

**NON-BINDING TRANSLATION – FOR CONVENIENCE PURPOSES ONLY**

Please note:

This is a translation from the German language prospectus. It has been prepared by Universal-Investment-Gesellschaft mbH with care and diligence. However, the German language version of the prospectus remains the only legally binding document. Please also be aware that this prospectus has been produced exclusively for the purpose of a placement of the Fund's units in the Federal Republic of Germany. It must not be used for a public distribution in any other jurisdiction.

Asset Management Company:  
Universal-Investment-Gesellschaft mbH



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## **Earth Exploration Fund UI**

UCITS-compliant Fund under German law  
Sales Prospectus  
including Fund Rules

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**Custodian Bank:**

**UBS Deutschland AG, Frankfurt am Main**

**Advisor:**

**Earth Resource Investments AG, Zug**

The purchase and sale of investment units is based on the currently valid Sales Prospectus and the General Fund Rules in conjunction with the Special Fund Rules. It is not permissible to provide any information or to make any representations that differs from those contained in this Prospectus. Any purchases and sales of units based on information or representations that are not contained in this Prospectus shall be at the exclusive risk of the purchaser. This Sales Prospectus is supplemented by the most recent annual report. If more than eight months have elapsed since the reporting date of the annual report, investors must also be offered the semi-annual report prior to entering into any agreement.

The contractual relationship between the asset management company and the investor are governed by German law. According to § 23(2) of the General Fund Rules, the asset management company's registered office is the place of jurisdiction for all disputes arising from the contractual relationship if the investor has no general place of jurisdiction in Germany. Pursuant to § 123 (1) of the German Investment Act (*Investmentgesetz* - "InvG") any and all publications and advertising must be written in German or include a German translation. The asset management company will conduct all communications with its investors in German.

In the event of disputes arising out of the application of the provisions of the InvG, the parties involved may call on the Ombudsman's office at the BVI Bundesverband Investment und Asset Management e.V., Unter den Linden 42, 10117 Berlin, Germany. The right to bring the matter before the courts is not affected by this. Further contact information may be obtained from the BVI's website <http://www.bvi.de>.

In the event of disputes arising out of the application of the provisions of the German Civil Code (*Bürgerliches Gesetzbuch* - "BGB") with regard to distance selling contracts for financial services, the parties involved may call on the German Bundesbank's arbitration office (*Schlichtungsstelle*), P. O. Box 11 12 32, 60047 Frankfurt, Germany, Tel.: +49 (0) 69 2388-1907 or -1906, Fax: +49 (0) 69 2388-1919, [schlichtung@bundesbank.de](mailto:schlichtung@bundesbank.de). The right to bring the matter before the courts is not affected by this.

German Securities Code (WKN)/ISIN:

Unit class (EUR R): A0J3UF / DE000A0J3UF6  
Unit class (EUR I): A1C2XE / DE000A1C2XE1  
Unit class (USD I): A1CUG0 / DE000A1CUG09

Launch date: 09 October 2006

Last update: August 2011

Note:

Changes to significant information are regularly updated in the respective annual and semi-annual reports, as well as in the Sales Prospectus.

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## **A. Overview of the partners of Earth Exploration Fund UI**

### **1. Asset management company**

**Name:**

Universal-Investment-Gesellschaft mbH

**Office address:**

Am Hauptbahnhof 18  
60329 Frankfurt am Main, Germany

**Postal address:**

P. O. Box 17 05 48  
60079 Frankfurt am Main, Germany

Tel.: +49 (0) 69 7 10 43 - 0

Fax: +49 (0) 69 7 10 43 - 700

<http://www.universal-investment.de>

**Formation:**

1968

**Legal form:**

German limited liability company (*Gesellschaft mit beschränkter Haftung* - "GmbH")

**Commercial register:**

Frankfurt am Main (HRB 9937)

**Subscribed and paid-in capital:**

€10,400,000.00 (as at: September 2010)

**Own funds:**

€33,510,000.00 (as at: September 2010)

**Managing directors:**

**Oliver Harth (Deputy Spokesman)<sup>1</sup>**, Wehrheim,

**Markus Neubauer**, Frankfurt am Main

**Stefan Rockel<sup>2</sup>**, Lauterbach,

**Alexander Tannenbaum**, Offenbach

**Bernd Vorbeck (Spokesman)<sup>3</sup>**, Elsenfeld,

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<sup>1</sup> also Managing Director of Universal-IT Services-Gesellschaft mbH.

<sup>2</sup> also executive member of the administrative board of Universal-Investment-Luxembourg S.A.

<sup>3</sup> also Chairman of the administrative board of Universal-Investment-Luxembourg S.A.

**Supervisory Board:**

**Jochen Neynaber**, Chairman,  
Banker (retired), Frankfurt am Main

**Dr. Hans-Walter Peters**, Vice Chairman,  
General Partner of Bankhaus Joh. Berenberg, Gossler & Co. KG, Hamburg

**Eberhard Heck**,  
Chief Representative of Hauck & Aufhäuser Privatbankiers KGaA, Frankfurt am Main

**Hans-Joachim Strüder**  
Member of the Executive Board of Landesbank Baden-Württemberg, Stuttgart

**Alexander Mettenheimer**  
Munich

**Prof. Dr. Stephan Schüller**,  
Spokesman of the general partners of Bankhaus Lampe KG, Düsseldorf

## 2. Custodian bank

**Name:**

UBS Deutschland AG

**Office address:**

Bockenheimer Landstraße 2 - 4  
OpernTurm  
60306 Frankfurt am Main, Germany

**Postal address:**

P. O. Box 10 20 42  
60020 Frankfurt am Main, Germany

Tel.: +49 (0) 69 7 21 79 - 0

Fax: +49 (0) 69 21 79 - 6511

**Legal form:**

German stock corporation (*Aktiengesellschaft* - "AG")

**Commercial register:**

Frankfurt am Main (HRB 58164)

**Liable equity capital:**

€566,089,970.80 (as at: December 2009)

**Executive Board:**

Axel Hörger (Chief Executive Officer)  
Dr. Martin Deckert  
Andreas Varnavides  
Stefan Winter

**Supervisory Board Chairman:**

Roland Koch

## 3. Investment advisor

**Name:**

Earth Resource Investments AG

**Postal address:**

Gotthardstrasse 27  
6300 Zug, Switzerland

Tel.: +41 (0) 41 72888 - 47

Fax: +41 (0) 41 72888 - 50

<http://www.earth-investment.com>

**Commercial register:**

Zug, Switzerland (CH-170.3.029.720-8)

**Managing director/CEO:**

Dr. Joachim Berlenbach

## 4. Auditor

KPMG Deutsche Treuhand-Gesellschaft  
Aktiengesellschaft Wirtschaftsprüfungsgesellschaft  
The Squire  
Am Flughafen  
60549 Frankfurt am Main, Germany

## **5. Investment committee**

Dr. Joachim Berlenbach  
Earth Resource Investments AG, Zug, Switzerland

Willem de Meyer,  
Earth Resource Investments AG (ERI), Zug, Switzerland

Jordaan Fouche,  
Earth Resource Investments AG (ERI), Zug, Switzerland

Charles Fawcett,  
Earth Resource Investments AG (ERI), Zug, Switzerland

George Lequime,  
Earth Resource Investments AG (ERI), Zug, Switzerland

Mark Smith,  
Earth Resource Investments AG (ERI), Zug, Switzerland

Frank Kuhn,  
UBS Deutschland AG, Munich, Germany



## **B. Explanatory notes**

### **1. General principles**

The Earth Exploration Fund UI (hereinafter the "Fund") is a "UCITS-compliant fund" within the meaning of the German Investment Act (Investmentgesetz - "InvG"). It is managed by Universal-Investment-Gesellschaft mbH, an asset management company (hereinafter referred to as the "Company").

Management of the Fund primarily comprises investing the money investors deposit with the Company in various assets by applying the principle of risk diversification. These assets are invested separately from the Company's own assets. The Fund assets do not form part of the Company's insolvency assets.

The InvG and the Fund Rules that regulate the legal relationship between the investors and the Company stipulate the assets in which the Company may invest and what provisions must be observed in the process. The Fund Rules include a general and a special section ("General" and "Special Fund Rules", together "Fund Rules"). The application of the Fund Rules to any fund is subject to approval by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* - "BaFin").

The Sales Prospectus, the key investor information, the Fund Rules and the current annual and semi-annual reports are available free of charge from the Company, the custodian bank, and at the Company's website [www.universal-investment.de](http://www.universal-investment.de).

Additional information on investment limits for the risk management of this Fund, the risk management methods and the latest developments in risks and returns for the key asset categories can be obtained from the Company in electronic or print form.

The Fund Rules are included in this Prospectus.

The Fund Rules may be amended by the Company. Amendments to the Fund Rules require the approval of BaFin. Amendments to the investment principles for the Fund require the additional approval of the Company's Supervisory Board.

The planned amendments will be announced in the electronic Federal Gazette and also on the Company's website at <http://www.universal-investment.de>. If the amendments relate to any fees and expense reimbursements that may be paid out of the Fund's assets, or to the Fund's investment principles or material investor rights, investors will also be informed in paper or electronic form through their custodian agents. This information will include the material content of and the reasons for the planned amendments, the investors' rights in connection with the amendments, and will also indicate where and how further information in this regard may be obtained.

The amendments enter into effect at the earliest on the day following their announcement. Amendments to the rules for fees and reimbursements of expenses enter into effect no earlier than three months following their announcement, unless an earlier date was stipulated with the approval of BaFin. Amendments to the Fund's existing investment principles will likewise enter into effect no earlier than three months following their announcement and will only be permissible under the condition that the Company offers investors the opportunity to exchange their units, free of charge, for units in funds with comparable investment principles, provided that such funds are managed by the Company or another company from within its group, or offers to redeem their units prior to the amendments' entry into effect without charging any redemption discount.

## **2. Asset management company**

The Fund is managed by the Universal-Investment-Gesellschaft mbH, an asset management company, which was formed on 4 November 1968 and has its registered office in Frankfurt am Main. The Company was founded as a joint venture between German banks and bankers. Its partner banks are Landesbank Baden-Württemberg, Stuttgart, Bankhaus Lampe KG, Bielefeld, Hauck & Aufhäuser Privatbankiers KGaA, Frankfurt am Main (interest via Hauck & Aufhäuser Beteiligungsgesellschaft mbH) and Joh. Berenberg, Gossler & Co. KG, Hamburg.

Universal-Investment-Gesellschaft mbH is an asset management company within the meaning of the InvG and is organised in the legal form of a German limited liability company (*Gesellschaft mit beschränkter Haftung* - "GmbH").

The Company has been authorised to manage securities funds since 1968. Furthermore, it has also been authorised to manage money market funds since 30 August 1994, as well as funds of funds, mixed security and real estate funds as well as old-age provision funds since 19 October 1998. Since adapting to comply with the InvG, the Company has been authorised since 1 January 2004 to manage UCITS-compliant funds, old-age provision funds and special funds. It has also been authorised since 9 August 2005 to manage mixed funds and funds of funds with additional risks and to manage other funds since 15 May 2008.

Further information on the management, the composition of the Supervisory Board and on the subscribed and paid-in capital, as well as the own funds is included in Part A: "Asset management company" of this Sales Prospectus.

## **3. Custodian bank**

The InvG provides for the separation of the fund management and custody functions. The Company has engaged UBS Deutschland AG, with its registered office in Frankfurt am Main, Germany, to act as the custodian bank and to hold the Fund's assets in custody. It is a credit institution organised under German law. UBS Deutschland AG is a universal bank specialising in banking and financial transactions, particularly transactions relating to lending, new issues, asset management, and securities.

The custodian bank holds the assets in safe custody in blocked custody accounts or in blocked accounts. In particular, it must ensure that the issue and redemption of units and the calculation of the value of the units comply with the provisions of the InvG and the Fund Rules. Moreover, it must ensure that the equivalent value for the transactions made for the Fund will be received for custody within the customary time periods and that the income of the Fund is applied in accordance with the provisions of the InvG and the Fund Rules. The custodian bank is also required to verify that the investment of assets held in blocked accounts or blocked custody accounts with any other credit institution, an investment services enterprise or any other custodian is in compliance with the InvG and the Fund Rules. If this is the case, the custodian bank is obligated to approve the investment.

The value of the Fund and the value of the units are calculated by the Company under the custodian bank's supervision. The engagement of a custodian bank ensures that the unit certificates will be redeemed. The custodian bank is generally responsible for all assets held in safe custody by it or another custodian with its consent, and assumes liability in case of loss. If, however, securities are held in safe custody in foreign countries, and neither Clearstream Banking AG nor the custodian bank's own foreign branch is the custodian in such countries, the custodian bank's liability will be limited to the careful selection of and issuing of instruction to the foreign custodian, as well as the periodic monitoring of compliance with the selection criteria.

#### 4. Investment advisor

In implementing its investment concept, the Company avails itself of the services of an investment advisor. The Company has engaged Earth Resource Investments AG, Zug, Switzerland, for this function.

The investment advisor has been organised in the legal form of a stock corporation under Swiss law. Further information on the investment advisor is contained in the overview in Part A of this Sales Prospectus. The investment advisor will make non-binding investment recommendations to the Company with respect to investing in assets and entering into corresponding transactions, while taking into account the defined parameters that exist for the Fund and the applicable statutory provisions. For this purpose, the investment advisor is under the obligation to observe and analyse all of the markets and assets that are relevant in this regard.

The investment advisor is liable to the Company for the fulfilment of these obligations. However, the Company's regulatory obligations and its civil liability to the Fund's investors are not affected thereby. The appointment of the investment advisor will not operate to establish any legal relationship between the investment advisor and the Fund's investors.

The investment advisor will act for the Fund on the basis of an agreement entered into with the Company on the rendering of investment advice. The investment advisor may terminate such agreement at any time upon serving notice of two weeks. The Company may also assert ordinary and extraordinary rights of termination.

Should the investment advisor no longer be at the Fund's disposal for providing investment advice, and in the event no other suitable investment advisory firm is available to ensure continuation of the investment strategy, the Company will terminate the management of the Fund by complying with the statutory notice period of 6 months, with the result that, upon expiry of such notice period, the Fund may be wound up and the proceeds paid to the investors (in connection with this procedure, see section 19 - "dissolution and transfer of the Fund") The Company will not continue to pursue the investment of assets as described in section 7, "Investment objectives, investment principles and investment limits" up until the end of the notice period but will rather invest the Fund's assets exclusively in bank deposits and money market instruments.

#### 5. Fund

The Fund was launched on 09 October 2006 for an indefinite term. Investors are fractional co-owners of the Fund's assets proportional to the number of units held.

#### 6. Unit classes

**The Fund consists of different unit classes. Units bearing different features will be issued. Units bearing identical features form a unit class.**

The unit classes differ in terms of the front-end load, management fee, advisor fee, custodian bank fee, application of income, currency of unit value, minimum investment amount or a combination of these features. The unit classes will be listed individually both in the Sales Prospectus as well as in the annual and semi-annual reports. The features of the individual unit classes are described in detail in the Sales Prospectus and in the annual and semi-annual reports. A description of the different features can be found in this Part B: "Specific investment instruments", "Issue of units", "Issue and redemption prices and costs", "Rules for the calculation and application of income" and "Management fees and other costs".

**An overview of the unit classes and the issue dates of the individual unit classes is contained in Part E: "Overview of unit classes".**

Due to the different features, the economic result that investors achieve with their investment in the Fund may vary, depending on the class of unit they purchase. The same applies to both the investors' return before taxes and the return after taxes.

The unit value will be calculated separately for each unit class by attributing exclusively to such unit class the costs and reimbursements (including any tax to be paid out of the Fund's assets) attributable to a specific unit class, including any income equalisation.

Assets may only be acquired for the entire Fund, and not for individual unit classes or groups of unit classes.

Pursuant to § 16(2) of the General Fund Rules, additional unit classes may be formed. The introduction of new unit classes in the future is within the Company's discretion. However, this will not affect the rights of investors who have acquired units in existing unit classes. The costs associated with the introduction of a new unit class may only be charged to investors in this new unit class.

## **7. Investment objectives, principles and limits**

### **Investment objective**

The investment objective of the Fund is to achieve the greatest possible capital appreciation.

### **Investment principles**

The Company may acquire the following assets for the Fund:

- securities as defined in § 47 InvG;
- money market instruments as defined in § 48 InvG;
- bank deposits as defined in § 49 InvG;
- investment units as defined in § 50 InvG;
- derivatives as defined in § 51 InvG;
- other investment instruments as defined in § 52 InvG.

The following investment policy is the policy being pursued at the time of this Sales Prospectus going to press. However, it may change at any time within the limits imposed by the Fund Rules.

The Company purchases and sells the authorised assets based on its assessment of the state of the economy and the capital markets as well as futures prospects on the exchanges.

At least 2/3 of the Fund's assets are invested in equities of companies which, according to the most recent annual report, generate their revenues, profits or expenses primarily in the following business segments:

- Exploration, extraction or processing of natural resources;
- provision of services for the companies referred to in a) above;
- construction or operation of the relevant installations or equipment

The Fund primarily invests in commodities companies, with the goal of realizing the highest possible capital growth over the long term. The intention is to direct the Fund's focus mostly at equity securities listed worldwide in the oil/gas, precious metals, base metals, uranium, diamonds, ore-bearing sands and coal sectors. The investment universe comprises companies active in the exploration and/or extraction of natural resources, but whose deposit potentials do

not appear to have been reflected, or fully reflected, in the current company valuation. In addition, part of the Fund's assets may also be invested in companies from the natural resources processing segment and the equipment or service industry for entities operating in the commodities sector.

Based on the intended investment policy, the turnover frequency in the Fund can fluctuate greatly (and thus over time result in variable transaction costs being charged to the Fund).

The Fund currency is the euro.

**No assurance can be given that the objectives of the investment policy will actually be achieved. In particular, no assurance can be given that the investor will recover the full amount invested in the Fund (see also Part B: "Risk factors" in this regard).**

## **8. Specific investment instruments**

### **Securities**

Up to 100% of the value of the Fund may be invested in securities within the meaning of § 47 InvG.

The Company may acquire securities issued by German or foreign issuers for the account of the Fund:

1. if they are admitted to trading on a stock exchange in a member state of the European Union or in another signatory to the Agreement on the European Economic Area, or are admitted to or included in another organised market there;
2. they are admitted to trading on a stock exchange approved by BaFin or admitted to or included in an organised market approved by BaFin.

Securities from new issues may be acquired if, in accordance with the terms and conditions of their issue, application has to be filed for admission to or inclusion in one of the stock exchanges or organised markets referred to under 1 and 2, and admission or inclusion is obtained within one year of the issue. Moreover, the conditions set forth in § 47(1) sentence 2 InvG must be met.

Furthermore, securities may also be acquired in the form of equities to which the Fund is entitled in the event of a capital increase from company funds, in the form of units in closed-end funds that fulfil the criteria set forth in § 47(1) No. 7 InvG or financial instruments that fulfil the criteria set forth in § 47(1) No. 8 InvG, or in exercising subscription rights that belong to the Fund.

Subscription rights are also deemed to be securities, provided that the securities on which the subscription rights are based could be included in the Fund.

### **Money market instruments**

Subject to the provisions of § 6 General Fund Rules, up to 1/3 of the Fund's assets may be invested in money market instruments.

Money market instruments are instruments that are usually traded on the money market, as well as interest-bearing securities that have a maturity or residual maturity of at most 397 days from the date on which they are acquired for the Fund. If their maturity exceeds 397 days, their interest rate must be adjusted on a regular basis, at least once in 397 days, in line with the market. Money market instruments are also instruments that have a risk profile which corresponds to the risk profile of such securities.

Money market instruments may be acquired for the Fund:

1. if they are admitted to trading on a stock exchange in a member state of the European Union or in another signatory to the Agreement on the European Economic Area, or are admitted to or included in another organised market there;
2. if they are admitted to trading on a stock exchange approved by BaFin or admitted to or included in an organised market approved by BaFin;
3. if they are issued or guaranteed by the European Communities, the German Federal Government, a German Federal Government fund, a federal state (*Land*), another member state or another central, regional, or local public-sector entity or the central bank of a member state of the European Union, the European Central Bank or the European Investment Bank, a third state, or, if this is a federal state, an administrative division of such a federal state or an international public institution to which at least one member state of the European Union belongs;
4. if they are issued by an undertaking whose securities are traded on the markets listed under nos. 1 and 2 above;
5. if they are issued or guaranteed by a credit institution subject to prudential supervision in accordance with criteria defined by Community law, or a credit institution which is subject to and complies with prudential rules considered by the Supervisory Authority to be equivalent to those laid down by Community law; or
6. if they are issued by another issuers, and the issuer in question is:
  - a) a company whose equity capital amounts to at least €10 million and which prepares and publishes its annual financial statements in accordance with the provisions of the Fourth Council Directive 78/660/EEC dated 25 July 1978 on the annual financial statements of companies organised in certain legal forms, last amended by Article 49 of Directive 2006/43/EC by the European Parliament and the Council on 17 May 2006; or
  - b) a legal entity that, within a group of companies comprising one or more listed entities, is responsible for the financing of that group, or
  - c) a legal entity responsible for financing the securitisation of liabilities through the use of a line of credit granted by a bank. Article 7 of Directive 2007/16/EC applies to the securitisation and the line of credit granted by a bank.

All of the above money market instruments may only be acquired if they meet the conditions set forth in Article 4(1) and (2) of Directive 2007/16/EC. In addition, Article 4(3) of Directive 2007/16/EC applies to money market instruments within the meaning of subsection 1 No. 1 and 2.

There must be sufficient deposit security and investor protection for all of the money market instruments within the meaning of subsection 1 No. 3 to 6, for example in the form of an investment-grade rating. In addition, the criteria of Article 5 of Directive 2007/16/EC must be met. "Investment grade" refers to a rating of "BBB" or "Baa" or better as part of a creditworthiness review by a rating agency.

Article 5(2) of Directive 2007/16/EC applies to the acquisition of money market instruments issued by a regional or local public-sector entity of a member state of the European Union or by an international public institution within the meaning of subsection 1 No. 3 but not guaranteed by that member state or, if such member state is a federal state, an administrative division of that federal state, and to the acquisition of money market instruments under subsection 1 No. 4 and 6; Article 5(4) of Directive 2007/16/EC applies to the acquisition of all other money market instruments under subsection 1 No. 3, with the exception of money market instruments issued or guaranteed by the European Central Bank or the central bank of a member state of the European Union. Article 5(3) applies to the acquisition of money market instru-

ments under subsection 1 No. 5, and Article 6 of Directive 2007/16/EC applies if these are money market instruments issued or guaranteed by a credit institution that is subject to and complies with the regulatory requirements that, in the opinion of BaFin, are equivalent to those under Community law.

### **Investment limits for securities and money market instruments**

The Company is permitted to invest up to 10% of the Fund's assets in securities and money market instruments from the same issuer (debtor). In this respect, the total value of the securities and money market instruments from these issuers (debtors) may not exceed 40% of the Fund's assets. Furthermore, only 5% of the Fund's assets may be invested in securities and money market instruments from the same issuer (debtor).

The Company may invest up to 35% of the Fund's assets in debt securities, German certificates of indebtedness (*Schuldscheindarlehen*) and money market instruments from specific public-sector issuers within the meaning of § 60(2) sentence 1 InvG.

The Company is permitted to invest up to 25% of the value of the Fund in each case in covered debt securities. If more than 5% of the value of the Fund is invested in such debt securities from the same issuer, the total value of such debt securities may not exceed 1/3 of the value of the Fund.

The Company may invest a maximum of 20% of the value of the Fund in a combination of the following assets:

- securities or money market instruments issued by a single body;
- deposits with that body;
- for the counterparty risk of the transactions entered into with that body in derivatives, securities loans and repurchase agreements in respect of securities.

For specific public-sector issuers within the meaning of § 60(2) sentence 1 InvG, the combination of the assets listed in sentence 1 may not exceed 35% of the value of the Fund.

The respective individual limits will remain unaffected.

At least 2/3 of the Fund's assets are invested in equities of companies which, according to the most recent annual report, generate their revenues, profits or expenses primarily in the following business segments:

- Exploration, extraction or processing of natural resources;
- provision of services for the companies referred to in a) above;
- construction or operation of the relevant installations or equipment

Securities acquired pursuant to repurchase agreements will count towards the investment limit referred to in § 60(1) and (2) InvG.

The extent to which securities and money market instruments from one issuer count towards the aforementioned limits can be reduced using derivatives neutralising fund positions and whose underlying instruments are securities or money market instruments from the same issuer. This means that securities or money market instruments in excess of the limits detailed above may be acquired from an issuer for the account of the Fund, provided that the increased issuer risk which arises is reduced again through hedge transactions.

The Company may only invest a total of no more than 10% of the value of the Fund in:

- securities that are not admitted to stock market trading or admitted to or included in another organised market, yet meet the criteria of § 52(1) No. 1 InvG;

- money market instruments from issuers that do not meet the requirements of § 48 InvG, provided the money market instruments meet the conditions set forth in § 52(1) No. 2 InvG;
- shares from new issues for which the planned admission is still pending and which meet the requirements of § 47(1) No. 3 and 4 InvG;
- German certificates of indebtedness (*Schuldscheindarlehen*) that can be assigned at least twice after their acquisition for the Fund, and which were granted:
  - a) to the German Federal Government, a German Federal Government fund, a German federal state, the European Communities or a member state of the Organisation for Economic Co-operation and Development,
  - b) to another German public-sector entity or a regional government or a regional public-sector entity of another member state of the European Union or another signatory to the Agreement on the European Economic Area for which a weighting of zero has been announced according to Article 44 of Directive 2000/12/EC of the European Parliament and Council dated 20 March 2000 relating to the taking up and pursuit of the business of credit institutions;
  - c) to any other public-law institutions and corporations based in Germany or in another member state of the European Union or another signatory to the Agreement on the European Economic Area;
  - d) to companies that are issuers of securities which have been admitted to an organised market within the meaning of § 2(5) German Securities Trading Act (*Wertpapierhandelsgesetz* - "WpHG") or to another organised market that meets the key requirements of regulated markets within the meaning of the guidelines set forth in § 52(1) No. 4 d) InvG; or
  - e) to other debtors, provided that one of the institutions detailed under a) to c) above has assumed a guarantee for payment of interest and redemption.

### **Bank deposits**

Up to 1/3 of the value of the Fund may be invested in bank deposits having a term of no more than twelve months. These deposits must be held in blocked accounts at a credit institution domiciled in a member state of the European Union or of the Agreement on the European Economic Area. In accordance with the General Fund Rules they may also be maintained at a credit institution domiciled in a third country.

The Company may invest no more than 20% of the value of the Fund in bank deposits with a single credit institution.

Amounts that the Company has paid as a repo lender shall count towards the limits that apply for bank deposits.

### **Investment units**

The Company may invest up to 10% of the value of the Fund in units of other funds. Units may be acquired in German and foreign UCITS-compliant funds and investment stock corporations, as well as in German and foreign non-UCITS-compliant funds and investment stock corporations which meet the conditions set forth in § 50(1) sentence 2 InvG (hereinafter "Investment Funds" or "Investment Units"). In accordance with their fund rules or articles of association, these Investment Funds, in turn, may invest no more than 10% of the value of the Investment Fund in units in Investment Funds. The Investment Funds must be offered to the public without limitation as to the number of units, and investors must have the right to redeem the units at any time.



The Company may acquire, for the account of the Fund, no more than 25% of the issued units of another investment undertaking.

The investment units purchased under agreements to resell shall count towards these investment limits.

It is possible that investment undertakings, in which the Fund acquires units, may temporarily suspend the redemption of units. The Company will then be prevented from selling the units in the other fund by returning such units at the other fund's management company or custodian bank against payment of the redemption price. Information as to whether and to what extent the Fund holds units of other investment undertakings that have currently suspended the redemption of units can be obtained from the Company's website at <http://www.universal-investment.de>.

### **Derivatives**

The Company must, as a rule, confine itself to using in the Fund only the following basic forms of derivatives, or combinations of these derivatives, or combinations of assets that may be acquired for the Fund and these derivatives:

- a) futures contracts on securities, money market instruments, financial indices within the meaning of Article 9(1) of Directive 2007/16/EC, interest rates, exchange rates or currencies;
- b) options or warrants on securities, money market instruments, financial indices within the meaning of Article 9(1) of Directive 2007/16/EC, interest rates, exchange rates or currencies and on futures contracts in accordance with a) above if
  - they may be exercised at any time over the entire term or at the end of the term, and
  - the value of the option is a fraction or a multiple of the difference between the strike price and the market price of the underlying and becomes zero if the plus/minus sign for the difference is reversed;
- c) interest rate swaps, currency swaps or interest rate currency swaps;
- d) options on swaps under c) above provided that these have the characteristics described under b) above (swaptions);
- e) credit default swaps, provided they are used exclusively and demonstrably to hedge the credit risk of specifically attributable Fund assets.

The above financial instruments may be independent assets or a component of other assets. Other, more complex derivatives with underlyings within the meaning of § 51(1) sentence 1 InvG may be used only to negligible extent.

**The Company may enter into derivative transactions for the Fund for hedging purposes, efficient portfolio management and to generate additional income, i.e. also for speculative purposes. The latter may increase the Fund's loss exposure at least temporarily.**

**The use of derivatives may double the Fund's market risk potential.**

**Market risk refers to the risk that results from the adverse development of market prices for the Fund. When calculating the potential market risk for the use of derivatives, the Company adopts the simple approach within the meaning of the German Derivatives Regulation (*Derivateverordnung* - "DerivateV").**

### **Futures contracts**

The Company may, for the account of the Fund and in accordance with its investment principles, enter into futures contracts on securities and money market instruments that can be acquired for the Fund, as well as on financial indices within the meaning of Article 9(1) of Directive 2007/16/EC, interest rates, exchange rates or currencies. Futures contracts are agreements that are unconditionally binding on both contracting parties and oblige the parties to buy or sell a certain quantity of a defined underlying instrument at a particular point in time (maturity date), or within a specific period of time, at a price agreed in advance.

### **Options**

The Company may, for the account of the Fund and in accordance with its investment principles, buy and sell call and put options on securities and money market instruments, as well as on financial indices within the meaning of Article 9(1) of Directive 2007/16/EC, interest rates, exchange rates or currencies, and may also trade in warrants. Options entail a third party being granted the right to demand the delivery or acceptance of assets or the payment of any difference in amounts for a consideration (option premium), or to purchase corresponding option rights, within or at the end of a specified period of time at a price agreed in advance (strike price). The options or warrants must be exercisable throughout their entire term or at the end of their term. In addition, the value of the option on the date it is exercised must be a fraction or multiple of the difference between the strike price and the market price of the underlying and become zero if the plus/minus sign for the difference is reversed.

### **Swaps**

The Company may, for the account of the Fund and in accordance with the investment principles, enter into interest rate swaps, currency swaps and interest rate currency swaps. Swaps are exchange transactions in which the underlying cash flows or risks between the contracting parties are exchanged.

### **Swaptions**

Swaptions are options on swaps. Only those swaptions that are composed of the options and swaps described above may be acquired for the account of this Fund. A swaption is the right, but not the obligation, to enter into a swap for which the conditions have been precisely specified at a specific point in time or within a specific period. Otherwise, the principles detailed in connection with options will apply.

### **Credit default swaps**

Credit default swaps are credit derivatives that allow a potential credit default volume to be transferred to other parties. The sellers of the risk pay a premium to their contracting partners as compensation for assuming the risk of credit default. The Company may only acquire simple, standardised credit default swaps for the Fund that are used to hedge individual credit risks in the Fund.

Otherwise, the information on swaps applies accordingly.

### **Securitised financial instruments**

The Company may also acquire the financial instruments described above if these are securitised. It is also possible for the transactions involving financial instruments to be only partially securitised (e.g. warrant-linked bonds). The above statements regarding opportunities and risks apply *mutatis mutandis* to any such securitised financial instruments, subject to the proviso that the loss exposure for securitised financial instruments is limited to the value of the security.

### **OTC derivatives transactions**

The Company may engage in derivatives transactions that are admitted to trading on a stock exchange or are included in another organised market, including *over-the-counter* (OTC) transactions.

The Company may engage in derivatives transactions that are not admitted to trading on a stock exchange or not included in another organised market provided these are executed with suitable credit institutions or financial services institutions based on standardised master agreements. For derivatives traded over the counter, the counterparty risk for a contracting party is restricted to 5% of the value of the Fund. If the contracting party is a credit institution domiciled in the European Union, the European Economic Area or a third country with a comparable level of supervision, the counterparty risk may total up to 10% of the value of the Fund. OTC derivatives transactions that are concluded with a central clearing agent for a stock exchange or another organised market as the counterparty are not counted towards the counterparty limits if the derivatives are marked to market daily and daily margin calls are made. However, the Fund's claims against an intermediary are to be counted towards the limits even when the derivative is traded on a stock exchange or another organised market.

### **Lending transactions**

The assets contained in the Fund may be transferred on loan to third parties for consideration in line with market conditions. If the assets are transferred for an indefinite period, the Company has the option of serving notice of termination at any time. It must be contractually agreed that, upon expiration of the term of the loan, assets of the same type, quality and quantity are transferred back to the Fund. The transfer of assets on loan is contingent upon sufficient collateral being granted to the Fund. This may be done by assigning or pledging bank deposits or transferring or pledging securities or money market instruments. The income from the investment of collateral accrues to the Fund.

In addition, the borrower is obliged to pay any interest generated by the securities on loan (when due) to the custodian bank for the account of the Fund. The value of securities lent for a definite period of time must not exceed 15% of the value of the Fund. The sum total of securities transferred to a single borrower may not exceed 10% of the value of the Fund.

The Company may not grant cash loans to third parties for the account of the Fund.

### **Repurchase agreements**

The Company may, for the account of the Fund, enter into repurchase agreements with credit institutions and financial services institutions, provided such agreements have a maximum term of twelve months. Repurchase agreements are permissible only in the form of genuine repurchase agreements. In this respect, the transferee assumes the obligation to transfer back the assets on a certain date or on a date to be determined by the transferor.

### **Borrowing**

Taking out short-term loans for the investors' joint account is permissible for up to 10% of the value of the Fund, provided that the loan conditions are in line with standard market conditions and the custodian bank consents to the raising of the loan.

### **Exception: Investments made in the absence of an investment advisor**

In the case where the investment advisor is no longer available to provide the Fund with investment advice (in connection with the termination rights and consequences, see Section 4 "Investment advisor"), the Company may terminate the management of the Fund in complying with the statutory notice period of 6 months. The Company will not continue to pursue the investment of assets as described in this Section 7 up until the end of the notice period but will rather invest the Fund's assets exclusively in bank deposits and money market instruments.

## **9. Valuation**

### **General rules for the valuation of assets**

**Assets admitted to trading on a stock exchange/traded on an organised market**

Assets that are admitted to trading on a stock exchange or included in another organised market, as well as subscription rights for the Fund, are valued at the last available tradable price, which ensures a reliable valuation, provided that nothing to the contrary is specified under "Special valuation rules" below.

**Assets not listed on a stock exchange or on organised markets or assets with no tradable price**

Assets that are neither admitted to trading on stock exchanges nor admitted to or included in another organised market or for which no tradable price is available are valued at the current market value that is appropriate when using suitable valuation models and careful estimates of the current conditions on the market, provided that nothing to the contrary is specified under "Special valuation rules" below.

## **Special valuation rules for individual assets**

### **Unlisted debt securities and German certificates of indebtedness**

The prices agreed for comparable debt securities and certificates of indebtedness and, if necessary, the prices of bonds from comparable issuers with corresponding maturities and coupons, if necessary with a discount to compensate for the lower marketability, are used to value debt securities that are not admitted to trading on the stock exchange or are not admitted to or included in another organised market (e.g. unlisted bonds, commercial papers and certificates of deposit), and to value certificates of indebtedness.

### **Money market instruments**

For money market instruments included in the Fund, interest and similar income, as well as expenses (e.g. management fee, custodian bank fee, audit costs, costs of publication, etc.) are taken into account up to and including the date before the valuation date.

### **Derivatives**

#### **Options and futures contracts**

The options belonging to a fund and the liabilities from options granted to third parties that are admitted to trading on a stock exchange or included in another organised market are valued at their respective last tradable price which ensures a reliable valuation.

This also applies to receivables and liabilities from futures contracts sold for the account of the Fund. Any margin calls paid on behalf of the Fund are added to the value of the Fund, taking into account any valuation gains and valuation losses determined on the relevant exchange trading day.

#### **Bank deposits, fixed-term deposits, investment units, repurchase agreements and loans**

Bank deposits are generally valued at their nominal amount plus accrued interest.

Fixed-term deposits are valued at their market value provided that the fixed-term deposit can be terminated at any time and is not repaid at the nominal amount plus interest upon termination.

Investment units are generally valued at their last determined redemption price or at the last available tradable price which ensures a reliable valuation. Should these figures not be available, investments units will be valued at their current market value which is reasonable when using suitable valuation models and careful estimates of the current conditions on the market.

The repayment claims in respect of loans are valued using the relevant market price of the assets transferred under the lending transactions in each case.

If securities are sold under repurchase agreements for the account of the Fund, any such securities must still be included in the valuation. In addition, any amounts received under repurchase agreements for the account of the Fund must be reported under cash and cash equivalents (bank deposits).

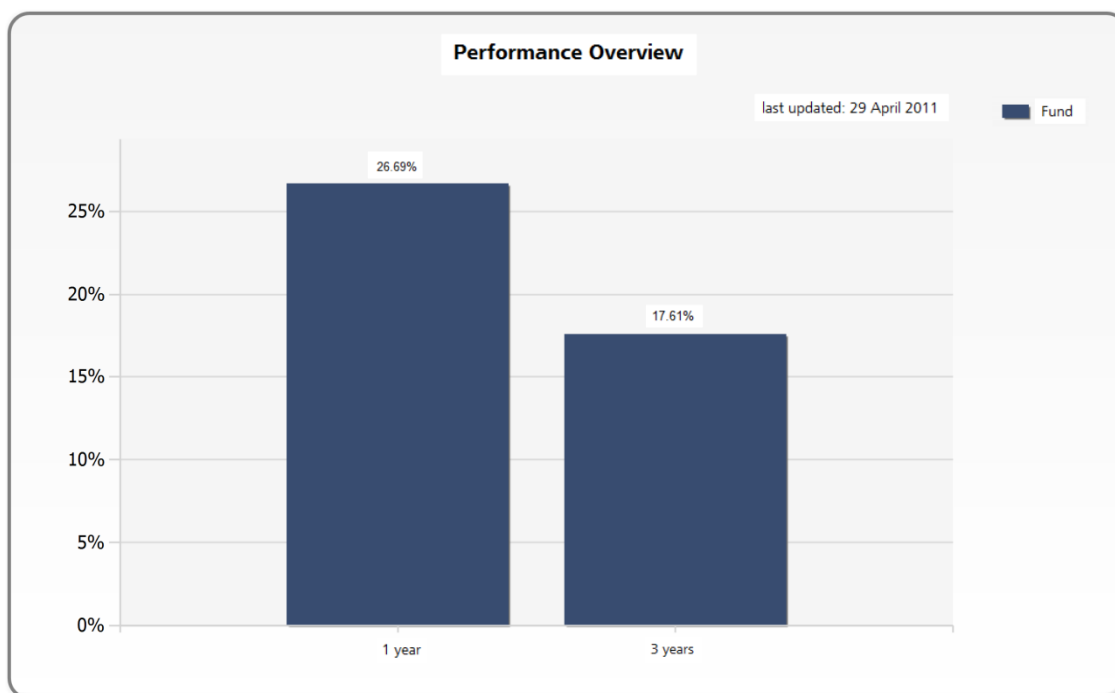
If securities are purchased under agreements to resell for the account of the Fund, any such securities must not be included in the valuation. Due to the payment made by the Fund, the valuation must also factor in a claim against the repo lender in the amount of the discounted repayment entitlements.

## Assets denominated in foreign currencies

Assets denominated in foreign currencies are translated into euros on the same day at the currency's exchange rate, based on the 5 p.m. fixing by The WM Company.

## 10. Performance

### Unit class EUR R



Calculation in accordance with BVI method (does not include front-end loads). Past performance is not indicative of a similar performance in the future. Future performance cannot be forecast. Current information on performance is published in the annual and semi-annual reports as well as on the Company's website at <http://www.universal-investment.de>.

### Unit class EUR I

The Fund has not existed long enough to make any conclusive statement regarding its past performance. Current information on performance is published in the annual and semi-annual reports as well as on the Company's website at <http://www.universal-investment.de>.

### Unit class USD I

The Fund has not existed long enough to make any conclusive statement regarding its past performance. Current information on performance is published in the annual and semi-annual reports as well as on the Company's website at <http://www.universal-investment.de>.

As a general rule, the historical performance of a fund is not indicative of its future performance.

## 11. Risk factors

### General

The assets in which the Company invests for the account of the Fund entail not only capital appreciation opportunities but also risks. Thus losses in value may be incurred if the market

value of the assets falls in relation to the purchase price. If investors sell their units in the Fund at a time when the prices of the assets held by the Fund have fallen compared to the date on which the investors acquired their units, they will not recover the full amount invested by them in the Fund. Although every fund strives for consistent capital appreciation, this cannot be guaranteed. However, the investor's risk exposure is limited to the amount invested. There is no obligation to make additional contributions beyond the amount that the investor has already invested.

The sequence of the risks listed in this section does not constitute a weighting. The risks listed may impact the Fund to varying degrees.

### **Potential investment universe**

Given the investment principles and limits prescribed by the InvG and the Fund Rules, which provide the Fund with a great deal of discretionary leeway, the actual investment policy pursued may also be directed at primarily acquiring assets of a limited number of industries, markets or regions/countries, for example. This focus on a few special investment sectors can be associated with particular opportunities; however, these are offset by corresponding risks (e.g. tight market, high fluctuation bandwidth in certain economic cycles).

The annual report provides retrospective information on the substance of the investment policy for the past reporting year.

**The performance of the Fund is influenced, in particular, by the following factors, which give rise to opportunities and risks:**

- **developments on international stock markets;**
- **company-specific developments;**
- **changes in the exchange rates of non-euro currencies against the euro; (unit class (EUR R) and EUR I) or of non-US dollar currencies against the US dollar (unit class (USD I)).**
- **changes in yields or prices on the bond markets;**
- **development of spreads between government securities and corporate bonds.**
- **The Fund may temporarily focus its investments to a greater or lesser extent on specific sectors, countries or market segments. This also, could give rise to opportunities and risks.**

### **General risks**

#### **Market risk**

The price or market performance of financial products depends, in particular, on the developments on the capital markets, which are in turn impacted by the general state of the global economy and the underlying economic and political conditions in individual countries. Irrational factors such as moods, opinions and rumours may also impact general price performance, particularly on stock exchanges.

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

Country risk exists when a foreign borrower, despite ability to pay, cannot make payments at all, or not on time, because of the inability or unwillingness of its country of domicile to execute transfers. This means, for example, that payments to which the Fund is entitled may not be made, or may be in a currency that is no longer convertible due to restrictions on currency exchange.

### **Liquidity risk**

The Fund is also permitted to acquire assets that are not admitted to a stock exchange or included in an organised market. The acquisition of this type of asset entails the risk that it may be especially difficult to resell such assets to third parties.

### **Counterparty credit risk**

Counterparty credit risk (counterparty or issuer risk) entails the risk that the other party to a reciprocal agreement will partially or fully default on its obligation with respect to a receivable although consideration has already been provided. This applies to all reciprocal agreements entered into for the Fund's account.

In addition to the general capital market trends, the specific developments at the individual issuers will impact the price of a security. Losses due to the financial collapse (also merely threatened collapse) of an issuer cannot be ruled out, even through the careful selection of securities. The impact of the losses incurred as a result of the financial collapse of an issuer will depend on the volume of such issuer's securities that were acquired for the Fund.

### **Settlement risk**

A risk associated particularly with the acquisition of unlisted securities, or the settlement via a transfer agent, is that settlements will not be executed as expected because a counterparty fails to pay or deliver on time or as agreed.

### **Currency risk**

If the assets of a fund are invested in currencies other than the respective fund currency, the fund receives the income, repayments and proceeds from these assets in the relevant currency. The value of the Fund decreases if the value of this currency falls against the fund currency.

### **Custody risk**

The custody of assets, particularly in foreign countries, is linked to a risk of loss that can result from insolvency, violations of the duty of due care, or improper conduct on the part of the custodian or a sub-custodian. The custodian bank does not assume unlimited liability for the loss or demise of assets that are held by other custodians in foreign countries (see section "Custodian bank").

### **Concentration risk**

Additional risks could result from investments being concentrated in specific assets or specific markets. The Fund then becomes particularly dependent on the performance of these assets or markets.

### **Inflation risk**

Inflation poses a devaluation risk for all assets.

### **Legal and tax risk**

The legal and tax treatment of funds can change in a manner that cannot be foreseen or influenced. A change in tax bases for the Fund that were incorrectly calculated for previous financial years (e.g. as a result of external tax audits) can result in a subsequent correction that is fundamentally disadvantageous for the investor's tax situation in that investors must bear the tax burden from the correction for previous financial years although they may not have invest-



ed in the Fund at that point in time. Conversely, investors may fail to benefit from an essentially favourable tax correction for the current or previous financial years during which they held an investment in the Fund if the units are redeemed or sold before the correction takes place.

In addition, a correction of tax data can lead to taxable income or tax benefits being assessed in assessment periods that differ from the period which actually applies; this may negatively impact individual investors.

### **Change in investment policy**

A change in investment policy within the investment universe permissible under law and contract may change the nature of the risk associated with the Fund.

### **Amendment of Fund Rules; dissolution or merger**

Pursuant to the Fund Rules for the Fund, the Company reserves the right to amend the Fund Rules (see also Part B: "General Principles"). Moreover, the Fund Rules entitle the Company to dissolve the entire Fund or to merge it with another fund. This therefore results in the risk that investors will not be able to hold their units for the planned period.

### **Risk of suspension of redemption**

In principle, investors can demand that the Company redeem their units on each valuation date. However, the Company may temporarily suspend the redemption of units under extraordinary circumstances, and then redeem the units later at the applicable price at that time (for details see "Suspension of unit redemption" below). The price may be lower than the price before suspension of redemption.

### **Key staff risk**

The exceptionally positive performance of funds over a specific period is also attributable to the suitability of the individuals involved and thus to the correct decisions made by the fund management. However, the composition of the fund management team can change. It is possible that new decision-makers are no longer as successful.

### **Increased volatility**

The occurrence of volatility in the Fund, i.e., particularly high fluctuations in the unit price over a short period, is due to a significant extent to general market circumstances that cannot be assessed in advance. However, the risk of substantial volatility is amplified if there is a focus on specific investment instruments.

**As a result of its composition and its investment policy, the Fund bears a fundamental risk of increased volatility, i.e., unit prices that fluctuate strongly both up and down in brief periods.**

### **Risks associated with investments**

#### **Risks connected with the acquisition of equities**

Part of the Fund's investment strategy involves the acquisition of equities. The acquisition of equities can be associated with particular market and company risks. The value of equities does not always reflect the actual value of the underlying company. As a result, there may be major and rapid fluctuations in these equities if the conditions on the market or the estimates of market players change with regard to the value of these investments. This is coupled with the fact that rights from equities are always settled after the claims from all of the issuer's other credi-

tors. As a result, equities are generally subject to greater fluctuations in value than, for example, fixed-income securities.

In particular, equities of primarily smaller, less mature companies are generally subject to higher fluctuations than the market in general. This is due to the fact that the securities are generally traded in smaller quantities and these companies are exposed to greater business risks.

In view of the risk of larger and more frequent fluctuations in equities, there may be correspondingly large and frequent changes in the value of funds that focus their investments on equities.

### **Risks associated with the acquisition of fixed-income securities (interest rate risk)**

Investments in fixed-income securities include the possibility that the prevailing market interest rate level existing at the time a security is issued can change. If the market interest rate increases compared to the interest rate at the time of issue, the prices of the fixed-income securities generally fall. If, however, the market interest rate falls, the price of the fixed-income securities will rise. This price development means that the current yield for the fixed-income security corresponds roughly to the current market interest rate. However, these price fluctuations differ according to the maturity of the fixed-income securities. Fixed-income securities with shorter maturities have lower price risks than fixed-income securities with longer maturities. In contrast, fixed-income securities with shorter maturities have lower yields than fixed-income securities with longer maturities.

As a result of their short terms of at most 397 days, money market instruments tend to have lower price risks.

As the Fund may invest in assets of issuers domiciled in high-growth markets, it must be taken into account that these investments are generally more speculative and subject to greater risks than investments in interest-bearing securities from developed countries.

### **Risks associated with derivatives transactions**

If, when using derivatives, the anticipated market developments do not materialise, losses in excess of the amount invested in the derivative may be incurred.

### **Derivatives**

Derivatives trading offers above-average earnings opportunities but at the same time the risk of substantial loss beyond the capital invested cannot be ruled out. Furthermore, those financial instruments aimed at modifying or replacing the investment result of certain securities, currencies, markets etc. are for the most part associated with a counterparty risk. In addition to the stock exchanges, the markets on which derivatives trading can take place include the over-the-counter (OTC) and interdealer market. Other than in the case of the participants in "exchange-based" markets, the relevant participants in those markets are generally not subject to a creditworthiness check or regulatory controls. As a result, the Fund is exposed to the risk that due to credit or liquidity problems a counterparty may be unable to complete a transaction in accordance with the terms and conditions provided for. Delays in the completion of such transactions may also be caused through disputes arising in connection with the Fund Rules (including disputes brought about with malicious intent) since such markets do not necessarily provide for any fixed rules and procedures for swift resolution of disputes which are available to market participants in the case of "exchange-based" markets. These factors may lead to losses being suffered by the Fund in connection with the execution of replacement transactions or otherwise based on adverse market developments. The counterparty risk exists, for example, in connection with each and every swap and, in the case of contracts with longer maturities, is even increased insofar the completion of transactions may be prevented at any time by the occur-

rence of events, particularly where the transactions were focussed on a single counterparty or a small group of counterparties.

As a rule, futures contracts are concluded with the broker acting for own account (principal) and not on a commission basis (agent). This means that the Fund may be exposed to the insolvency risk of the broker.

Margin funds that are deposited with a broker could possibly be pooled with other margin funds at such broker and are therefore subject to the insolvency risk of the broker. Moreover, in the case of the broker's insolvency, customer accounts may also be subject to so-called averaging, with the result that not all the amounts paid will be reimbursed.

### **Options and financial futures transactions**

The Fund may also invest in options and financial futures. These transactions, which are often used to hedge investments, are associated with substantial risk. These risks arise, in particular, from the volatility of the investments. The rights, which the Fund acquires under financial futures transactions, may lapse or depreciate in value since these transactions only involve rights of limited duration. The shorter the time period, the higher the risk can be. Where liabilities are incurred under financial futures transactions, the risk of loss may be indeterminable and may even exceed the margins that must be provided. The low requirements regarding margin payments have a strong leverage effect which is reflected to a significant extent not only in a profit but also in a loss. It is possible that transactions intended to exclude or limit the risks assumed under financial futures transactions (close-out transactions) cannot be executed at all or only at a loss-making price.

### **Off-exchange forward trading**

In contrast to futures contracts, forward contracts are not traded on exchanges and are not standardised (so-called OTC (= over-the-counter) transactions). On these markets, banks and traders instead act as principals, with each transaction being negotiated individually. Forward and spot transactions are generally not regulated; no limits exist with respect to daily price fluctuations or for speculative positions. Own-account traders engaging in forward transactions are not obliged to continue accepting buy or sell orders in connection with the currencies or commodities in which they trade; the level of liquidity in these markets may be low at times, and remain low for considerable periods of time. In connection with such markets, it has already happened that the participants were unable to submit any price bids for certain currencies or commodities, or submitted price bids with an unusually large spread between the price at which they were prepared to buy and that at which they were prepared to sell. All markets in which the Fund has invested may experience disruptions due to an exceptionally large trading volume, political interventions or other factors. Therefore the Fund may incur substantial losses due to market illiquidity or disruptions.

### **Swaps**

If the swap counterparty fails to fulfil its performance obligations in full, on time or at all, the Fund will suffer losses. Changes in the underlying asset of the swap may likewise result in losses for the Fund if the expected market developments do not materialise. Exchange-rate risks are involved in the case of swaps that convert in foreign currencies. It may be necessary to conclude a counter-transaction (close-out), which is associated with additional costs. Swaps are transactions that are not admitted to trading on a stock exchange or are not admitted to or included in an organised market. For this reason, selling swaps to third parties or close-out may be connected with difficulties or considerable costs.

## **Foreign currency speculation**

The Fund may enter into foreign currency transactions for speculative purposes. In recent years, exchange rates were marked by very strong fluctuations. In this connection, the combination of volatility and possible leverage carries the potential of substantial gain but at the same time involves a considerable risk of loss. Foreign currency speculation also bears a counterparty risk, since currency transactions are entered into on customer-to-customer basis.

## **Risks associated with the acquisition of Fund units**

The risks inherent in investment units that are acquired for the Fund are closely related to the risks inherent in the assets included in these funds, or the investment strategies they pursue. However, these risks can be reduced by the diversification of investments within the funds in which units are acquired, and by diversification within this Fund.

As the managers of the individual target funds act independently of each other, it may also be the case that several target funds pursue similar or mutually opposing investment strategies. This may result in a cumulative effect of existing risks, and possible opportunities might cancel each other out.

The Company is generally not able to control the management of the target fund. Their investment decisions do not necessarily have to concur with the Company's assumptions or expectations.

The Company often does not have up-to-the-minute information on the current composition of the target fund. If the composition does not correspond with its assumptions or expectations, it may in some instances react only with a substantial delay, in that it returns target fund units.

## **Divergent performance of unit classes**

The different legal structures of units of varying unit classes can result in a divergent economic performance of unit classes. Such differences include, for example, the currency of the unit value including the use of currency hedges, the distribution, the accumulation or differing management and custodian fees. If a distribution is made for one unit class but income is accumulated for another, this can affect the relevant unit value as differently as the varying participation in the income of the Fund. The same applies in the case of different management and custodian fees: These fees are paid out of the Fund assets on a regular basis and hence reduce the relevant unit value to a varying degree.

## **Specific country risks**

As a result of the very broad scope of investment, it is possible that securities are acquired for the Fund from issuers on markets that are still developing. If the investment focus lies on the acquisition of these securities as a result of the actual investment policy, this can give rise to specific country risks which generally do not arise for investments in securities from issuers in more developed countries.

These specific risks can result from factors including a lower level of investor protection in these countries, unfavourable political and social circumstances such as political interference in the business sector, more illiquid markets and the associated increase in volatility.

## **Specific industry risks**

Investments focusing on securities from one industry can also lead to the particular risks of this industry being reflected to a greater extent in the value of the Fund.

Particularly in the case of investments in industries that depend greatly on research and development (e.g. the biotechnology sector, the pharmaceuticals sector, the chemicals industry, etc.), or that are comparatively new, developments impacting the entire industry can lead to overly hasty investor reactions, resulting in substantial price fluctuations. The success of these sectors is often based on speculation and expectations with regard to future products. However, if these products do not fulfil the expectations placed in them or if there are other setbacks, there may be abrupt deteriorations in value across the entire industry.

However, there may also be dependencies in other industries that lead to the entire industry suffering from a significant fluctuation in value in the event of unfavourable developments, such as supply shortages, the scarcity of resources, the tightening of statutory regulations, etc.

**It should be noted that, in addition to the opportunities for price increases, investments also involve risks. The prices of the assets held by the Fund may rise or fall in relation to the acquisition prices. If investors sell their units in the Fund at a time when the prices of the assets held by the Fund have fallen compared to the date on which the investors acquired their units, this will have the result that they will not recover the amount or the full amount invested by them in the Fund. No assurance can be given that the objectives of the investment policy will actually be met. A positive performance cannot be guaranteed.**

## **12. Profile of the typical investor**

The Fund is designed for investors who are able to assess the risks and the value of the investment. Investors must be prepared and able to accept substantial fluctuations in the value of the units and the possibility of a significant loss of capital. This Fund may not be suitable for investors who intend to withdraw their money from the Fund within a period of less than 10 years.

## **13. Units**

The investors' rights are securitised exclusively in global certificates when the Fund is established. These global certificates are held in safe custody at a central depository for securities. Investors are not entitled to claim delivery of individual unit certificates. Units may only be acquired if they are to be held in custody. The units are issued in bearer form and evidence the claims of the holders in relation to the Company.

## **14. Issue and redemption of units**

### **Issue of units**

In principle, there is no restriction on the number of units issued. The units may be acquired from the custodian bank. The custodian bank will issue any such units at the issue price, which corresponds to the net asset value per unit plus a front-end load. The Company reserves the right to stop issuing units temporarily or completely.

With regard to the issue of units, the custodian bank has a daily cut-off time for acceptance of orders. If the custodian bank has received a purchase order before the cut-off time for order acceptance, this will be settled at the issue price corresponding to such cut-off time for order acceptance. If a purchase order is received only after the cut-off time for order acceptance, units are issued and settled at the next unit price. Information on the cut-off time for order acceptance can be obtained from the custodian bank.

**If minimum investment amounts have been specified for individual asset classes, these are specified in Part E: "Overview of unit classes".**

## **Redemption of units**

Investors can request the redemption of units on each valuation day. Redemption orders should be placed with the custodian bank or with the Company itself. The Company is under the obligation to redeem the units at their applicable redemption price, which corresponds to the unit value.

With regard to the redemption of units, the custodian bank has a daily cut-off time for acceptance of orders. If the custodian bank has received a sell order before the cut-off time for order acceptance, this will be settled at the redemption price corresponding to this cut-off time for order acceptance. If a sell order is received after the cut-off time for order acceptance, units will be redeemed and settled at the next unit price. Information on the cut-off time for order acceptance can be obtained from the custodian bank.

## **Settlement for unit issues and redemptions**

Settlement takes place no later than on the value determination date following receipt of the buy or sell order.

## **Suspension of unit redemption**

The Company may temporarily suspend the redemption of the units if extraordinary circumstances arise that make such suspension of redemption appear necessary in the investors' interests. Extraordinary circumstances include, for example, the unscheduled closing of a stock exchange on which a significant portion of the securities of the Fund is traded or a situation in which no disposals over assets can be made or material assets of the Fund cannot be valued (see section entitled "Issue and redemption price").

The Company reserves the right not to redeem or exchange the units at the price applicable at that time until it has sold, without delay but while safeguarding the interests of all investors, corresponding assets of the Fund.

The Company will inform investors of the suspension and resumption of unit redemption via announcements in the electronic Federal Gazette, as well as on the Company's website at <http://www.universal-investment.de>. After redemption of units has been resumed, the investors will be paid the then applicable redemption price. In addition, investors will be informed in paper or electronic form through their custodian agent.

The Company prohibits "market timing" or other trading strategies geared to short-term profits. If the Company has reason to believe that this type of short-term, speculative trading strategy is being implemented, it reserves the right to reject applications to subscribe for or redeem units in the Fund.

## **Exchange of units**

It is not possible to exchange units of one unit class for units of another unit class. The Company is not obliged to offer investors units in another unit class of the Fund upon the dissolution of a unit class (for details on the dissolution of a unit class, see "Procedure for the dissolution of a fund").

## **Stock exchanges and markets**

The units of the Fund have not been admitted to trading on a stock exchange by the Company. However, the Company is aware that units of the Fund (EUR R) are traded on the following markets:

- Hamburg Stock Exchange ("Fondsbörse Deutschland" segment);

- Düsseldorf Stock Exchange;
- Frankfurt Stock Exchange;
- Munich Stock Exchange;
- Berlin Stock Exchange;
- Stuttgart Stock Exchange.

It cannot be ruled out that units of the Fund will also be traded on other markets.

The market price on which stock exchange trading or trading on other markets is based is not determined solely by the value of the assets held in the Fund, but also by supply and demand. As a result, the market price may differ from the unit price calculated.

## **15. Issue and redemption prices and costs**

### **Issue price and redemption price**

In calculating the unit issue and redemption prices, the Company, under the supervision of the custodian bank, determines on each valuation day the value of the assets held by the Fund less any liabilities (net asset value).

The "unit value" is determined by dividing the net asset value by the number of unit certificates outstanding.

When issuing units of a unit class for the first time, their value must be calculated based on the value of the entire Fund as calculated in accordance with § 36(1) sentence 1 InvG.

The value of any unit class is calculated as the sum of the net change in value of the Fund that is proportionally attributable to this unit class as against the prior valuation day and the value of the unit class on the prior valuation day. The value of a unit class must be calculated on each trading day in accordance with § 36(1) sentence 3 InvG. The value of a unit in a unit class is calculated by dividing the value of the unit class by the number of units issued for this unit class.

### **The income equalisation must be factored into each individual unit class.**

All trading days are valuation days for the units of the Fund. The Company and the custodian bank may refrain from calculating the value on public holidays which are exchange trading days within the meaning of the InvG, and on 24 and 31 December of each year. At present, no unit prices are determined on New Year's Day, Good Friday, Easter Sunday, Easter Monday, the 1st of May, Ascension Day, Whitsun, Whit Monday, Corpus Christi, German Unification Day, Christmas Eve, Christmas Day, Boxing Day and New Year's Eve.

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

The Company may temporarily suspend calculation of the issue and redemption price under the same conditions applicable to unit redemption. These are detailed in the section "Suspension of unit redemption".

### **Front-end load**

When determining the issue price, a front-end load is added to the unit value. The front-end load amounts to 5.00% of the unit value for each unit class. The Company has the right to charge a lower front-end load or to waive charging a front-end load. This front-end load can diminish or even fully erode performance, particularly in the case of short investment periods. The front-end load is essentially a fee charged for the distribution of the Fund units. The Com-

pany may pass on the front-end load to brokerage agents as remuneration for distribution services rendered.

**The current front-end load of the individual unit classes is set forth in Part E: "Overview of unit classes".**

### **Redemption discount**

No redemption discount will be charged.

### **Publication of issue and redemption prices**

The issue and redemption prices are regularly published on the Company's website at <http://www.universal-investment.de>.

### **Costs related to the issue and redemption of units**

Units are issued and redeemed by the Company or by the custodian bank at the issue price (unit value plus front-end load) and redemption price (unit value), without additional costs being charged.

If units are redeemed via third parties, costs may be incurred upon the redemption of units. If the units are sold via third parties, costs in excess of the issue price may be charged.

## **16. Management fees and other costs**

As consideration for the management of the Fund, the Company will receive, irrespective of the unit class, a fee of 1.00% p.a. based on the net asset value of the Fund as calculated on each value determination date. This fee is payable quarterly. The Company has the right to charge a lower fee for one or several unit classes, or to waive charging a fee.

As consideration for its activities, the custodian bank will receive, irrespective of the unit class, a fee of 0.10% p.a. (minimum €8,000.00 p.a.) based on the net asset value of the Fund as calculated on each value determination date. This fee is payable quarterly. The custodian bank has the right to charge a lower fee or no custodian bank fee at all for one or several unit classes.

In implementing its investment strategy, the Company may enlist the services of an advisor or asset manager. In this case, the advisor or asset manager fee, which is payable quarterly from the Fund's assets and irrespective of the unit class, is 1.50% p.a. based on the net asset value of the Fund calculated on each value determination date. The advisor or asset manager has the right to charge a lower fee for one or several unit classes, or to waive charging a fee.

In addition, the Company may pay the advisor or asset manager a performance-based fee, which is charged to the Fund. The fee is paid annually and calculated on the basis of the relative performance spread between the performance of the units and a hurdle rate of 7% p.a. and amounts to up to 15% of the relative performance spread in relation to the average end-of-month values of the Fund. The Fund's performance is calculated by comparing the unit value at financial year-end with the unit value as at the end of the prior financial year; in this respect, distributions and tax payments made at the expense of the Fund are added back to the unit value (BVI method). Payment of the performance-based fee will also be subject to the condition that, since the launch of the Fund (or the respective unit class), the unit value as adjusted in accordance with the BVI method has in each case reached a new peak ("high water mark") at the end of a given financial year.

**An overview of the fees currently charged to the individual unit classes can be found in Part E: "Overview of unit classes".**



In addition to the fees payable to the Company, the custodian bank and the advisor, the following expenses are charged to the Fund:

- costs incurred in connection with the acquisition and sale of assets;
- customary bank custody account fees including, if applicable, costs for the custody of foreign securities held abroad;
- costs for the printing and mailing of the annual and semi-annual reports intended for the unitholders and, if necessary, the liquidation report;
- any costs incurred in connection with the fulfilment of the preconditions and follow-up obligations regarding any distribution of the units in other countries;
- costs incurred in connection with bringing about, maintaining and terminating stock market listings of units;
- costs incurred for publishing the annual and semi-annual reports, the issue and redemption prices and if applicable, income reinvestments or distributions and the liquidation report;
- costs for publishing the bases for tax assessment and the certificate verifying that the tax information was determined in accordance with provisions of German tax law;
- management fees and reimbursement of costs for state agencies;
- costs for legal and tax advice relating to the Fund;
- any taxes that may be incurred in connection with management and custody costs;
- costs for the audit of the Fund by the auditor engaged by the Company;
- costs for the commissioning of proxies;
- costs for the assertion and enforcement of the Fund's legal claims;
- costs for preparing or amending, translating, depositing, printing and mailing of sales prospectuses in the countries in which the units are sold;
- costs for the analysis of the investment performance by third parties;
- costs for the credit rating of the Fund by nationally or internationally recognised rating agencies;
- advertising costs that are incurred directly in connection with offering and selling units;
- taxes accruing on fees to be paid to the Company, the custodian bank, the investment advisor or asset manager as well as on the aforementioned expenses;
- costs for providing information to the Fund's investors by means of a durable medium, with the exception of information on fund mergers (as from 1 January 2012).

In the annual report, disclosure is made of the management and administrative costs (excluding transaction costs) incurred and charged to the Fund in the respective financial year; such costs are reflected as a ratio of the average fund volume (Total Expense Ratio – TER). This is composed of the fee for the management of the Fund, the custodian bank fee as well as the expenses that may additionally be charged to the Fund (see above). However, this does not include the incidental expenses and the costs incurred in the purchase and sale of assets.

The Company generally passes on parts of its management fee to brokerage agents. This is done in payment for sales services and may constitute a substantial amount. The custodian bank and advisor may support the brokers' sales activities from the fees they receive – these are generally calculated based on the stocks brokered.

The Company, the custodian bank and the investment advisor may, at their discretion, arrange with individual investors that fees received are partially repaid to these investors. This arises

particularly in the case where institutional investors directly invest large amounts for the long term.

In connection with transactions for the Fund's account, the Company may use non-cash benefits (broker research, financial analyses, market and price information systems), which it uses in the investors' interests when taking investment decisions. The Company does not receive any reimbursements of the fees and expenses paid to the custodian bank or to third parties. In all other respects, reference is made to the relevant annual reports.

### **Special features and costs with regard to the acquisition of investment units**

In addition to fee for the management of the Fund, an administration fee is charged for the units held in the Fund.

Investors should also take into account that front-end loads or redemption fees may be charged to the Fund when acquiring other investment units. In addition to these costs, investors in the Fund must also indirectly bear the fees, costs, taxes, commission and other expenses relating to investment units of the respective target fund in which the Fund invests. The Fund may also invest in investment units that have a different fee structure (e.g. lump-sum fee, performance-based fee) or for which other kinds of fees can be charged.

To the extent that a target fund is directly or indirectly managed by the Company or another company with which the Company is affiliated via a material direct or indirect participating interest, the Company or the other company may not charge any front-end loads or redemption discounts to the Fund for the acquisition or redemption of investment units of the target fund.

The front-end loads and redemption discounts that are charged to the Fund for the acquisition and redemption of units in other funds are disclosed in the annual and semi-annual report. In addition, disclosure will be made of fees charged to the Fund in the form of a management fee for the units held in the Fund by a German or foreign investment company or a company with which the Company is affiliated by way of a participating interest.

### **17. Subfund**

The Fund is not a subfund in an umbrella scheme.

### **18. Rules for the calculation and application of income**

#### **Income equalisation procedure**

The Company uses a so-called income equalisation procedure for the Fund. This means that the pro-rated income over the financial year that the purchaser of units must pay as part of the issue price, and that the seller of unit certificates receives as part of the redemption price, is continuously offset. The expenses incurred are taken into account in the calculation of the income equalisation.

The income equalisation procedure is designed to even out any fluctuations in the relationship between income and other assets caused by the net inflows and net outflows of funds resulting from the sale and redemption of units. Otherwise, every net inflow of liquid funds would decrease the proportion of the net asset value of the Fund accounted for by income, while every outflow would increase it.

As a result, the income equalisation procedure ensures that the earnings per unit reported in the annual report for accumulation classes of units is not affected by the number of units in circulation and that the distribution per unit for distribution units is not affected by the unpredictable development of the Fund or the units in circulation. In this regard, it is accepted that investors who, for example, acquire units shortly before the distribution date will receive back

that portion of the issue price attributable to income in the form of a distribution although their paid-in capital did not contribute to the generation of such income.

### **Financial year**

The financial year of the Fund commences on 1 October and ends on 30 September of the following year.

### **Application of income**

Within three months after the end of the financial year the Company generally distributes to investors - in the case of distribution classes of units, and to the extent these are attributable to such unit classes - the interest, dividends and income from investment units, fees from lending and repurchase agreements that have accrued for the account of the Fund during the financial year and that have not been used to cover costs. Capital gains and other income may also be applied toward distributable income.

If the units are held in a securities account with the custodian bank, its branches will credit distributions free of charge. Additional costs may be incurred if the securities account is maintained with another bank or savings bank.

In the case of accumulation classes of units, the income attributable to such unit classes are not distributed, but rather are reinvested in the Fund.

**Information on the application of income for each unit class can be found in Part E: "Overview of unit classes".**

## **19. Dissolution and transfer of the Fund**

Investors are not entitled to apply for the dissolution of the Fund. However, the Company may terminate the management of a fund upon serving notice of six months by way of an announcement in the electronic Federal Gazette and also in the annual or semi-annual report. With respect to such termination, investors will also be informed in paper or electronic form through their custodian agent.

Furthermore, the Company's right to manage the Fund will lapse if insolvency proceedings have been opened for the Company's assets, or upon the issuance of a final and binding court order dismissing an application for the initiation of insolvency proceedings due to a lack of assets in accordance with § 26 of the German Insolvency Code (*Insolvenzordnung*).

In such a case, the fund or the right of disposition over the fund shall pass to the custodian bank, which shall wind up the fund and distribute the proceeds to investors, or transfer the management of the Fund – subject to The Federal Financial Supervisory Authority's approval – to another asset management company.

### **Procedure for the dissolution of a fund**

The issue and repurchase of units will cease.

The proceeds from the disposal of the assets of the Fund, less any costs still to be borne by the Fund and less the costs incurred as a result of dissolution, will be distributed among the investors, who will be entitled to payment of the liquidation proceeds in proportion to the units held by them in the Fund.

Following a period of six months, the custodian bank is authorised to deposit any unclaimed liquidation proceeds with the local court having jurisdiction over the Company.

The Company shall prepare a liquidation report as of the day that its management right expires, and such report must meet the requirements for annual reports. The liquidation report will be published in the electronic Federal Gazette no later than three months after the Fund's dissolution date. During the time that the custodian bank is winding up the Fund, it will prepare an annual report as well as an interim report for the period ending on the day the winding up is completed; such report must meet the requirements for annual reports. These reports must likewise be published in the electronic Federal Gazette no later than three months after the dissolution date.

## **20. Transfer of all assets of the Fund**

All assets of the Fund may be transferred as of the end of the financial year (transfer date) to another fund already in existence or to a new fund established by virtue of the merger. The Fund may also be merged with an investment fund which has been launched in a member state of the European Union or a signatory to the Agreement on the European Economic Area and which likewise satisfies the requirements of Directive 2009/65/EC. A different transfer date may be stipulated with the approval of the Federal Financial Supervisory Authority. All of the assets of another fund or foreign UCITS-compliant investment fund may also be transferred to the Fund as of the end of the financial year or on a different transfer date. Finally, there is also the possibility that only the assets, and not the liabilities, of a foreign UCITS-compliant investment fund will be transferred to the Fund.

### **Procedure relating to the transfer of funds**

No later than 35 working days<sup>4</sup> prior to the planned transfer date, the investors' custodian agents will provide investors with information, in paper or electronic form, on the reasons for the merger, the potential impacts for the investors, their rights in connection with the merger, as well as on the relevant procedural aspects. The investors will also receive the key investor information for the Fund or the investment fund that remains in existence or is established as a new fund by virtue of the merger.

Up until five working days prior to the planned transfer date, the investors will either have the opportunity to redeem their units without any redemption discount, or to exchange their units for units of another fund or foreign investment fund which is also managed by the Company or another company of the same group and pursues an investment policy similar to that of the Fund.

On the transfer date, the values of the receiving and the merging fund or investment fund will be calculated, the exchange ratio will be defined and the entire transaction will be audited by the auditor. The exchange ratio will be calculated based on the ratio between the net asset values of the merging and the receiving fund on the date of the takeover. Investors will receive units in the new fund, the number of which will correspond to the value of their units in the merging fund.

There is also the possibility that the investors of the merging fund will receive a cash payment not exceeding 10% of the value of their units. If the merger takes place during the merging fund's current financial year, the management company of such fund must prepare a report for the period ending on the transfer date, and such report must meet the requirements for annual reports.

**If the Fund has absorbed another fund and this merger (by absorption) has entered into effect, the Company will inform the investors of the Fund to this effect via announcements in the electronic Federal Gazette, as well as on the Company's website.**

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<sup>4</sup> The specified time period is stipulated under § 40d (2) in conjunction with § 40e (1) sentence 2 of the InvG. However, § 40d refers to 30 "days", while § 40e refers to 5 "working days".

**In the case where the Fund ceases to exist as a result of a merger, the company managing the receiving fund or the new fund will make the announcements.** The transfer of all of the assets of this Fund to another fund or any other foreign investment fund will take place only upon approval by the Federal Financial Supervisory Authority.

## **21. Summary information on the tax treatment of fund income for investors**

The following overview of tax provisions is a general summary and does not constitute concrete legal or tax advice. It is therefore recommended that each investor obtain advice from their tax advisor regarding their personal tax treatment for investments in this Fund.

Details of the taxation of income from this Fund are published in the annual reports.

**The following general taxation information is based on the legal situation as it currently stands. However, there is no guarantee that the tax treatment will not change by virtue of legislation, court decisions or decrees of the tax authorities.**

This summary information applies only to investors who are subject to unlimited taxation in Germany. We recommend that foreign investors contact their tax advisors in order to clarify the potential tax consequences arising from the purchase of units in their country of residence on an individual basis prior to purchasing units in the Fund described in this Sales Prospectus.

As a special-purpose fund, the Fund is exempt from corporation tax and trade tax. In the hands of private investors, however, the Fund's taxable income is subject to income tax as income from capital investments if the amount, together with other investment income, exceeds the annual allowance for tax-exempt savings income (*Sparer-Pauschbetrag*) of €801.00 (for single persons or married couples assessed separately) or €1,602.00 (for married couples assessed jointly).

Income from capital assets is generally subject to a 25% withholding tax (plus solidarity surcharge and, if applicable, church tax). Income from capital investments also includes income distributed by the Fund, deemed distributions and accrued interim profits (*Zwischengewinne*), as well as gains from the purchase and sale of fund units if these were or are acquired after 31 December 2008<sup>5</sup>.

For private investors, the deduction of tax at source is final (*Abgeltungsteuer*, definitive flat-rate withholding tax), meaning that income from capital investments generally does not have to be disclosed in their income tax returns. As a general rule, the custodian agent will already take into account offsettable losses and foreign withholding taxes when deducting tax at source.

The deduction of tax at source is not final, however, if the investor's personal tax rate is below the 25% flat withholding tax rate, and in some other circumstances. In such instances, income from capital investments may be declared in the income tax return. The tax office will then apply the lower personal tax rate and credit the tax deducted against the personal tax liability in order to adopt the most favourable treatment from the taxpayer's point of view (*Günstigerprüfung*).

If no tax has been deducted at source from income from capital investments (e.g., because a gain on the sale of fund units was generated in a foreign custody account), the income must be disclosed in the tax return. The income from capital investments is then also subject to the 25% flat rate of tax or the lower personal tax rate in the course of the tax assessment.

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<sup>5</sup> Private investors are exempt from tax on gains made from the sale of fund units acquired prior to 1 January 2009.

Even where tax has been deducted at source and a higher personal rate of tax applies, details of income from capital assets may be required to be disclosed if extraordinary expenses (*außergewöhnliche Belastungen*) or special expenses such as donations are claimed in the income tax return.

If the units are held as business assets, any income will be taxed as operating income. Tax law requires a differentiated approach to the income components in order to determine the taxable income and/or the income subject to withholding tax on investment income.

### **Units held as private assets (taxpayers resident in Germany)**

#### **Capital gains from the sale of securities, gains on forward transactions and income from option premiums**

Capital gains from the sale of equities, profit participation rights with equity characteristics and investment units, gains on forward transactions and income from option premiums generated at fund level are not taxed in the hands of the investor as long as they are not distributed. Capital gains from the sale of the capital claims referred to in § 1(3) sentence 3 No. 1 a) to f) of the German Investment Tax Act (*Investmentsteuergesetz* - "InvStG") are also not taxable in the hands of the investor if they are not distributed.

The following capital claims fall into this category:

- a) capital claims that have a yield at issue;
- b) "normal" bonds and unsecuritised receivables with a fixed coupon, as well as down-rating bonds, floaters and reverse floaters;
- c) risk certificates that track a share price or a published index for a large number of shares 1:1;
- d) equity-linked bonds, exchangeable bonds and convertible bonds;
- e) flat income bonds and profit participation certificates classified as debt instruments; and
- f) bonds cum warrants.

If gains on the disposal of the securities/capital claims described above, gains on forward transactions or income from option premiums are distributed, they are in principle taxable and, if the units are held by a custodian in Germany, tax at source is deducted at a rate of 25% (plus solidarity surcharge and, where applicable, church tax). Distributed gains from the sale of securities and gains on forward transactions are tax-exempt, however, provided the securities were purchased at fund level prior to 1 January 2009 or the forward transactions were entered into prior to such time.

Gains and losses on the disposal of capital claims not included in the list above are treated for tax purposes in the same manner as interest (see below).

#### **Interest and similar income and foreign dividends**

Interest and similar income and foreign dividends are generally taxable in the hands of investors. This applies irrespective of whether the income is reinvested or distributed.

Distributed or reinvested interest and similar income and foreign dividends of the Fund are generally subject to a 25% withholding tax (plus solidarity surcharge and, if applicable, church tax).

#### **The withholding tax does not have to be deducted if the investor is a tax resident in Germany and lodges an application for exemption (*Freistellungsauftrag*), provided**

**that the taxable elements of income do not exceed €801.00 for single person assessments or €1,602.00 in the case of the joint assessment of married couples.**

The same applies upon lodgement of a non-assessment certificate (*Nichtveranlagungsbescheinigung*) and, in the case of foreign investors, if they provide evidence that they are non-resident taxpayers.

If an investor domiciled in Germany holds units in a "distribution fund" for tax purposes in a German custody account with the asset management company or a credit institution, the custodian agent, as paying agent, will not withhold any tax if the investor lodges an application for exemption from withholding tax for a sufficient amount (using the prescribed form) or a non-assessment certificate, issued by the tax office for a maximum three-year term, with the custodian bank prior to the specified distribution date. In such a case, the entire amount of the distribution will be credited to the investor without deduction.

If the fund is an "accumulation fund" for tax purposes and income is reinvested prior to 1 January 2012, tax at a rate of 25% (plus solidarity surcharge) is deducted by the asset management company itself in respect of reinvested interest and similar income and foreign dividends of the fund. The issue and redemption prices of the fund units are consequently reduced by the amount of the tax deducted at the end of the financial year. Since investors are generally unknown to the asset management company, no church tax is withheld. Investors liable for church tax must therefore provide the relevant information in their income tax returns.

In the case of income reinvested after 31 December 2011, the fund forwards the tax on investment income plus the maximum rate of additional taxes payable (solidarity surcharge and church tax) to the custodian agent. The custodian agent deducts tax in the same way as it would for a distribution having regard to the personal circumstances of the investor, which, in particular, allows church tax to be paid over, if applicable. The investor receives a refund if the fund forwards amounts to the custodian agent that are not required to be paid over to the tax authorities.

If the units are held in a custody account with a German credit institution or a German asset management company, investors who have lodged an application for exemption from withholding tax for a sufficient amount or a non-assessment certificate with their custodian agent before the end of the fund's financial year will have the amount of tax withheld (or, from 2012 onwards, the amount forwarded to the custodian bank) credited to their account.

In the event that no application for exemption from withholding tax or non-assessment certificate is lodged, or is not lodged in time, investors may apply for a tax certificate (*Steuerbescheinigung*) from their custodian agent, giving details of the amounts of withholding tax and solidarity surcharge deducted and paid over. Investors can then have the tax withheld offset against their personal tax liability as part of their income tax assessment.

If units in distribution funds are not held in a custody account and coupons are presented to a German credit institution, withholding tax at a rate of 25% plus the solidarity surcharge will be deducted.

### **Domestic dividends**

Dividends paid in Germany that are distributed or reinvested by the Fund are generally subject to tax in the hands of the investor.

Where income is distributed or reinvested prior to 1 January 2012, the asset management company deducts withholding tax of 25% (plus the solidarity surcharge) from dividends paid in Germany. In the case of distributions, the custodian agent will also take account of any request received for church tax to be withheld. The 25% withholding tax (plus solidarity surcharge) is immediately refunded to the investor in full if the units are held in custody with the asset man-

agement company or a credit institution in Germany and an application for exemption from withholding tax for a sufficient amount or a non-assessment certificate has been lodged. Alternatively, investors may offset the 25% withholding tax (plus the solidarity surcharge) against their personal income tax liability if they lodge the tax certificate issued by the relevant custodian agent.

In the case of income distributed or reinvested after 31 December 2011, the fund forwards the tax on investment income plus the maximum rate of additional taxes payable (solidarity surcharge and church tax) to the custodian agent. The custodian agent deducts tax having regard to the personal circumstances of the investor, which, in particular, allows church tax to be paid over, if applicable. The investor receives a refund if the fund forwards amounts to the custodian agent that are not required to be paid over to the tax authorities.

### **Negative taxable income**

Negative income remaining at fund level after positive income of the same type has been offset is carried forward for tax purposes at fund level. The amount can be offset at fund level against future positive taxable income of the same type in subsequent years. It is not possible to allocate negative taxable income directly to investors. As a result, these negative amounts do not affect investors for income tax purposes until the assessment period (tax year) in which the fund's financial year ends, or the distribution is made for the fund's financial year in which the negative taxable income was offset at fund level. It is not possible for investors to claim the benefit of this negative taxable income for income tax purposes at an earlier point in time.

### **Return on capital distributions**

Return on capital distributions are not taxable.

Return of capital distributions received by the investor while they own fund units, however, are included in the taxable gain or loss on the sale of those units, i.e. they increase the taxable gain.

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

If a private investor sells units in a fund that were purchased after 31 December 2008, the gain on disposal is subject to the 25% definitive flat-rate withholding tax on investment income. If the units are held in a custody account in Germany, the tax is deducted by the custodian agent. The 25% withholding tax (plus solidarity surcharge and, if applicable, church tax) may be avoided by lodging an application for exemption from withholding tax for a sufficient amount or a non-assessment certificate.

Private investors are exempt from paying tax on any gain from the disposal of units purchased prior to 1 January 2009.

For the purposes of calculating the gain on disposal, the cost of acquisition is reduced by the accrued interim profit at the date of acquisition and the disposal price is reduced by the accrued interim profit at the date of sale, in order to ensure that interim profits are not subject to income tax twice (see below). Additionally, the sale price is reduced by the reinvested income on which the investor has already paid tax, again in order to avoid double taxation.

Gains on the disposal of fund units purchased after 31 December 2008 are not taxable to the extent that they result from income arising in the fund during the period of ownership and not yet assessed to tax at investor level that is tax-exempt under the terms of a double taxation treaty (*besitzzeitanteiliger Immobiliengewinn*, pro rata gains from real estate).

The asset management company publishes the gains from real estate on each valuation date as a percentage of the value of the investment unit.



Where the required minimum investment is €100,000.00 or more, or if investment by natural persons is contingent upon investor expertise (in relation to the specific unit class in the case of investments in unit classes), the following applies to the disposal or redemption of units that were purchased after 9 November 2007 and prior to 1 January 2009: Any gain on the disposal or redemption of such units is generally subject to definitive flat-rate withholding tax of 25%. In this situation, however, the taxable capital gain on the sale or redemption of units is limited to the amount of the gain on the disposal of securities acquired after 31 December 2008 and reinvested by the fund, and gains on forward transactions entered into after 31 December 2008 and reinvested by the fund. Evidence of the relevant amount is required in order to benefit from this limit on taxable capital gains.

According to the Federal Ministry of Finance (Bundesfinanzministerium - "BMF") (BMF notice dated 22 October 2008), it may be assumed in the case of investors who actually invest at least €100,000.00 that a minimum investment amount of €100,000.00 is required and that investors are required to have a certain degree of expertise if the material assets of an investment undertaking are allocated to a small number of up to 10 investors.

#### **Units held as business assets (taxpayers resident in Germany)**

##### **Capital gains from the sale of securities, gains on forward transactions and income from option premiums**

Capital gains from the sale of equities, profit participation rights with equity characteristics and investment units, gains on forward transactions and income from option premiums generated at fund level are not taxed in the hands of the investor as long as they are not distributed. Capital gains from the sale of the capital claims referred to in § 1(3) sentence 3 No. 1 a) to f) InvStG are also not taxable in the hands of the investor if they are not distributed.

The following capital claims fall into this category:

- a) capital claims that have a yield at issue;
- b) "normal" bonds and unsecuritised receivables with a fixed coupon, as well as down-rating bonds, floaters and reverse floaters;
- c) risk certificates that track a share price or a published index for a large number of shares 1:1;
- d) equity-linked bonds, exchangeable bonds and convertible bonds;
- e) flat income bonds and profit participation certificates classified as debt instruments; and
- f) bonds cum warrants.

If these gains are distributed, they are subject to tax at investor level. However, in the case of capital gains on the disposal of shares, the entire gain<sup>6</sup> (for investors that are corporations) or 40% of the gain (for other corporate investors, e.g. sole proprietors) is free of tax (*Teilinkünfteverfahren*, partial income method). In contrast, capital gains on fixed-income securities/capital claims, gains on forward transactions and income from option premiums are taxable in full.

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<sup>6</sup> For corporations, 5% of capital gains on equities are non-deductible operating expenses and are therefore effectively taxable.

Gains and losses on the disposal of capital claims not included in the list above are treated for tax purposes in the same manner as interest (see below).

Gains on the sale of securities, gains on forward transactions and income from option premiums that are distributed are generally subject to deduction of tax at source (withholding tax on investment income of 25% plus solidarity surcharge). This does not apply to gains on the disposal of securities acquired prior to 1 January 2009 or to gains on forward transactions entered into prior to 1 January 2009. However, the paying agent will not deduct tax in particular in cases where the investor is a corporation and subject to unlimited taxation, or where the relevant investment income represents operating income of a German business, and the person entitled to receive the investment income makes a declaration to that effect to the paying agent (using the prescribed form).

### **Interest and similar income**

Interest and similar income are, in principle, subject to tax in the hands of the investor<sup>7</sup>. This applies irrespective of whether the income is reinvested or distributed.

A waiver or refund of the withholding tax deduction is only possible upon lodgement of a corresponding non-assessment certificate. Otherwise, the investor receives a tax certificate giving details of the tax deducted.

### **Domestic and foreign dividends**

Dividends paid by German and foreign stock corporations that are distributed or reinvested in respect of units held as business assets are generally tax-exempt at corporation level, with the exception of dividends paid under the terms of the German Act on Real Estate Investment Trusts (*REIT Gesetz* - "REITG")<sup>8</sup>. In the case of sole proprietors, 60% of the income is subject to tax (*Teileinkünfteverfahren*, partial income method).

Dividends paid in Germany are subject to the deduction of tax at source (withholding tax on investment income of 25% plus solidarity surcharge).

Foreign dividends are also generally subject to the deduction of tax at source (withholding tax on investment income of 25% plus solidarity surcharge). However, the paying agent will not deduct tax in particular in cases where the investor is a corporation and subject to unlimited taxation (although corporations within the meaning of § 1(1) Nos. 4 and 5 of the German Corporation Tax Act (*Körperschaftsteuergesetz* - "KStG") must provide the paying agent with a certificate from the tax office dealing with their affairs) or where the foreign dividends represent operating income of a German business and the person entitled to receive the investment income makes a declaration to that effect to the paying agent using the prescribed form.

In the case of investors subject to trade tax, dividend income that is partially exempt from income or corporation tax must be added back, and not reduced again, for the purpose of determining trade income.

### **Negative taxable income**

Negative income remaining at fund level after positive income of the same type has been offset is carried forward for tax purposes at fund level. The amount can be offset at fund level against future positive taxable income of the same type in subsequent years. It is not possible to allo-

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<sup>7</sup> The taxable interest within the meaning of § 2 (2a) InvStG must be taken into account for the purpose of the provision limiting the deduction of interest as an operating expense (*Zinsschrankenregelung*) set forth in § 4h of the Income Tax Act (*Einkommensteuergesetz* - "EStG").

<sup>8</sup> For corporations, 5% of dividends are non-deductible operating expenses and are therefore effectively taxable.

cate negative taxable income directly to investors. As a result, these negative amounts do not affect investors for income tax or corporation tax purposes until the assessment period (tax year) in which the fund's financial year ends, or the distribution is made for the fund's financial year in which the negative taxable income was offset at fund level. It is not possible for investors to claim the benefit of this negative taxable income for income tax or corporation tax purposes at an earlier point in time.

### **Return on capital distributions**

Return on capital distributions is not taxable. For investors who prepare financial statements, this means that return on capital distributions are recognised as income in the financial statements in accordance with commercial law, while in the financial statements for tax purposes an expense and a corresponding liability are recognised. The result is that, technically, the historic cost of the units is reduced with no associated tax effects. Alternatively, the amortised cost can be decreased by the share attributable to return on capital distributions.

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

Gains on the disposal of units held as business assets are generally free of tax for corporations<sup>9</sup>, provided that the gains result from dividends not yet received or deemed to be not yet received and from realised and unrealised gains of the fund on German and foreign shares (*Aktienengewinn*, gains from shares). In the case of sole proprietors, 60% of these gains on disposal is subject to tax.

The asset management company publishes the gains from shares on each valuation date as a percentage of the value of the investment unit.

Gains on the disposal of units are also not taxable to the extent that they result from income arising in the fund during the period of ownership and not yet assessed to tax at investor level that is tax-exempt under the terms of a double taxation treaty (pro rata gains from real estate).

The asset management company publishes the gains from real estate on each valuation date as a percentage of the value of the investment unit.

### **Non-resident taxpayers**

If non-resident taxpayers hold units in distribution funds in a custody account with a German custodian agent, withholding tax will not be deducted from interest and similar income, gains on disposals of securities, gains on forward transactions and foreign dividends as long as the taxpayers provide evidence that they are non-resident taxpayers. If the custodian agent is not aware that the foreign investor is a non-resident, or if evidence of non-residence cannot be provided in time, the investor must apply for a refund of the withholding tax paid in accordance with § 37(2) German Fiscal Code (*Abgabenordnung* - "AO"). The application must be lodged with the local tax office of the custodian agent.

If a foreign investor holds units in an accumulation fund in a custody account with a German custodian agent, the 25% withholding tax and solidarity surcharge deducted will be refunded if the investor provides evidence of non-residence, as long as the tax withheld does not relate to dividends paid in Germany. If the refund application is submitted late, a refund may be applied for in accordance with § 37(2) AO even after the date on which the income is reinvested; the same applies if evidence of non-residence is submitted late in the case of a distribution fund.

The extent to which withholding tax on dividends paid in Germany can be offset or refunded for foreign investors depends on the double taxation treaty existing between the investor's

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<sup>9</sup> For corporations, 5% of tax-exempt capital gains are non-deductible operating expenses and are therefore effectively taxable.

country of domicile and the Federal Republic of Germany. The Federal Central Tax Office (*Bundeszentralamt für Steuern* - "BZSt") in Bonn is responsible for refunding investment income tax levied on German dividends in accordance with any double taxation treaty.

### **Solidarity surcharge**

A 5.5% solidarity surcharge is levied on the withheld tax to be remitted when income is distributed or reinvested. The solidarity surcharge can be offset against income and corporation tax.

If no withholding tax is deducted or if withholding tax is refunded when income is reinvested – for example if an application for exemption from withholding tax has been lodged for a sufficient amount, a non-assessment certificate has been received or proof of non-residence has been provided – the solidarity surcharge is not deducted or, if the income is reinvested, the amount withheld in respect of the solidarity surcharge is refunded.

### **Church tax**

If income tax is withheld by a custodian agent in Germany (withholding agent), church tax is deducted in addition to withholding tax at the rate prescribed for the taxpayer's religion. For this purpose, the taxpayers must disclose their religious affiliation in a written application to the withholding agent. Moreover, married couples must declare in the application the proportion of total investment income attributable to each of them so that church tax can be apportioned, withheld and deducted in keeping with these proportions. If no information is provided about the relative shares of investment income, church tax is apportioned on a per capita basis.

The deductibility of church tax as a special expense is reflected in a reduction of the tax withheld at source.

### **Foreign withholding tax**

In some cases, the Fund's foreign income is subject to withholding tax in the country of origin.

The asset management company may deduct offsettable withholding tax as professional expenses (*Werbungskosten*) at fund level. In this situation, investors can neither offset nor deduct the foreign withholding tax.

If the asset management company does not exercise its option to deduct foreign withholding tax at fund level, offsettable withholding tax is reflected in a reduction of the tax withheld at source.

### **Income equalisation**

Those portions of the issue price attributable to income for issued units that are eligible for inclusion in distributions (income equalisation adjustment) are to be treated for tax purposes in the same manner as the income to which these portions of the issue price are attributable.

### **Separate assessment, external tax audit**

The bases for tax assessment determined at fund level must be assessed separately. The investment company must lodge a statement illustrating how the bases for tax assessment were determined (*Feststellungserklärung*) with the competent tax office. Amendments to such statements, for example as a result of an external tax audit (§ 11(3) *InvStG*) by the tax authorities, take effect in the financial year in which the amended statement became final and binding. For tax purposes, this amended statement flows through to investors at the end of that financial year or on the date on which the distribution for that financial year is made.

The correction of errors therefore has a financial effect on investors holding units in the fund at the time of the correction. The tax consequences can be either positive or negative.

### **Taxation of interim profits**

Interim profits are the amounts included in the sale or redemption price for interest received or accrued and for gains from the disposal of capital claims not referred to in § 1(3) sentence 3 No. 1 a) to f) InvStG, that have not yet been distributed or reinvested by the fund and consequently have not yet become taxable in the hands of the investor (roughly comparable to accrued interest on fixed-income securities). Interim profits generated by the Fund are subject to income tax on redemption or sale of the units by taxpayers resident in Germany. Withholding tax is deducted from interim profits at a rate of 25% (plus solidarity surcharge and, if applicable, church tax).

For income tax purposes, the interim profit paid when units are purchased can be deducted by private investors as negative income in the year of payment, provided it is subject to income equalisation adjustment and reference is made to this fact both upon announcement of the interim profit and in connection with the tax data to be certified by the relevant tax professionals. The resulting reduction in tax payable is already reflected in the amount of withholding tax levied. If the amount of the interim profit is not published, 6% of the consideration for the redemption or disposal of the investment units is treated as an interim profit. In the case of corporate investors, the paid interim profit is an inseparable component of the acquisition cost, which cannot be adjusted. When investment units are redeemed or sold, the interim profit received forms an inseparable component of the sales proceeds. No adjustment is required.

Information on interim profits can also usually be found in the banks' detailed statements and income statements.

### **Consequences of fund mergers**

In the event that a German fund merges with another German fund, no hidden reserves are realised either at investor level or at the level of the funds involved, so the transaction is tax-neutral. The same applies where all of the assets of a German fund are transferred to a German investment stock corporation or to a sub-pool of assets of a German investment stock corporation. If investors in the merging fund receive a cash payment within the meaning of § 40h of the German Investment Act (*Investmentgesetz* - "InvG"), it is treated in the same way as a distribution of other income. Income generated but not yet distributed by the receiving fund is attributed to investors as of the transfer date as income similar to a distribution.

### **Transparent, semi-transparent and non-transparent taxation**

The taxation principles detailed above (transparent taxation) only apply if all of the bases for tax assessment within the meaning of § 5(1) InvStG are disclosed (duty of disclosure for tax purposes). This also applies if the Fund has acquired units in other German funds and investment stock corporations, EU investment units and foreign investment units not classified as EU investment units (target funds within the meaning of § 10 InvStG) and these comply with their disclosure obligations for tax purposes.

The asset management company endeavours to disclose all information available to it about the bases for tax assessment.

However, the requisite disclosure cannot be guaranteed if the fund has acquired target funds which do not comply with their disclosure obligations for tax purposes. In this case, the distributions and the interim profits of the respective target fund as well as 70% of the capital appreciation during the past calendar year for the respective target fund (however at least 6% of the redemption price) will be assessed as taxable income at fund level.

The asset management company also aims to disclose tax bases outside the scope of § 5(1) InvStG (such as, in particular, gains from shares, gains from real estate and interim profits).

### **EU Savings Taxation Directive / German Interest Information Regulation**

The German Interest Information Regulation (*Zinsinformationsverordnung* - "ZIV"), which transposed Directive 2003/48/EC of the Council of 3 June 2003 (OJ L 157, p. 38) into German law, is intended to ensure the effective cross-border taxation of interest income accruing to natural persons in the EU. The EU has signed agreements with certain third countries (in particular Switzerland, Liechtenstein, the Channel Islands, Monaco and Andorra) that largely correspond with the EU Savings Taxation Directive.

Interest income credited by a German credit institution (acting as paying agent) to natural persons residing in an EU country or in certain third countries is disclosed by the German credit institution to the Federal Central Tax Office, which in turn discloses this to the foreign tax offices at the place of residence of those natural persons.

Accordingly, interest income which a natural person in Germany receives from a foreign credit institution located in the EU or in certain third countries is ultimately reported by the foreign bank to the German tax office at the place of residence of that natural person. Alternatively, some foreign countries impose withholding taxes, which may be offset in Germany.

This therefore directly affects private investors domiciled within the European Union or in the third countries that are party to these agreements, who hold their custodian account or bank account and earn interest income abroad in another EU country.

Luxembourg and Switzerland, among other countries, have committed to retaining withholding tax of 20% (from 1 July 2011: 35%) from interest income. As part of their tax documentation, investors receive a certificate which they can then use for the purpose of offsetting deducted withholding taxes when they lodge their income tax return.

Alternatively, private investors can obtain an exemption from foreign withholding tax by authorising the foreign bank to voluntarily disclose their interest income. This allows the institution to waive the deduction of withholding tax and instead to disclose the income to the tax authority stipulated by law.

Under the ZIV, the asset management company must state, for each German and foreign fund, whether the funds lie within or outside the scope of the ZIV.

The ZIV includes two key investment limits for this assessment.

If a fund's assets consist of no more than 15% receivables within the meaning of the ZIV, the paying agents which ultimately use the information disclosed by the asset management company are not required to disclose anything to the Federal Central Tax Office. Otherwise, if the 15% threshold is exceeded, the paying agents must disclose the interest component included in the distribution to the Federal Central Tax Office.

If the 40% threshold is exceeded (or the 25% threshold for financial years ending after 31 December 2010), the interest component included in the redemption or disposal of fund units must be disclosed. If the fund is a distribution fund, the interest component included in the event of a distribution must also be disclosed to the Federal Central Tax Office. If the fund is an accumulation fund, disclosures are only made if a fund unit is redeemed or sold.

**This taxation information is based on the legal situation as it currently stands. It is aimed at persons residing in Germany who are subject to unlimited income or corporation taxation. However, there is no guarantee that the tax treatment will not change by virtue of legislation, court decisions or decrees of the tax authorities.**

## 22. Outsourcing

The Company has outsourced the following functions to other undertakings:

- IT system operation (information technology and computing);
- internal auditing.

## 23. Annual/semi-annual reports / auditor

The annual and semi-annual reports can be obtained from the Company and from the custodian bank.

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, has been engaged to audit the Fund and the annual report.

## 24. Payments to unitholders/distribution of reports and other information

The engagement of a custodian bank ensures that investors can receive distributions and units can be redeemed. The information for investors contained in this Sales Prospectus (e.g. the Sales Prospectus itself, the Fund Rules, annual and semi-annual reports) can be obtained from the Company. These announcements will be forwarded to investors free of charge upon request. In addition, these documents can also be obtained from the custodian bank. They can also be obtained from the Company's website at <http://www.universal-investment.de>.

## 25. Additional funds managed by the Company

The Company also manages the following common funds that are not featured in this Sales Prospectus:

### a) UCITS-compliant funds

4Q-EUROPEAN VALUE FONDS UNIVERSAL  
 4Q-GROWTH FONDS UNIVERSAL  
 4Q-INCOME FONDS UNIVERSAL  
 4Q-STRATEGIE FONDS UNIVERSAL  
 4Q-VALUE FONDS UNIVERSAL  
 ABSOLUTE RETURN PLUS UI  
 ACATIS IfK Value Renten UI  
 ACATIS - GANÉ VALUE EVENT FONDS UI  
 ACATIS 5 STERNE-UNIVERSAL-FONDS  
 ACATIS AKTIEN EUROPA FONDS UI  
 ACATIS AKTIEN GLOBAL FONDS UI  
 Acatis Asia Pacific Plus Fonds UI  
 ACATIS Fair Value Bonds UI  
 Acatis New Themes Plus UI  
 AF Vario Invest UI  
 AG Ostalb Global Fonds  
 AGROINVEST UI  
 AHF Global Select  
 Aktien Opportunity UI  
 Alpha Centauri Strategie UI  
 ASSETS Defensive Opportunities UI  
 ASSETS Special Opportunities UI  
 ATHENA UI  
 Belvoir Global Allocation II Universal  
 BERENBERG CURRENCY ALPHA UI  
 Berenberg Duration Protect

BERENBERG DyMACS EQUITY MARKET NEUTRAL UI  
 BERENBERG DyMACS FIXED INCOME MARKET NEUTRAL UI  
 Berenberg Emerging Markets Bond Selection  
 Berenberg Emerging Markets Equity Selection  
 Berenberg Equity Alpha  
 Berenberg Equity Protect  
 Berenberg Euro Financial Bond Selection  
 Berenberg European Equity Selection  
 Berenberg Fixed Income Alpha  
 Berenberg Osteuropa  
 Berenberg Strategy Allocation  
 BERENBERG-1590-WACHSTUM-UNIVERSAL  
 Berenberg-Deutschland Dividenden PLUS-Universal  
 BERENBERG-SELECT INVEST-UNIVERSAL-FONDS  
 BKC Treuhand Portfolio  
 BKP Classic Fonds UI  
 BONUS-PORTFOLIO UNIVERSAL  
 BW-RENTA-INTERNATIONAL-UNIVERSAL-FONDS  
 BW-RENTA-UNIVERSAL-FONDS  
 CAP-STRATEGY UI  
 COLLEGIUM Portfolio II  
 CONVERTIBLE GLOBAL DIVERSIFIED UI  
 Da Vinci Strategie UI Fonds  
 DAMM/RUMPF/HERING-UNIVERSAL-FONDS  
 DEGUSSA AKTIEN UNIVERSAL-FONDS

DEGUSSA BANK-UNIVERSAL-RENTENFONDS  
 DEGUSSA RENTEN UNIVERSAL-FONDS  
 Die Fondstionäre - Global Invest UI  
 Direct Invest Explorer Select I  
 DUI Global Yield  
 Earth Energy Fund UI  
 Earth Gold Fund UI  
 Estlander & Partners Freedom Fund UI  
 f+m Global Absolute Return UI  
 FAIRsekur Vermögensbildung balanced  
 FIAG-UNIVERSAL-DACHFONDS  
 ficon global stars  
 FIDUKA-UNIVERSAL-FONDS I  
 FINCA Active Duration  
 FINCA Anteilklasse I  
 FIVV-Aktien-China-Select-UI  
 FIVV-Aktien-Global-Select-UI  
 Flossbach von Storch Wandelanleihen Europa  
 G & P UNIVERSAL AKTIENFONDS  
 GAP Portfolio UI  
 GLOBAL MIXED UI  
 GLOCAP Vega  
 GLOCAP Vega Protect  
 Goyer & Göppel Smart Select Universal  
 Grüner Fisher Global UI  
 GSP Aktiv Portfolio UI  
 H&A Aktien Euroland-UI  
 H&A-UNIVERSAL-KURZINVEST  
 H&E Pfadfinder Universal  
 Hamburger Stiftungsfonds UI  
 Hansen & Heinrich Universal Fonds  
 HIGH-DISCOUNTPORTFOLIO UNIVERSAL  
 HOTCHKIS & WILEY US-VALUE UNIVERSAL-FONDS  
 HP&P Euro Select UI Fonds  
 hsFP Aktien Euroland Protect UI  
 hsFP Anleihen Euro aktiv UI  
 hsFP Renten International UI  
 HWG-FONDS  
 JOHANNES FÜHR OPTIMAL RETURN FONDS  
 UNIVERSAL  
 JOHANNES FÜHR-UI-AKTIEN-GLOBAL  
 JOHANNES FÜHR-UNIVERSAL-RENTEN-GLOBAL  
 JRS-INTERNATIONAL-UNIVERSAL-FONDS  
 KANA ETF-Anlagefonds für Stiftungen UI  
 KBG-Athene Portfolio UI  
 KGN Global UI  
 KHP Portfolio Defensiv  
 KHP Portfolio Plus  
 LAM-ABSOLUTE RETURN-UNIVERSAL  
 LAM-EURO-CORPORATES-UNIVERSAL  
 LAM-EURO-GELDMARKT-UNIVERSAL  
 LAM-EURO-RENTEN-UNIVERSAL  
 LAM-EURO-SMALL CAPS-UNIVERSAL  
 LAM-STIFTERFONDS-UNIVERSAL  
 LBBW Pro-Fund Credit I  
 Leonardo UI  
 MAGRAL KOMMUNALFONDS 1 UNIVERSAL  
 MC 1 Universal  
 MDE Balanced Fonds UI  
 MellowFund Bond Select  
 MellowFund Global Equity  
 Merck Finck Stiftungsfonds UI  
 Merck Finck Vario Aktien Renten UI  
 Merck Finck Vario Spezial UI  
 Merck Finck Vermögensverwaltung Taktik UI  
 Moeller Mitarbeiter-Fonds Universal  
 MORGEN DEUTSCHLAND AKTIEN UNIVERSAL  
 FONDS  
 MORGEN EUROPA AKTIEN UNIVERSAL FONDS

MULTI STRATEGY UI  
 MultiLeadersFund  
 P & S Renditefonds  
 PEH-UNIVERSAL-FONDS VALUE STRATEGIE  
 Premium Currencies UI  
 PSM Growth UI  
 PSM Value Strategy UI  
 QBS BI OptiRelax UI  
 quantumX Global UI  
 R + P UNIVERSAL-FONDS  
 RIV Aktieninvest Global  
 RR Analysis BÖRSEBIUS Rent Universal  
 RR Analysis TopSelect Universal  
 RSI Best Select UI  
 RW Portfolio Strategie UI  
 S4A US Long UI  
 SARASIN-FAIRINVEST-BOND-UNIVERSAL-FONDS  
 SARASIN-FAIRINVEST-UNIVERSAL-FONDS  
 SELECT A-CREDIT-RATED-STOCKS-UNIVERSAL-  
 FONDS  
 SELECT BOND-OPPORTUNITY-UNIVERSAL-FONDS  
 SELECT CORPORATE-BOND-UNIVERSAL-FONDS  
 SELECT RANGE-UNIVERSAL-FONDS  
 SELECT TRADE-UNIVERSAL-FONDS  
 SELECT US-DIVIDENDS-STOCKS-UNIVERSAL  
 sentix Fonds 1  
 SIGAVEST Vermögensverwaltungsfonds UI  
 SPF MG Alpha Plus UI Anteilklasse I  
 StarCapital Bondvalue UI  
 STAY-C Commodity Fund UI  
 Stringent D  
 TAM Fortune Rendite  
 TIME ALPHA UI  
 Tinzenhorn Fonds  
 TRENDCONCEPT-UNIVERSAL-FONDS-AKTIEN-  
 EUROPA  
 TRENDCONCEPT-UNIVERSAL-FONDS-EU-BOND  
 TREND-UNIVERSAL-FONDS-GLOBAL  
 UGCB-Fonds  
 UILB-Fonds  
 Universal Floor Fund  
 Universal Megatrends MF  
 UNIVERSAL-FONDS-NRW  
 Universal-Shareconcept-BC  
 V/A@ Stiftungsfonds UI  
 Varengold Alternative Alpha  
 Vario Deutschland UI  
 VIGH - Strategie I UI  
 Voba Pforzheim Premium A Fonds UI  
 WALSER Portfolio German Select DE  
 WM AKTIEN GLOBAL UI-FONDS  
 WM AKTIEN GLOBAL US\$ UI-FONDS  
 World Market Fund  
 WWK-Rent  
 York Lion Merger Arbitrage Liquidity Fund UI  
 Zukunftsportfolio Nachhaltigkeit

**b) Old-age provision funds**

UNIVERSAL-AS-FONDS I

**c) Mixed funds**

11 Champions UI  
 Aktiv Constant Profit Global  
 AktivBalance  
 AktivBasis  
 AktivChance  
 Alsterstrategie I - Spudy  
 AM Fortune Fund Defensive  
 AM Fortune Fund Offensive



ASVK Substanz & Wachstum UI  
 AVM Chance + UI  
 AVM Rendite + UI  
 AVM Wachstum + UI  
 BERENBERG-1590-ERTRAG-UNIVERSAL  
 BERENBERG-1590-STIFTUNG  
 BERENBERG-1590-STRATEGIE-UNIVERSAL  
 BERENBERG-1590-SUBSTANZ-UNIVERSAL  
 BERENBERG-SELECT INCOME UNIVERSAL-FONDS  
 BERIAN-UNIVERSAL-FONDS  
 COLLEGIUM Portfolio I  
 Columbus Global UI  
 CONCEPT Aurelia Global  
 D&J Alpha UI  
 D&J Beta UI  
 Elbe Strategieportfolio Balance UI  
 Elbe Strategieportfolio Defensiv UI  
 Elbe Strategieportfolio Offensiv UI  
 EMW-UNIVERSAL-FONDS  
 FIDUKA Multi Asset Classic UI  
 FIDUKA Multi Asset Dynamic UI  
 FIMAX Vermögensverwaltungsfonds UI  
 FIVV-Mandat-Rendite-UI  
 FIVV-Mandat-Wachstum-UI  
 Fondspicker Global UI  
 FP ERFOLGSSTRATEGIE DYNAMIK UI  
 FVM Classic UI  
 Global Allocation Plus  
 GLOBAL BEST ADVICE UI FONDS  
 GREIFF Elite UI  
 H&K Titan Strategie Portfolio UI  
 IFP International Fund Picking Fund  
 Lampe Aktien Strategie  
 Lampe Ausgewogen  
 Lampe Dynamik  
 Lampe Rendite Spezial  
 Lampe Solid  
 Lampe Wachstum  
 LUNA-UNIVERSAL-FONDS  
 MasterFonds-VV Ausgewogen  
 MasterFonds-VV Ertrag  
 MasterFonds-VV Wachstum  
 MIC Aktien Plus  
 MIC Anleihen Plus  
 MIC Rohstoffe Plus  
 MultiReturnFund  
 NILUS-UNIVERSAL-FONDS  
 NW Arche Noah  
 NW For Four Seasons

OWLH-UNIVERSAL-FONDS  
 Pfau-StrategieDepot UI  
 QBS BI OptiBalance UI  
 quirin bank Multi Asset Fonds UI  
 R+P Rendite Plus UI  
 Renten Opportunities-UI  
 RIV Rationalinvest Vermögensverwalterfonds  
 RR Analysis BÖRSEBIUS MX Universal  
 SecurVario Global Fonds UI  
 smart-invest LINDOS AR  
 Spiekermann & CO Strategie I  
 Stiftungsfonds Spiekermann & CO  
 Stiftungsfonds Westfalen  
 Thesi-Universal-Fonds  
 UNIKAT Premium Select Fonds  
 Universal-Asset Flex  
 Variomixx Universal  
 Varios Flex Fonds UI  
 Vermögensmanagement - Fonds Universal  
 Voba Pforzheim Premium R Fonds UI  
 ZinsPlus Fonds UI  
 ZschaberStrategieBalance  
 ZschaberStrategieDefensiv  
 ZschaberStrategieDynamic

**d) Other funds**

ACATIS Datini Valueflex Fonds  
 Aktivportfolio-UI  
 ARIAD Global Futures UI  
 Conveo Capital-UI  
 Dynamic Opportunities-UI  
 Eventus-UI  
 Finiens Futura 1 UI  
 GMS Global Investment Strategy  
 GMS Global Investment Strategy II  
 Kapital Plus-UI - UBS D  
 MP Dynamic Global Bond Fund  
 Optomoni-UI  
 PALI Global Select-U  
 Pollux I-UI  
 pro aurum ValueFlex  
 SELECT ABSOLUTE-RETURN-UNIVERSAL-FONDS  
 YEALD Vermögensverwaltungsfonds Dynamisch UI  
 YEALD Vermögensverwaltungsfonds Konservativ  
 UI

Plus currently 314 special funds.

## C. General Fund Rules

**General Fund Rules**  
**governing the legal relationship between investors**  
**and**  
**UNIVERSAL-INVESTMENT-GESELLSCHAFT MBH,**  
**Frankfurt am Main,**  
**(hereinafter referred to as the "Company")**  
**for the UCITS-compliant funds**  
**managed by the Company, applicable only in connection with**  
**the Special Fund Rules**  
**drafted for**  
**the specific fund.**

### § 1 General principles

- (1) The Company is an asset management company and is subject to the provisions of the German Investment Act (*Investmentgesetz* - "InvG").
- (2) In its own name but for the collective account of investors, the asset management company shall invest the money deposited with it in assets approved under the InvG. It shall invest in accordance with the principle of risk diversification in assets that are separate and distinct from the Company's own assets in the form of funds. The Company shall issue certificates (unit certificates) securitising the rights of the unitholders.
- (3) The legal relationship between the asset management company and investors is governed by these Fund Rules and the InvG.

### § 2 Custodian bank

- (1) The Company shall appoint a credit institution to serve as custodian bank. The custodian bank shall act independently of the Company and solely in the interests of investors.
- (2) The custodian bank shall perform the duties prescribed under these Fund Rules and the InvG.

### § 3 Fund management

- (1) The Company shall acquire and manage the assets in its own name but for the collective account of investors; in this respect, the Company shall exercise the reasonable care of a prudent businessman. In discharging its duties, the Company shall act independently of the custodian bank and solely in the interests of investors and market integrity.

- (2) The Company has the right to use the monies deposited by investors in order to purchase assets, resell such assets, and invest the proceeds in another manner. The Company is further authorised to engage in any and all other legal transactions relating to the management of the assets.
- (3) The Company may not extend cash loans or enter into obligations under surety or guarantee agreements for the collective account of investors; the Company may not sell any assets defined in §§ 47, 48, and 50 InvG that do not form part of the fund's assets at the time of the transaction. Section 51 InvG shall remain unaffected.

#### **§ 4 Investment principles**

The Company shall only acquire those assets for the fund which can be expected to result in earnings and/or growth. The Company shall stipulate in the Fund Rules which assets may be purchased for the fund.

#### **§ 5 Securities**

Unless otherwise limited under the terms of the Special Fund Rules, the Company may, subject to § 52 InvG, only purchase securities where:

- a) they are admitted to trading on a stock exchange in a member state of the European Union or another signatory to the Agreement on the European Economic Area, or are admitted to or included in another organised market there;
- b) they are admitted to trading solely on a stock exchange in a country other than a member state of the European Union or a signatory to the Agreement on the European Economic Area, or are admitted to or included in another organised market in such country, provided the choice of stock exchange or market is approved by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) (the "Supervisory Authority")<sup>10</sup>;
- c) the terms of issue require an application to be made for admission to trading on a stock exchange in a member state of the European Union or other signatory to the Agreement on the European Economic Area, or for admission to or inclusion in an organised market in a member state of the European Union or other signatory to the Agreement on the European Economic Area, and the admission or inclusion of the securities is secured within a year of issue;
- d) the terms of issue require an application to be made for admission to trading on a stock exchange or for admission to or inclusion in an organised market in a country other than a member state of the European Union or a signatory to the Agreement on the European Economic Area, and the choice of stock exchange or organised market is approved by the Supervisory Authority, and the admission or inclusion of the securities is secured within a year of issue;
- e) they are shares to which the fund is entitled as a result of a capital increase from company reserves;
- f) they were acquired in connection with the exercise of subscription rights forming part of the fund's assets;
- g) they are units in closed-ended funds that fulfil the criteria set forth in § 47(1) sentence 1 No. 7 InvG;
- h) they are financial instruments that fulfil the criteria set forth in § 47(1) sentence 1 No. 8 InvG;

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<sup>10</sup> The list of approved exchanges can be found on the website of the Supervisory Authority ([www.bafin.de](http://www.bafin.de)).

Securities of the type described in sentence 1 a) through d) may only be acquired if the criteria set forth in § 47(1) sentence 2 InvG have also been fulfilled.

## **§ 6 Money market instruments**

- (1) Unless otherwise limited by the Special Fund Rules, the Company may, subject to § 52 InvG, purchase instruments for the account of the fund, which are usually traded on the money market, as well as interest-bearing securities with a residual maturity at the time of their acquisition for the fund of at most 397 days, whose terms of issue require them to undergo regular yield adjustments in line with market conditions over their entire term, but at least once in 397 days, or whose risk profile corresponds with the risk profile of such securities (money market instruments). Money market instruments may only be purchased for the fund if they:
- a) are admitted to trading on a stock exchange in a member state of the European Union or another signatory to the Agreement on the European Economic Area, or are admitted to or included in another organised market there;
  - b) are admitted to trading solely on a stock exchange in a country other than a member state of the European Union or a signatory to the Agreement on the European Economic Area, or are admitted to or included in another organised market in such country, provided the choice of stock exchange or market is approved by the Supervisory Authority<sup>11</sup>;
  - c) are issued or guaranteed by the European Communities, the German Federal Government, a German Federal Government fund, a federal state (Land), another member state or another central, regional, or local public-sector entity or the central bank of a member state of the European Union, the European Central Bank or the European Investment Bank, a third state, or, if this is a federal state, an administrative division of such a federal state or an international public institution to which at least one member state of the European Union belongs;
  - d) are issued by an undertaking whose securities are traded on the markets referred to in a) and b) above;
  - e) are issued or guaranteed by a credit institution subject to prudential supervision in accordance with criteria defined by Community law, or a credit institution which is subject to and complies with prudential rules considered by the Supervisory Authority to be equivalent to those laid down by Community law; or
  - f) are issued by other issuers and comply with the requirements set forth in § 48(1) sentence 1 No. 6 InvG.
- (2) Money market instruments within the meaning of subsection (1) may only be acquired if they fulfil the criteria set forth in § 48(2) and (3) InvG.

## **§ 7 Bank deposits**

The Company may hold bank deposits for the account of the fund, provided such deposits mature within 12 months. The deposits, which must be held in blocked accounts, may be held with a credit institution domiciled in a member state of the European Union or other signatory to the Agreement on the European Economic Area; deposits may also be held with a credit institution domiciled in a third country whose prudential rules are considered by the Supervisory Authority to be equivalent to those laid down by Community law. Unless specified otherwise in the Special Fund Rules, bank deposits may also be denominated in a foreign currency.

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<sup>11</sup> See footnote 15.

## § 8 Investment units

- (1) Unless specified otherwise in the Special Fund Rules, the Company may purchase, for the account of a fund, units of German UCITS-compliant funds and shares in investment stock corporations, as well as EU investment units within the meaning of the InvG. Units of other German funds and shares in investment stock corporations and foreign investment units other than EU investments units may be purchased if they fulfil the requirements set forth in § 50(1) sentence 2 InvG.
- (2) The Company may only acquire units of German funds and shares in investment stock corporations, EU investment units and foreign investment units if, according to the fund rules or the articles of association of the asset management company, the investment stock corporation or the foreign investment company, no more than 10% of their assets may be invested in aggregate in units of other German funds, shares in investment stock corporations or units or shares of foreign investment undertakings within the meaning of § 50 InvG.

## § 9 Derivatives

- (1) Unless specified otherwise in the Special Fund Rules, the Company may use, in the course of fund management, derivatives within the meaning of § 51(1) sentence 1 InvG and financial instruments embedding a derivative within the meaning of § 51(1) sentence 2 InvG. It may, depending on the nature and volume of the derivatives and financial instruments embedding a derivative used, use either the simple or the qualified approach within the meaning of the German Regulation on Risk Management and Risk Measurement in Funds (Derivatives Regulation) (Derivateverordnung - "DerivateV") enacted pursuant to § 51(3) InvG in order to determine the extent to which the level of market risk as a result of using derivatives and financial instruments embedding a derivative specified under § 51(2) InvG has been reached; this is governed in more detail in the Sales Prospectus.
- (2) If the Company uses the simple approach, it may only routinely use in the fund the following basic types of derivatives, financial instruments embedding a derivative, or combinations of such derivatives, financial instruments embedding a derivative or combinations of underlyings permitted under § 51(1) sentence 1 InvG. Complex derivatives consisting of underlyings permitted under § 51(1) sentence 1 InvG may only be used to a negligible extent. The weighting of the fund's exposure to market risk ("capital charge") (*Anrechnungsbetrag*) to be determined in accordance with § 16 DerivateV may at no time exceed the value of the fund's assets.

Basic types of derivatives are:

- a) futures contracts on underlyings within the meaning of § 51(1) InvG, with the exception of investment units within the meaning of § 50 InvG;
- b) options or warrants on underlyings within the meaning of § 51(1) InvG, with the exception of investment units within the meaning of § 50 InvG, and on futures contracts as referred to in (a) above, provided they have the following characteristics:
  - aa) they may be exercised at any time over the entire term or at expiry; and
  - bb) there is a linear relationship at the time the option is exercised between the value of the option and the positive or negative difference between the strike price and the market price of the underlying, and the value of the option becomes zero if the plus/minus sign for the difference is reversed;
- c) interest rate swaps, currency swaps or interest rate currency swaps;

- d) options on swaps referred to in (c), provided they have the characteristics described in (b) (aa) and (bb) (swaptions);
  - e) credit default swaps, provided they are used exclusively and demonstrably to hedge the credit risk of specifically attributable fund assets.
- (3) If the Company uses the qualified approach, it may – subject to the existence of an appropriate risk management system – invest in any financial instruments embedding a derivative or derivatives that are linked to an underlying that is permitted under § 51(1) sentence 1 InvG.
  - (4) The potential market value at risk attributable to the fund ("risk charge") may at no time exceed twice the potential market value at risk of the associated reference assets within the meaning of § 9 DerivateV. Alternatively, the risk charge may at no time exceed 20% of the value of the fund's assets. Where such transactions are entered into, under no circumstances may the Company deviate from the investment principles and limits stipulated in the General and Special Fund Rules or in the Sales Prospectus.
  - (5) The Company will use derivatives and financial instruments embedding a derivative for hedging purposes, efficient portfolio management and to generate additional income, if and to the extent it deems this to be in the interests of investors.
  - (6) In determining the market risk limit for using derivatives and financial instruments embedding a derivative, the Company may at any time switch from the simple to the qualified approach in accordance with § 7 DerivateV. Switching to the qualified approach does not require the approval of the Supervisory Authority, however the Company shall notify the Supervisory Authority of such switch without undue delay and announce the switch in its next semi-annual or annual report.
  - (7) The Company shall comply with the DerivateV when using derivatives and financial instruments embedding a derivative.

## **§ 10 Other assets**

Unless specified otherwise in the Special Fund Rules, the Company may, for the account of a fund, invest up to 10% of the fund's assets in other assets within the meaning of § 52 InvG.

## **§ 11 Limits relating to issuing bodies and investment limits**

- (1) In managing the fund, the Company must comply with the limits and restrictions stipulated in the InvG, the DerivateV and the Fund Rules.
- (2) In individual cases, the Company may invest more than 5%, but no more than 10% of the fund's assets in securities and money market instruments (including those acquired by way of repurchase agreements issued by the same body (debtor), provided that the total value of securities and money market instruments of such issuing body (debtor) does not exceed 40% of the fund's assets.
- (3) The Company may invest up to 35% of the fund's assets in debt securities, certificates of indebtedness (Schuldscheindarlehen) and money market instruments that are issued or guaranteed by the Federal Government, a Federal State, the European Communities, a member state of the European Union or its local authorities, another signatory to the Agreement on the European Economic Area, a third country, or an international organisation of which at least one member state of the European Union is a member. The Company may invest up to 25% of the fund's assets in Pfandbriefe, municipal bonds (Kommunalschuldverschreibung) or debt securities issued by credit institutions domiciled in a member state of the European Union or other signatory to the Agreement on the European Economic Area, if such credit institutions are subject by law to special public supervision designed to protect the holders of such debt secu-

rities and the sums deriving from the issue of such debt securities are invested in accordance with statutory provisions in assets which, during the entire term of the debt securities, are capable of covering obligations arising from the debt securities and which, in the event of default of the issuing body, would be used on a priority basis for the repayment of the principal falling due and payment of the accrued interest. If the Company invests more than 5% of the fund's assets in debt securities of the same issuing body as referred to in sentence 2, it must ensure that the total value of such debt securities does not exceed 80% of the value of the fund's assets.

- (4) The limit set forth in sentence 1 of subsection (3) above may be exceeded for securities and money market instruments issued by the same body in accordance with § 60(2) sentence 1 InvG if this is provided for in the Special Fund Rules and express mention is made of the relevant issuing bodies. In such a case, the securities and money market instruments held for the account of the fund must be from at least six different issues, with no single issue accounting for more than 30% of the fund's assets.
- (5) The Company may invest no more than 20% of the fund's assets in bank deposits within the meaning of § 49 InvG at any single credit institution.
- (6) The Company shall not combine:
  - a) investments in securities or money market instruments issued by a single body;
  - b) deposits with that body;
  - c) capital charges for the counterparty risk arising from transactions undertaken with that body;

where this would lead to investment of more than 20% of the respective fund's assets in a single body. Sentence 1 shall apply to the issuers and guarantors referred to in subsection (3), subject to the proviso that the Company shall not combine the assets and capital charges referred to in sentence 1, where this would lead to investment of more than 35% of the respective fund's assets in a single body. The individual limits in both cases shall remain unaffected.

- (7) The debt securities, certificates of indebtedness and money market instruments referred to in subsection (3) shall be disregarded for the purpose of applying the 40% limit referred to in subsection (2). Notwithstanding subsection (6), the limits referred to in subsections (2) and (3) and subsections (5) and (6) shall not be combined.
- (8) The Company may invest no more than 20% of the fund's assets in units or shares of a single investment undertaking of the type referred to in § 8(1). The Company may, in aggregate, invest no more than 30% of the fund's assets in units or shares of investment undertakings of the type referred to in § 8(1) sentence 2. The Company may acquire, for the account of the fund, no more than 25% of the units in issue of another German or foreign investment undertaking.

## § 12 Mergers

- (1) Subject to § 2(25) InvG, the Company may:
  - a) transfer all of the fund's assets and liabilities to another existing German investment undertaking or a new German investment undertaking established by virtue of the operation;
  - b) absorb all of the assets and liabilities of another German investment undertaking in the fund;

- c) absorb all of the assets and liabilities of another EU investment undertaking in the fund;
  - d) transfer all of the fund's assets and liabilities to another existing EU investment undertaking or a new EU investment undertaking established by virtue of the operation;
- (2) The merger shall require the approval of the competent supervisory authority in each case. Details of the procedure are set forth in §§ 40 to 40h InvG.
  - (3) An EU investment undertaking may also be merged with the fund in accordance with the requirements of Article 2(1)(p)(iii) of Directive 2009/65/EC.

### **§ 13 Loans**

- (1) The Company may, for the account of the fund, extend a securities loan to a securities borrower for a definite or indefinite term for a customary consideration, subject to the transfer of sufficient collateral, but only to the extent that the market value of the securities to be transferred plus the market value of securities previously transferred to the same securities borrower under securities loans for the account of the fund, in aggregate, does not exceed 10% of the fund's assets. The market value of securities to be transferred for a definite term plus the market value of securities previously transferred for a definite term under securities loans for the account of the fund, in aggregate, shall not exceed 15% of the fund's assets.
- (2) If the collateral furnished by the securities borrower in respect of the transferred securities is in the form of deposits, the Company may invest such deposits in money market instruments within the meaning of § 48 InvG which are denominated in the same currency as the deposit; investments in money market instruments denominated in the same currency as the deposit may also be made by way of repurchase agreements within the meaning of § 57 InvG. Any income generated from collateral shall accrue to the fund.
- (3) The Company may use an organised system for brokering and settling securities loans operated by a central depository for securities or other undertaking specified in the Special Fund Rules, whose corporate purpose is to settle cross-border securities transactions for others, even if such system deviates from the requirements set forth in §§ 54 and 55 InvG, provided the conditions of such system ensure the protection of investors' interests.
- (4) Unless specified otherwise in the Special Fund Rules, the Company may extend securities loans in respect of money market instruments and investment units as well, provided these assets may be acquired for the fund. The provisions of § 13 shall apply mutatis mutandis.

### **§ 14 Repurchase agreements**

- (1) The Company may, for the account of the fund and in return for a fee, only enter into repurchase agreements within the meaning of § 340b (2) of the German Commercial Code (Handelsgesetzbuch - "HGB") with credit institutions or financial services institutions.
- (2) The repurchase agreements must relate to securities which, according to the fund rules, may be acquired for the fund.
- (3) The term of repurchase agreements may not exceed twelve months.



- (4) Unless specified otherwise in the Special Fund Rules, the Company may enter into repurchase agreements in respect of money market instruments and investment units as well, provided these assets may be acquired for the fund. The provisions of § 14 shall apply mutatis mutandis.

## **§ 15 Borrowing**

The Company may, subject to the custodian bank's consent, engage in short-term borrowing for the collective account of investors, provided such borrowing does not exceed 10% of the fund's assets and is subject to market conditions.

## **§ 16 Unit certificates**

- (1) Unit certificates are in bearer form and are issued in respect of one or more units.
- (2) The units may carry different features, particularly with regard to the application of income, the front-end load, the redemption discount, the currency in which units are denominated, the management fee, the minimum investment amount or any combination of these characteristics (unit classes). Particulars are governed by the Special Fund Rules.
- (3) The unit certificates must at least bear the original or reproduced signatures of the Company and the custodian bank. They shall also bear the personal signature of a controlling officer at the custodian bank.
- (4) The units are transferable. When a unit certificate is transferred, all of the rights represented by the certificate shall pass to the transferee. The Company shall in all cases deem the holder of the unit certificate to be the rightful beneficiary.
- (5) The Special Fund Rules will specify the details where the rights of investors when the fund is established, or the rights of investors of a particular unit class when that unit class is introduced, are to be represented not by a global certificate but by individual unit certificates or multiple certificates.

## **§ 17 Issue and redemption of unit certificates and suspension of redemption**

- (1) The number of units issued and the number of corresponding unit certificates is unlimited. The Company reserves the right to temporarily or completely suspend the issue of units.
- (2) The units may be purchased from the Company, the custodian bank or through a third party.
- (3) Investors can require the Company to redeem their units. The Company is obliged to redeem the units for the account of the fund at the then applicable redemption price. The custodian bank shall be the redemption agent.
- (4) Notwithstanding the foregoing, the Company reserves the right to suspend the redemption of units in accordance with § 37 InvG if extraordinary circumstances arise that make such suspension of redemption appear necessary in the investors' interests.
- (5) The asset management company shall notify investors of any suspension in accordance with subsection (4) above and once any suspension is lifted by way of an announcement in the electronic Federal Gazette and also in a business or daily newspaper with adequate circulation, or by the electronic means specified in the Sales Prospectus. Without undue delay after announcement of the notice in the electronic

Federal Gazette, investors shall be informed by means of a durable medium of the suspension and resumption of unit redemption.

## **§ 18 Issue and redemption prices**

- (1) The issue and redemption price of the units shall be calculated by dividing the value of the fund's assets (net asset value) on the dates stipulated in subsection (4) by the number of units in circulation (unit value). If different unit classes are introduced for the fund in accordance with § 16(2) above, then the unit value and the issue and redemption price must be calculated separately for each unit class. The fund's assets shall be valued in accordance with § 36 InvG and the German Investment Accounting and Valuation Regulation (Investment-Rechnungslegungs- und Bewertungsverordnung - "InvRBV").
- (2) The issue price shall be equal to the unit value, plus any front-end load stipulated in the Special Fund Rules. The redemption price shall be equal to the unit value, less any redemption discount stipulated in the Special Fund Rules. Where the investor owes other costs apart from the front-end load and the redemption discount, the Special Fund Rules shall prescribe the amount of and manner for calculating such costs.
- (3) Unless the Special Fund Rules provide otherwise, the settlement date for any unit issue and redemption orders shall be no later than the value determination date following the date on which the unit issue order or unit redemption order is received.
- (4) Issue and redemption prices are calculated on each stock exchange trading day. Unless the Special Fund Rules provide otherwise, the Company and the custodian bank may refrain from calculating issue and redemption prices on public holidays that are exchange trading days, or on 24 or 31 December of each year; this is governed in more detail in the Sales Prospectus.

## **§ 19 Costs**

The Special Fund Rules set forth the amounts which may be charged to the fund, including expenses and the fees payable to the Company, the custodian bank and third parties. For fees within the meaning of sentence 1, the Special Fund Rules shall also stipulate the manner, the amount, and the calculation of the fees to be paid.

## **§ 20 Accounting**

- (1) The Company shall publish an annual report, including a profit and loss account as described in § 44(1) InvG no later than four months after the end of the fund's financial year.
- (2) The Company shall publish a semi-annual report as described in § 44(2) InvG no later than two months after the first six months of the financial year.
- (3) If, during the financial year, the right to manage the fund is delegated to another asset management company or the fund is merged with another fund or an EU investment undertaking, the Company shall prepare an interim report for the period ending on the transfer date which meets the requirements for annual reports as referred to in § 44(1) InvG.
- (4) If a fund is wound up, the custodian bank shall prepare a winding-up report each year, as well as for the period ending on the date on which winding-up is complete, which meets the requirements for annual reports as referred to in subsection (1).

- (5) The reports may be obtained from the Company, the custodian bank, and additional locations to be listed in the Sales Prospectus and the key investor information; notices shall also be published in the electronic Federal Gazette.

## **§ 21 Termination and winding-up of the fund**

- (1) The Company may, subject to a notice period of at least six months, terminate its management of the fund by way of an announcement in the electronic Federal Gazette and also in the annual report or semi-annual report. Investors shall be informed without undue delay by means of a durable medium of any termination pursuant to sentence 1 above.
- (2) The Company's right to manage the fund shall be extinguished when termination takes effect. In such a case, the fund or the right of disposition over the fund shall pass to the custodian bank, which shall wind up the fund and distribute the proceeds to investors. During the winding-up period, the custodian bank may charge the fee that would have been payable to the Company. The custodian bank may, with the approval of the Supervisory Authority, elect not to wind up the fund and distribute the proceeds, and instead delegate management of the fund to another asset management company in accordance with the existing fund rules.
- (3) The Company shall prepare a liquidation report for the period ending on the date on which its right of management is extinguished in accordance with § 38 InvG, and such report must meet the requirements for annual reports as referred to in § 44(1) InvG.

## **§ 22 Amendments to the fund rules**

- (1) The Company may amend the fund rules.
- (2) Amendments to the fund rules require the approval of the Supervisory Authority. Where the amendments under sentence 1 above relate to the fund's investment principles, they require the approval of the Company's Supervisory Board.
- (3) Notice of all proposed amendments shall be published in the electronic Federal Gazette and also in a business or daily newspaper with adequate circulation, or by the electronic means specified in the Sales Prospectus. Announcements pursuant to sentence 1 above must refer to the proposed amendments and when they will enter into effect. If the amendments relate to expenses or fees within the meaning of § 41(1) sentence 1 InvG, the fund's investment principles within the meaning of § 43(3) InvG or material investor rights, then at the same time as the notice is published in accordance with sentence 1 above, investors shall be informed by means of a durable medium as set forth in § 43(5) InvG and in an easily understandable manner of the material content of the proposed amendments to the fund rules and the reason for the amendments, and provided with information on their rights in accordance with § 43(3) InvG.
- (4) Amendments may take effect no earlier than the day after their announcement in the electronic Federal Gazette, however in the case of amendments to expenses, fees or the investment principles, not within three months of their announcement.

## **§ 23 Place of performance and jurisdiction**

- (1) The place of performance shall be the Company's registered office.
- (2) If the investor has no general place of jurisdiction in Germany, the place of jurisdiction shall be the place of the Company's registered office.



## **D. Special Fund Rules**

### **SPECIAL FUND RULES**

**governing the legal relationship between investors**

**and**

**UNIVERSAL-INVESTMENT-GESELLSCHAFT MBH,**

**Frankfurt am Main,**

**(hereinafter referred to as the "Company")**

**for the UCITS-compliant fund**

**launched by the Company,**

**Earth Exploration Fund UI,**

**applicable only in connection with the**

**General Fund Rules**

**drafted by the Company**

**for the relevant fund.**

### **INVESTMENT PRINCIPLES AND INVESTMENT LIMITS**

#### **§ 1 Assets**

The Company may acquire the following assets for the fund:

- a) securities as defined in § 47 InvG;
- b) money market instruments as defined in § 48 InvG;
- c) bank deposits as defined in § 49 InvG;
- d) investment units as defined in § 50 InvG;
- e) derivatives as defined in § 51 InvG;
- f) other investment instruments as defined in § 52 InvG.

#### **§ 2 Investment limits**

- (1) At least 2/3 of the fund's assets are invested in equities of companies which, according to the most recent annual report, generate their revenues, profits or expenses primarily in the following business segments:
  - a) exploration and extraction of natural resources;
  - b) provision of services for the companies referred to in a) above;
  - c) construction or operation of the relevant installations or equipment

Equities acquired pursuant to repurchase agreements shall count towards the investment limits set forth in § 60 (1) and (2) InvG.

- (2) Up to 1/3 of the fund's assets may be invested in money market instruments, however only in accordance with § 6 of the General Fund Rules. Money market instruments acquired pursuant to repurchase agreements shall count towards the investment limits set forth in § 60 (1) and (2) InvG.
- (3) Up to 1/3 of the fund's assets may be invested in bank deposits in accordance with § 7 sentence 1 of the General Fund Rules. Amounts paid by the Company in its capacity as borrower under a repurchase agreement shall count towards this limit.
- (4) Up to 10% of the fund's assets may be invested in all permitted types of investment units as defined in § 8 of the General Fund Rules. Investment units acquired pursuant to repurchase agreements shall count towards the investment limits under §§ 61 and 64(3) InvG.

### **§ 3 Investment committee**

The Company may seek the advice of an investment committee when selecting the assets to be acquired or sold on behalf of the fund.

## **UNIT CLASSES**

### **§ 4 Unit classes**

- (1) Unit classes within the meaning of § 16(2) of the General Fund Rules may be created for the fund. The unit classes may carry different rights with regard to the application of income, the front-end load, the currency in which units are denominated, the management fee or any combination of these characteristics. Unit classes may be created at any time at the Company's discretion.
- (2) Currency hedging transactions may be entered into solely in favour of a single currency unit class. In the case of currency unit classes whose currency has been hedged (reference currency), the Company may also, independently of § 9 of the General Fund Rules, use exchange rate or currency derivatives within the meaning of § 51(1) InvG with a view to avoiding losses in unit value caused by exchange rate losses in respect of fund assets that are not denominated in the reference currency of the unit class.
- (3) The unit value will be calculated separately for each unit class by attributing exclusively to such unit class the costs of launching new unit classes, distributions (including any tax to be paid out of the fund's assets), the management fee and gains/losses on currency hedges relating to a specific unit class, including any income equalisation.

## **ISSUE PRICE, REDEMPTION PRICE, REDEMPTION OF UNITS AND COSTS**

### **§ 5 Unit certificates**

Investors are fractional co-owners of the fund's assets proportional to the number of units held.

### **§ 6 Issue price and redemption price**

- (1) When setting the issue price, a 5.00% front-end load is added to the unit value of each unit class. The Company has the right to charge a lower front-end load or to waive charging a front-end load.

- (2) Units are redeemed at unit value. No redemption discount is charged.

## § 7 Costs

(This provision does not require the approval of the Supervisory Authority)

- (1) As consideration for the management of the fund, the Company will receive, irrespective of the unit class, a fee of 1.00% p.a. based on the net asset value of the fund as calculated on each value determination date. This fee is payable quarterly. The Company has the right to charge a lower fee for one or several unit classes, or to waive charging a fee.
- (2) As consideration for its activities, the custodian bank will receive, irrespective of the unit class, a fee of 0.10% p.a. (minimum €8,000.00 p.a.) based on the net asset value of the fund as calculated on each value determination date. This fee is payable quarterly. The custodian bank has the right to charge a lower fee or no custodian bank fee at all for one or several unit classes.
- (3) In implementing its investment strategy, the Company may enlist the services of an advisor or asset manager. In this case, the advisor or asset manager fee, which is payable quarterly from the fund's assets and irrespective of the unit class, is 1.50% p.a. based on the net asset value of the fund calculated on each value determination date. The advisor or asset manager has the right to charge a lower fee for one or several unit classes, or to waive charging a fee.
- (4) In addition, the Company may pay the advisor or asset manager a performance-based fee, which is charged to the fund.

The fee is paid annually and calculated on the basis of the relative performance spread between the performance of the units and a hurdle rate of 7% p.a. and amounts to up to 15% of the relative performance spread in relation to the average end-of-month values of the fund. The fund's performance is calculated by comparing the unit value at financial year-end with the unit value as at the end of the prior financial year; in this respect, distributions and tax payments made at the expense of the fund are added back to the unit value (BVI method).

Payment of the performance-based fee will also be subject to the condition that, since the launch of the fund (or the respective unit class), the unit value as adjusted in accordance with the BVI method has in each case reached a new peak ("high water mark") at the end of a given financial year.

- (5) In addition to the fees payable to the Company, the custodian bank and the advisor or asset manager, the following expenses are charged to the fund:
  - a) costs incurred in connection with the acquisition and sale of assets;
  - b) customary bank custody account fees including, if applicable, costs for the custody of foreign securities held abroad;
  - c) costs for the printing and mailing of the annual and semi-annual reports intended for the unitholders and, if necessary, the liquidation report;
  - d) any costs incurred in connection with the fulfilment of the preconditions and follow-up obligations regarding any distribution of the units in other countries;
  - e) costs incurred in connection with bringing about, maintaining and terminating stock market listings of units;
  - f) costs incurred for publishing the annual and semi-annual reports, the issue and redemption prices and if applicable, income reinvestments or distributions and the liquidation report;

- g) costs for publishing the bases for tax assessment and the certificate verifying that the tax information was determined in accordance with provisions of German tax law;
  - h) management fees and reimbursement of costs for state agencies;
  - i) costs for legal and tax advice relating to the fund;
  - j) any taxes that may be incurred in connection with management and custody costs;
  - k) costs for the audit of the fund by the auditor engaged by the Company;
  - l) costs for the commissioning of proxies;
  - m) costs for the assertion and enforcement of the fund's legal claims;
  - n) costs for preparing or amending, translating, depositing, printing and mailing of sales prospectuses in the countries in which the units are sold;
  - o) costs for the analysis of the investment performance by third parties;
  - p) costs for the credit rating of the fund by nationally or internationally recognised rating agencies;
  - q) advertising costs that are incurred directly in connection with offering and selling units;
  - r) taxes accruing on fees to be paid to the Company, the custodian bank, the advisor or asset manager as well as on the aforementioned expenses;
  - s) costs for providing information to the fund's investors by means of a durable medium, with the exception of information on fund mergers (as from 1 January 2012).
- (6) The Company must disclose in the annual and semi-annual report the front-end loads and redemption discounts that are charged to the fund in the reporting period for the acquisition and redemption of units within the meaning of § 50 InvG. Where units are acquired and managed directly or indirectly by the Company or another company affiliated with the Company by virtue of a direct or indirect major holding, the Company or the other company may not charge a front-end load or redemption discount for the acquisition or redemption of units, and nor may it charge a management fee for the acquired units. The Company shall disclose in the annual and semi-annual report the management fee charged to the fund for the units held in the fund and charged by the Company itself, by another asset management company, an investment stock corporation, another company affiliated with the Company by virtue of a direct or indirect major holding, or a foreign investment company, including its management company. In this context, a holding shall be deemed a major holding if the Company holds more than 10% of the capital or voting rights.

## **APPLICATION OF INCOME AND FINANCIAL YEAR**

### **§ 8 Accumulation of income**

In the case of accumulation units, the Company reinvests in the fund, after adjustment for income equalisation, the pro rata interest, dividends and other income that have accrued during the financial year for the account of the fund and have not been used to cover costs, as well as capital gains.



## **§ 9 Distribution of income**

In the case of distribution units, the Company distributes, after adjustment for income equalisation, the pro rata interest, dividends and income from investment units, and income from loan and repurchase agreements that have accrued during the financial year to the respective unit class for the account of the fund and have not been used to cover costs. Capital gains and other income can also be distributed on a pro rata basis after adjustment for income equalisation. Distributable pro rata income can only be carried forward for distribution in subsequent financial years, provided that the total income carried forward does not exceed 15% of the value of the fund's assets at the end of the financial year. Income from short financial years can be carried forward in full. In the interests of preserving the fund's intrinsic value, pro rata income may be partly, and in special cases completely, reinvested in the fund. Distributions shall be made annually within three months of the end of the financial year.

## **§ 10 Financial year**

The financial year of the Fund commences on 1 October and ends on 30 September of the following year.

## E. Overview of unit classes

### Initial issue date

Unit class (EUR R)	9 October 2006 <sup>12</sup>
Unit class (EUR I)	1 October 2010
Unit class (USD I)	1 October 2010

### Initial issue prices

Unit class (EUR R)	€50.00 plus front-end load
Unit class (EUR I)	€100.00 plus front-end load
Unit class (USD I)	€100.00 plus front-end load

### Front-end load

Unit class (EUR R)	currently 5.00%
Unit class (EUR I)	currently 0%
Unit class (USD I)	currently 0%

### Minimum investment amount

Unit class (EUR R)	n/a
Unit class (EUR I)	Initial investment €1,000,000.00, no follow-on investment
Unit class (USD I)	Initial investment \$1,000,000.00, no follow-on investment

### Management fee

Unit class (EUR R)	currently 0.35% p.a. <sup>13</sup>
Unit class (EUR I)	currently 0.20% p.a. <sup>14</sup>
Unit class (USD I)	currently 0.20% p.a. <sup>15</sup>

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<sup>12</sup> Corresponds to the Fund's launch date

<sup>13</sup> The management fee is calculated by reference to a volume-based scale. Varying rates therefore apply depending on fund volume. According to the scale, the management fee for this unit class has ranged between 0.30% and 0.40% p.a. over the last three financial years.

<sup>14</sup> Over the last three financial years, the management fee for this unit class has been 0.2% p.a.

<sup>15</sup> Over the last three financial years, the management fee for this unit class has been 0.2% p.a.

**Custodian fee**

Unit class (EUR R)	currently 0.06% p.a.
Unit class (EUR I)	currently 0.04% p.a.
Unit class (USD I)	currently 0.04% p.a.

**Advisor fee**

Unit class (EUR R)	currently 1.50% p.a.
Unit class (EUR I)	currently 0.75% p.a.
Unit class (USD I)	currently 0.75% p.a.

**Performance-based advisor fee**

Unit class (EUR R, EUR I, USD I)	15% p.a. of the positive performance above a hurdle rate of 7% p.a. where a new peak ("high water mark") is reached
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**Currency**

Unit class (EUR R)	euros
Unit class (EUR I)	euros
Unit class (USD I)	US dollar

**Application of income**

Unit class (EUR R)	Accumulation
Unit class (EUR I)	Accumulation
Unit class (USD I)	Accumulation

**German Securities Code (WKN) / ISIN:**

Unit class (EUR R):	A0J3UF / DE000A0J3UF6
Unit class (EUR I)	A1C2XE / DE000A1C2XE1
Unit class (USD I)	A1CUG1 / DE000A1CUG17

**F. Notice regarding the purchaser's right of revocation in accordance with § 126 of the German Investment Act (*Investmentgesetz* - "InvG") (door-to-door sales)**

**Notice in accordance with § 126 InvG**

1. Purchasers of units who have been induced by oral negotiations outside the regular business offices of the party selling or brokering the sale of the units, to make a declaration of intent to purchase, shall be bound to such declarations of intent only if they fail to revoke their declaration vis-à-vis the asset management company in writing within a period of two weeks; the foregoing shall also apply in those cases where the party selling or brokering the sale of units does not have any regular business offices. In the case of distance selling transactions within the meaning of § 312b of the German Civil Code (Bürgerliches Gesetzbuch - "BGB"), revocation is precluded in respect of financial services where the price of such services is subject to fluctuation on the financial market (§ 312d(4) No. 6 BGB).
2. The revocation will be deemed timely if dispatched within the aforementioned two-week period. The period for revocation shall not commence until the copy of the application for conclusion of a contract has been provided to the purchaser or the purchaser has been sent a bought note containing an instruction as to the right of revocation which satisfies the requirements of § 355(2) sentence 1 in conjunction with § 360(1) BGB. If there is dispute as to if or at what point in time the copy of the application for conclusion of a contract was provided to the purchaser or a bought note was sent to the purchaser, the seller shall bear the burden of proof.
3. No right of revocation shall exist if the seller demonstrates that:
  - a) the purchaser acquired the units in the course of its trade or business; or
  - b) the seller called on the purchaser on the basis of a prior request pursuant to § 55(1) of the German Industrial Code (Gewerbeordnung - "GewO") for the negotiations leading to the sale of the units.
4. If revocation is declared after the purchaser has already effected payment, the asset management company shall reimburse the purchaser, if applicable in return for the retransfer of the acquired units, for the expenses paid and shall also pay out an amount equivalent to the value of the paid units on the day after receipt of the revocation.
5. The right of revocation cannot be waived.
6. Subsections (1) to (5) above shall apply mutatis mutandis to the sale of units by investors.

## **G. Restriction on sale**

The issued units of the fund may only be offered for sale or be sold in countries in which this type of offer or this type of sale is permitted. No offer to sell investment units shall be deemed to have been made unless and until the Company or a third party engaged by the Company has lodged a notice with the local supervisory authorities or obtained a licence or authorisation from the local supervisory authorities.

The units were not and will not be registered in accordance with the United States Securities Act of 1933 as amended (hereinafter referred to as the "Act of 1933") or pursuant to the securities laws of any State or Municipality of the United States of America or its Territories, Possessions or other regions subject to its legal sovereignty, including the Commonwealth of Puerto Rico (hereinafter referred to as the "United States"). The units may not be offered, sold or otherwise transferred in the United States. The units are offered and sold based on an exemption from the registration requirements of the Act of 1933 in accordance with Regulation S to that Act. The Company neither was nor will be registered pursuant to the United States Investment Company Act of 1940 as amended or any other US federal laws. Accordingly, units will neither be offered nor sold to or for the account of US persons (within the meaning of the definitions for the purpose of the US federal laws on securities, goods and taxes, including Regulation S to the Act of 1933) (hereinafter collectively referred to as "US persons"). Subsequent transfers of units within the United States or to US persons are not permitted.

The units have neither been approved by the US Securities and Exchange Commission (hereinafter referred to as the "SEC") or any other supervisory authority in the United States, nor was this approval declined; furthermore, neither the SEC nor any other supervisory authority in the United States has made any judgment on the correctness and appropriateness of this Sales Prospectus or the benefits of the units. Any claims to the contrary are punishable by law. The United States Commodity Futures Trading Commission has neither reviewed nor approved this document or other sales documents for the Company.

Nobody is authorised to issue declarations or make assurances that are not included in the Sales Prospectus or in the documents referred to in the Sales Prospectus. These documents are publicly available at the Company's registered office.

This Prospectus may not be circulated in the United States.

Investors who are regarded as "restricted persons" within the meaning of US Regulation No. 2790 by the National Association of Security Dealers (NASD 2790) must report their investments in the Company's fund without undue delay.

## H. Additional information for investors in Austria

The following information has been prepared for potential investors in the Republic of Austria and supplements the Sales Prospectus with regard to sales in Austria with more detailed information:

- Paying agent(s) in Austria for fund units marketed to the public in Austria:  
Company name: Erste Bank der österreichischen Sparkassen AG  
Address: Graben 21  
1010 Vienna, Austria  
Telephone: +43 (0) 50 100 - 11744  
Fax: +43 (0) 50 100 - 17499
- Redemption requests for the fund can be submitted to the Austrian paying agent. The latter will also execute settlement and payment of the redemption price in co-operation with the Company and the custodian bank.
- The current version of the Fund Rules, the Sales Prospectus, the annual and semi-annual reports and issue and redemption prices can be obtained from the Austrian paying agent; other information and documents are also available for inspection there.
- The current net asset value of the fund is published on the Company's website at <http://www.universal-investment.de>. All other notices relevant to investors will be published in "Der Standard".

The following common funds managed by the Company are not featured in this Sales Prospectus, but may also be marketed to the public in the Republic of Austria:

4Q-EUROPEAN VALUE FONDS UNIVERSAL	HP&P Euro Select UI Fonds
4Q-GROWTH FONDS UNIVERSAL	JOHANNES FÜHR OPTIMAL RETURN FONDS UNIVERSAL
4Q-INCOME FONDS UNIVERSAL	JOHANNES FÜHR-UI-AKTIEN-GLOBAL
4Q-VALUE FONDS UNIVERSAL	JOHANNES FÜHR-UNIVERSAL-RENTEN-GLOBAL
ABSOLUTE RETURN PLUS UI	MORGEN EUROPA AKTIEN UNIVERSAL FONDS
ACATIS 5 STERNE-UNIVERSAL-FONDS	MORGEN-PORTFOLIO-UNIVERSAL FONDS
ACATIS AKTIEN EUROPA FONDS UI	PEH-UNIVERSAL-FONDS VALUE STRATEGIE
ACATIS AKTIEN GLOBAL FONDS UI	Premium Currencies UI
ACATIS - GANÉ VALUE EVENT FONDS UI	PSM Growth UI
ACATIS IfK Value Renten UI	PSM Value Strategy UI
ACATIS Fair Value Bonds UI	Sarasin-FairInvest-Bond-Universal-Fonds
ASSETS Special Opportunities UI	Sarasin-FairInvest-Universal-Fonds
ATHENA UI	SELECT A-CREDIT-RATED-STOCKS-UNIVERSAL-FONDS
BERENBERG-1590-WACHSTUM-UNIVERSAL	SELECT BOND-OPPORTUNITY-UNIVERSAL-FONDS
Berenberg Osteuropa	SELECT CORPORATE-BOND-UNIVERSAL-FONDS
Berenberg European Equity Selection	SELECT RANGE-UNIVERSAL-FONDS
BONUS-PORTFOLIO UNIVERSAL	SELECT TRADE-UNIVERSAL-FONDS
Da Vinci Strategie UI Fonds	SELECT US-DIVIDENDS-STOCKS-UNIVERSAL
Earth Energy Fund UI	StarCapital Bondvalue UI
Earth Exploration Fund UI	STAY-C Commodity Fund UI
Earth Gold Fund UI	TRENDCONCEPT-UNIVERSAL-FONDS-AKTIEN-EUROPA
FIAG-UNIVERSAL-DACHFONDS	TRENDCONCEPT-UNIVERSAL-FONDS-EU-BOND
FIVV-Aktien-China-Select-UI	UNIVERSAL-FONDS-NRW
FIVV-Aktien-Global-Select-UI	Varengold Alternative Alpha
GLOCAP Vega	WALSER Portfolio German Select DE
Grüner Fisher Global UI	WM AKTIEN GLOBAL UI-FONDS
HIGH-DISCOUNTPORTFOLIO UNIVERSAL	WM AKTIEN GLOBAL US\$ UI-FONDS
HOTCHKIS & WILEY US-VALUE UNIVERSAL-FONDS	York Lion Merger Arbitrage Liquidity Fund UI