, exceeds the relevant lump-sum savings allowance. Income from capital assets is generally subject to a tax deduction of 25% (plus the solidarity surcharge and church tax, if applicable).

For private investors the tax deduction acts in principle as a final payment (flat-rate withholding tax), meaning that, as a rule, income from capital assets does not need to be declared in the income tax return. In principle, when deducting the tax, the institution maintaining the securities account will have already offset losses and foreign withholding taxes resulting from the direct investment. However, the tax deduction does not act as a final payment if the personal tax rate is lower than the 25% withholding tax rate. In this case, income from capital assets may be declared in the income tax return. The tax authorities then apply the lower personal rate of tax and offset the aforementioned tax deduction against the personal tax liability (favourable tax treatment).

If income from capital assets is not subject to a tax deduction in Germany (e.g. in the case of a foreign custody account), this must be included on the tax return. As part of the assessment, income from capital assets is also subject to the withholding tax rate of 25% or the personal tax rate, whichever is lower.



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

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

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

#### **Distributions**

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

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

If an investor keeps the units in a domestic securities account, the institution maintaining the securities account (as the Paying Agent) will not deduct tax if, before the date set for distribution, it receives an exemption order for a sufficient amount issued in accordance with the official template or a non-assessment certificate that is 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 lump sums**

The advance lump sum is the amount which the distributions of the Fund exceed the basic income for this calendar year by within a calendar year. The basic income is calculated by multiplying the redemption price of the unit at the beginning of a calendar year at 70% of the basic interest rate, which is derived from the potential long-term return from public bonds. The basic income is limited to the surplus arising between the first and last redemption price fixed in the calendar year plus the distributions within the calendar year. The advance lump sum is reduced by one twelfth for each full month that precedes the month of the acquisition in the year the units are acquired. The advance lump sum is deemed to have been accrued on the first working day of the following calendar year.

Advance lump sums are generally taxable. However, advance lump sums may remain partially tax-exempt (partial exemption) if the Fund meets the German Investment Tax Act requirements for an equity fund or a mixed fund. These requirements must also arise from the investment conditions.

The taxable advance lump sums are generally subject to a tax deduction of 25% (plus the solidarity surcharge and church tax, if applicable).

If an investor keeps the units in a domestic securities account, the institution maintaining the securities account (as the Paying Agent) will not deduct tax if, before the time of accrual, it receives an exemption order for a sufficient amount issued in accordance with the official template or a non-assessment certificate issued by the tax authorities for a maximum period of three years. No tax is levied in this case. Otherwise, the investor must provide the

domestic institution maintaining the securities account with the amount of the tax to be paid. For this purpose, the institution maintaining the securities account may recover the amount of the tax to be paid from an account held by it and which is in the name of the investor without the investor's consent. Unless otherwise stipulated by the investor before the advance lump-sum amount accrues, the institution maintaining the securities account may withdraw the amount of the tax to be paid from one of the accounts in the name of the investor, unless an overdraft agreed with the investor for this account has been used. If the investor does not fulfil their obligation to provide the amount of tax to be paid to the domestic institution maintaining the securities account, this institution must notify the competent tax office to that effect. The investor must specify the advance lump sum in this case in its income tax return.

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

If units are sold to the Fund, the capital gains are in principle taxable and generally subject to a tax deduction of 25% (plus solidarity surcharge and church tax, where applicable). When calculating the capital gain, the profit must be reduced by the advance lump sums employed during the ownership period.

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

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

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

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

### **Changes to the applicable partial exemption regime**

If the applicable partial exemption regime changes, or the requirements relating thereto cease to apply, the investment unit shall be regarded as sold and repurchased on the following day. Gains from the notional sale are regarded as accrued on the date on which the investment unit is actually sold.

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

#### **Distributions**

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

The distributions are generally subject to the tax deduction of 25% (plus the solidarity surcharge).

#### **Advance lump sums**

The advance lump sum is the amount which the distributions of the Fund exceed the basic income for this calendar year by within a calendar year. The basic income is calculated by multiplying the redemption price of the unit at the beginning of a calendar year at 70% of the basic interest rate, which is derived from the potential long-term return from public bonds. The basic income is limited to the surplus arising between the first and last redemption price fixed in the calendar year plus the distributions within the calendar year. The advance lump sum is reduced by one twelfth for each full month that precedes the month of the acquisition in the year the units are acquired. The advance lump sum is deemed to have been accrued on the first working day of the following calendar year.

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

The advance lump sums are generally subject to the tax deduction of 25% (plus the solidarity surcharge).

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

Profits from the sale of units are generally subject to income or corporation tax and trade tax. When calculating the capital gain, the profit must be reduced by the advance lump sums employed during the ownership period. However, capital gains may remain partially tax-exempt (partial exemption) if the Fund meets the German Investment Tax Act requirements for an equity fund or a mixed fund. These requirements must also arise from the investment conditions. For the purposes of trade tax, the tax-exempt amounts are halved.

The profits from the sale of units are generally not subject to a capital gains tax deduction.

If there is a loss on the sale, the loss in the amount of the partial exemption to be applied at investor level cannot be deducted.

### **Changes to the applicable partial exemption regime**

If the applicable partial exemption regime changes, or the related requirements cease to apply, the investment unit shall be regarded as sold and repurchased on the following day. Gains from the notional sale are regarded as accrued on the date on which the investment unit is actually sold.

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

Capital gains tax (corporation tax) which has been incurred at Fund level may be reimbursed to the Fund for transfer to an investor if the investor is a domestic corporation or an association of individuals or assets that are solely and directly used for charitable, benevolent or religious purposes according to the Articles of Association, the foundation business or other constitution and according to its actual form of management, or if the investor is a foundation under public law that is used solely and directly for charitable or benevolent purposes, or is a legal person under public law which is solely and directly used for religious purposes; this does not apply if the units are held in a commercial business. The same applies to comparable foreign investors with a head office and company management in a foreign country which provides administrative and recovery assistance.

The prerequisite for this is that such an investor makes a corresponding application and that the capital gains tax accruing is attributable pro rata to their holding period. Furthermore, the investor must have been the legal and beneficial owner of the units for at least three months before the inflow of the Fund's income subject to corporation tax, without there being an obligation to transfer the units to another person. In terms of the capital gains tax incurred by the Fund on German dividends and income from German equity-like participation rights, the refund also essentially requires for German shares and German equity-like participation rights to have been held by the Fund as a beneficial owner continuously for 45 days within 45 days before and after the date the capital gains are due and there are continuously minimum value change risks of 70%.

Proof of the tax exemption and proof of the investment unit inventory issued by the institution maintaining the securities account must be enclosed with the application. The proof of the investment unit inventory is an official certificate of the scope of units held by the investor throughout the calendar year and the date and scope of the purchase and sale of units during the calendar year.

Capital gains tax incurred at Fund level may also be reimbursed to the Fund in order to be refunded to an investor, provided that the units in the Fund are held on the basis of retirement or basic pension plans that are certified under the Altersvorsorgeverträge-Zertifizierungsgesetz (Pension Provision Agreements Certification Act). This presupposes that the provider of a retirement or pension plan advises the Fund within one month after its financial year-end of the dates on which units were acquired or sold, and the respective amounts involved.

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

It would be wise to get advice from a tax adviser due to the significant complexity of the regulation.

### **Settlement taxation**

Distributions are only deemed as income if they include the increase in value of a calendar year during the settlement of the Fund.

### **Solidarity surcharge**

A solidarity surcharge of 5.5% shall be imposed on the tax deduction to be paid on distributions, advance lump sums and profits from the sale of units. The solidarity surcharge can be offset against income tax and capital gains tax.

### **Church tax**

If income tax is already being collected by means of tax withheld by a domestic institution maintaining a custody account (withholding agent), church tax applicable to this income will be collected as a regular surcharge to the tax deduction, calculated using the rate of church tax for the religious group to which the person subject to church tax belongs. The deductibility of church tax as an extraordinary expense is taken into account during the tax deduction.

### **Foreign withholding tax**

Withholding tax on the Fund's foreign income is, in some cases, levied in the country of origin. This withholding tax may not be used to reduce taxes for the investors.

### **Implications of the merger of investment funds**

A merger, in line with the provisions of the investment tax act, of one investment fund with another investment fund does not result in the disclosure of hidden reserves, neither at investor level nor at the level of the investment fund involved; in other words, this process is tax-neutral. The investment funds must be subject to the same law of a foreign state providing mutual assistance for the recovery of taxes. If the investors in the absorbed investment fund receive a cash payment, this shall be treated in the same manner as a distribution.

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

The importance of the automatic exchange of information in relation to combating cross-border tax fraud and cross-border tax evasion has increased significantly at international level over the last few years. The OECD therefore published a global standard for the automatic exchange of information relating to financial accounts on tax matters (Common Reporting Standard, referred to hereinafter as "CRS") on behalf of the G20 in 2014. The CRS was agreed upon by more than 90 countries (participating countries) through a multilateral agreement. It was also integrated with the Directive 2014/107/EU of the Council dated 9 December 2014 into the Directive 2011/16/EU relating to the obligation on the automatic exchange of taxation information at the end of 2014. The participating countries (all EU Member States and a number of third countries) employ the CRS from 2016 with reporting obligations from 2017. Luxembourg transposed the CRS into Luxembourg law with the Law of 18 December 2015 and has applied it since 2016.

The CRS obliges reporting financial institutions (essentially banks) to obtain specific information concerning their customers. If the customers (natural persons or legal entities) are reportable persons resident in other participating countries, their accounts and securities accounts will be classified as reportable accounts. The reporting financial institutions will then send specific information for each reportable account to their home tax authority. This authority then sends the information to the customer's home tax authority.

The information to be conveyed is essentially the personal details of the reportable customer (name; address; tax identification number; date of birth and place of birth (for natural persons); country of residence) and information on the accounts and securities

accounts (e.g. account number, account balance or account 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)).

Reportable investors who hold an account and/or securities account with a credit institution that is resident in a participating country are specifically affected as a result. Luxembourgish credit institutions will therefore report information on investors who are resident in other participating countries to the local tax authorities (Administration des Contributions Directes), which will forward the information to the relevant tax authorities of the investors' countries of residence. Accordingly, credit institutions in other participating countries will report information on investors who are resident in Luxembourg to their respective home tax authority.

**Note:**

The tax information is based on the legal position at present. It is intended for persons in Germany who are subject to unrestricted income or corporation tax. There is no guarantee, however, that the tax assessment will not change as a result of legislation, court rulings or decrees issued by the financial authorities.