

# Sales prospectus

## Lupus Alpha Return

Sales prospectus and terms of investment  
for the UCITS investment fund with unit classes  
under German law  
November 2022 issue

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THIS TRANSLATION IS INTENDED FOR CONVENIENCE PURPOSES ONLY - THE SOLE BINDING VERSION IS THE GERMAN SALES PROSPECTUS.

Lupus alpha 

**m O N E G A**   
DAS ATTRAKTIVE FONDSKONZEPT



## ■ Company profile

### Management Company

Monega Kapitalanlagegesellschaft mbH  
 Stolkgasse 25-45, 50667 Cologne,  
 Phone (02 21) 390 95-0  
 Fax (02 21) 390 95-400  
 E-mail: info@monega.de  
 Internet: www.monega.de  
 Subscribed and paid-in capital: kEUR 5,200  
 Liabile equity capital: kEUR 5,942  
 (as of 31.12.2021)  
 founded: 11.12.1999



### Supervisory Board

Bernd Zens, Chairman  
 Member of the Board of Management of DEVK  
 Versicherungen  
 Manfred Stevermann, Deputy Chairman  
 Chairman of the Board of Directors of Sparda-Bank  
 West eG  
 Prof. Dr. Jochen Axer  
 Certified Public Accountant, Tax Consultant  
 Detlef Bierbaum  
 Banker (retired)  
 Dr. Anton Buchhart (independent Supervisory Board member)  
 Chief Investment Officer of Barmenia Versicherungen  
 Joachim Gallus  
 Head of the Investment Department of DEVK  
 Versicherungen  
 Ulrich Gericke  
 Managing Director of HSBC Trinkaus & Burkhardt AG  
 Carola Schroeder (independent Supervisory Board member)  
 Member of the Board of Barmenia Versicherungen  
 Dietmar Scheel  
 Member of the Board of Management of DEVK  
 Versicherungen

### Management

Bernhard Fünfer  
 Christian Finke

### Shareholders

DEVK Rückversicherungs- und Beteiligungs-  
 Aktiengesellschaft, Cologne  
 MoBet Beteiligungsgesellschaft mbH, Cologne  
 Sparda-Bank West e.G., Düsseldorf

### Depository

Kreissparkasse Köln  
 Neumarkt 18-24, 50667  
 Cologne  
 Equity according to CRR: EUR 2,573.50 million  
 (As of 31.12.2021)

### Fund Manager

Lupus alpha Asset Management AG  
 Speicherstraße 49-51, 60327 Frankfurt am Main,  
 Germany

### German Public Auditor

KPMG AG Wirtschaftsprüfungsgesellschaft  
 Tersteegenstr. 19-23, 40474 Düsseldorf

### Other information

#### Lupus Alpha Return I

WKN: A0MS72  
 ISIN: DE000A0MS726

#### Lupus Alpha Return R

WKN: A0MS73  
 ISIN: DE000A0MS734

### Competent supervisory authority

Bundesanstalt für Finanzdienstleistungsaufsicht (Federal  
 Financial Supervisory Authority)  
 Marie-Curie-Str. 24-28, 60439 Frankfurt am Main,  
 Germany

### Publications

In addition to the statutory publications, the fund prices, current sales prospectuses, annual reports and semi-annual reports and the key investor information (KID) can be viewed on the Internet at [www.monega.de](http://www.monega.de).

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## Note to the sales prospectus

**The purchase and sale of units in the Lupus Alpha Return fund shall be based on the prospectus, the Key Investor Information Document and the general terms and conditions of investment in conjunction with the special terms and conditions of investment, as amended from time to time. The general terms and conditions of investment and the special terms and conditions of investment are printed at the end of this sales prospectus.**

**The prospectus shall be made available free of charge on request to any person interested in acquiring a unit in Lupus Alpha Return and to any investor in the fund, together with the latest published annual report and any semi-annual report published after the annual report. In addition, the key investor information must be made available to anyone interested in acquiring a unit in Lupus Alpha Return in good time and free of charge before the contract is concluded.**

**Information or explanations that deviate from the sales prospectus may not be provided. Any purchase and sale of units on the basis of information or explanations which are not contained in the sales prospectus or in the key investor information is solely at the risk of the purchaser.**

**The prospectus is supplemented by the latest annual report and any semi-annual report published after the annual report.**

## Sales restriction

The issued units of this investment fund may only be offered for sale in countries in which such an offer or sale is permitted. Unless the company or a third party appointed by it has obtained permission for public distribution from the local supervisory authorities, this prospectus is not a public offer for the acquisition of investment units; the prospectus may not be used for the purpose of such a public offer.

In addition, the information and units of the fund referred to herein are not intended for distribution in Canada. The units may not be offered or sold by any company in Canada.

The distribution of this prospectus and the offering of units may also be restricted in other jurisdictions.

## Investment restrictions for US persons

Monega Kapitalanlagegesellschaft mbH and/or Lupus Alpha Return are not and will not be registered under the United States Investment company Act of 1940, as amended. The units of the fund are not and will not be registered under the United States Securities Act of 1933, as amended, or under the securities laws of any state of the United States of America. Units in Lupus Alpha Return may not be offered or sold in the United States or to or for the account or benefit of a US Person. Persons interested in acquiring units may be required to represent that they are not US Persons and are neither acquiring units on behalf of US Persons nor reselling units to US Persons. US persons are persons who are citizens or residents of the USA and/or are liable to pay taxes there. US Persons may also be partnerships or corporations formed under the laws of the US or a US state, territory or possession.

In circumstances where the company becomes aware that a Shareholder is a US Person or is holding units for the account of a US Person, the company may require the immediate return of the units to the company at the last ascertained Share value.

Investors who are “Restricted Persons” within the meaning of US Regulation No. 2790 of the National Association of Security Dealers (NASD 2790) shall promptly notify the company of their investments in the fund.

## Main legal effects of the contractual relationship

By acquiring the units, the investor becomes co-owner of the assets held by Lupus Alpha Return on a fractional basis. He cannot dispose of the assets. No voting rights are attached to the units.

All publications and advertising material shall be written in German or accompanied by a German translation. Monega Kapitalanlagegesellschaft mbH will also conduct all communication with its investors in German.

### Enforcement of rights

The legal relationship between Monega Kapitalanlagegesellschaft mbH and the investor, as well as the pre-contractual relationships, are governed by German law. The registered office of Monega Kapitalanlagegesellschaft mbH shall be the place of jurisdiction for actions brought by the investor against Monega Kapitalanlagegesellschaft mbH arising from the contractual relationship. Investors who are consumers (see the definition below) and reside in another EU state may also bring an action before a competent court in their place of residence. The enforcement of court judgements is governed by the Code of Civil Procedure and, if applicable, the Law on Forced Sale and Administration or the Code of Insolvency. Since Monega Kapitalanlagegesellschaft mbH is subject to domestic law, there is no need for recognition of domestic judgments prior to their enforcement.

The address of Monega Kapitalanlagegesellschaft mbH is:  
Stolkgasse 25-45, 50667 Cologne, Germany.

In order to enforce their rights, investors may take legal action before the ordinary courts or, if such a court is available, also initiate proceedings for alternative dispute resolution.

Monega Kapitalanlagegesellschaft mbH has undertaken to participate in dispute resolution proceedings before a consumer arbitration board.

In the event of disputes, consumers can call upon the “Ombudsstelle für Investmentfonds” of the BVI Bundesverband Investment und Asset Management e.V. as the competent consumer arbitration board. Monega Kapitalanlagegesellschaft mbH participates in dispute resolution proceedings before this arbitration board.

The contact details of the “Ombudsman’s Office for Investment funds” are:

**Office of the BVI Ombudsman**  
**Bundesverband Investment und Asset Management e.V.**  
**Unter den Linden 42**  
**10117 Berlin**  
**Phone: (030) 64490460**  
**Fax: (030) 644904629**  
**E-mail: [info@ombudsstelleinvestmentfonds.de](mailto:info@ombudsstelleinvestmentfonds.de)**  
**[www.ombudsstelleinvestmentfonds.de](http://www.ombudsstelleinvestmentfonds.de)**

Consumers are natural persons who invest in Lupus Alpha Return for a purpose that is predominantly not related to their commercial or self-employed professional activity, i.e. who act for private purposes.

The European Commission has set up a European online dispute resolution platform at [www.ec.europa.eu/consumers/odr](http://www.ec.europa.eu/consumers/odr). Consumers can use this for the out-of-court settlement of disputes arising from online sales contracts or online service contracts. The company’s email address is [info@monega.de](mailto:info@monega.de). The platform is not itself a dispute resolution body, but merely puts the parties in contact with a competent national dispute resolution body.

The right to appeal to the courts remains unaffected by a dispute resolution procedure.



## Fundamentals

### The fund

The fund Lupus Alpha Return (hereinafter “Fund”) is an undertaking for collective investment which collects capital from a number of investors in order to invest it in accordance with a defined investment strategy for the benefit of these investors (hereinafter “investment fund”). The Fund is an investment fund pursuant to Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (hereinafter referred to as the “UCITS Directive”) within the meaning of the German Capital Investment Code (Kapitalanlagegesetzbuch) (hereinafter “KAGB”). It is managed by Monega Kapitalanlagegesellschaft mbH (hereinafter referred to as the “company”). The Fund was launched on 10 October 2007 for an indefinite period.

The company shall invest the capital deposited with it in its own name for the joint account of the investors in accordance with the principle of risk diversification in the assets permitted under the KAGB separately from its own assets in the form of special assets. The business purpose of the Fund is limited to the investment of capital in accordance with a defined investment strategy within the framework of collective asset management by means of the assets deposited with it; operating activities and active entrepreneurial management of the assets held are excluded. The assets in which the company may invest the investors’ funds and the provisions with which it must comply are governed by the German Investment Code (KAGB), the associated ordinances and the German Investment Tax Act (hereinafter “InvStG”) and the Investment Terms and Conditions, which regulate the legal relationship between the investors and the company. The terms and conditions of investment comprise a general section and a special section (“General terms and conditions of investment” and “Special terms and conditions of investment”). Terms and conditions of investment for a public investment fund must be approved by the Federal Financial Supervisory Authority (“BaFin”) before they are used. The Fund does not form part of the company’s solvency estate.

### Sales documents and disclosure of information

The sales prospectus, the Key Investor Information Document, the terms and conditions of investment and the latest annual and semi-annual reports are available free of charge from the company and on the Internet at [www.monega.de](http://www.monega.de).

Additional information on the investment limits of the Fund’s risk management, the risk management methods and the latest developments in the risks and returns of the most important categories of assets is available in written form from the company upon request of the investor.

In addition to private investors, institutional investors such as banks and insurance companies are also frequently invested in investment assets. In order to fulfil their duties under supervisory law, these investors require information that goes beyond the minimum information required by law. This includes, for example, reports such as VAG reporting, Solvency or MaRisk reporting, as well as extensive portfolio information that is sent, for example, daily as csv files. Institutional investors request this type of information from the investment fund management companies.

To ensure equal treatment of all investors, the company offers to provide this information to its private investors to the same extent. For this purpose, investors may inform the company of their wish to receive information by sending an e-mail to [info@monega.de](mailto:info@monega.de) together with their personal data (customer status: private or institutional, first and last name, address, telephone number, e-mail address). After checking whether there is a legitimate interest in this further information, i.e. whether the interested party is an investor in the Fund, the company will send the investor an overview of any further information available on the Fund, from which the investor can then select.

If the company provides individual investors with further information on the Fund, the investors have the opportunity to obtain this information from the company upon request. The company shall provide information on its website as to how additional information on the Fund can be obtained so that it can be made available to all investors simultaneously upon request.

### **Terms and conditions of investment and amendments thereto**

The terms and conditions of investment are printed in this document following this prospectus. The terms and conditions of investment may be amended by the company. Amendments to the terms and conditions of investment require the approval of BaFin. Changes to the Fund's investment principles are only permitted on condition that the company offers investors either to redeem their units without further costs before the changes come into force or to exchange their units free of charge for units in investment funds with comparable investment principles, provided that such investment funds are managed by the company or another company from its group.

The envisaged amendments shall be published in the Federal Gazette and furthermore at [www.monega.de](http://www.monega.de). If the changes affect remuneration and expense reimbursements that may be withdrawn from the Fund or the Fund's investment principles or material investor rights, investors shall also be informed via their custodian institutions by means of a medium on which information is stored, can be viewed and reproduced unchanged for a period of time appropriate to the purposes of the information, such as in paper form or electronic form (so-called durable medium). This information includes the main content of the planned changes, their background, the rights of investors in connection with the change and an indication of where and how further information can be obtained.

The amendments shall enter into force at the earliest on the day following their publication. Amendments to regulations on remuneration and the reimbursement of expenses shall enter into force at the earliest four weeks after their announcement, unless an earlier date has been determined with the consent of BaFin. Changes to the Fund's previous investment principles shall also come into force no earlier than four weeks after announcement.

## **Management company**

### **Company name, legal form and registered office**

The company is a capital management company within the meaning of the KAGB established on 11 December 1999 in the legal form of a limited liability company (GmbH). The name of the company is Monega Kapitalanlagegesellschaft mbH. The company has its registered office in Cologne.

The company currently holds a licence as a UCITS capital management company (licence dated 5 January 2011) and an AIF capital management company (licence dated 18 December 2014) within the meaning of the German Investment Code (KAGB). It may manage investment assets in accordance with the UCITS Directive, mixed investment assets, other investment assets and open-ended domestic special AIFs with fixed terms and conditions of investment (funds). Furthermore, it may manage closed-ended domestic public AIFs, closed-ended domestic special AIFs and general open-ended domestic funds including hedge funds (licence dated 3 September 2020). In addition, it holds a licence for financial portfolio management, investment advice

and investment brokerage, as well as for the cross-border management of EU AIFs and EU UCITS (licence dated 13 December 2016). The company is supervised by the German Federal Financial Supervisory Authority (BaFin) and is subject to the provisions of the KAGB.

### **Management and Supervisory Board**

More detailed information on the management, the composition of the Supervisory Board and the group of shareholders can be found at the beginning of the sales prospectus.

### **Equity and additional capital resources**

More detailed information on the amount of the subscribed and paid-in capital can be found at the beginning of the sales prospectus.

The company has covered the professional liability risks arising from the management of investment assets which do not comply with the UCITS Directive, so-called alternative investment funds (hereinafter "AIF"), and which are attributable to the professional negligence of its bodies or employees: Own funds of at least 0.01 per cent of the value of the portfolios of AIFs managed, this amount being reviewed and adjusted annually. These own funds are included in the stated liable equity capital.

## **Depositary**

### **Identity of the Depositary**

Kreissparkasse Köln, with its registered office at Neumarkt 18-24, 50667 Cologne, has assumed the office of Depositary for the Fund. The Depositary is a credit institution under German law. Its main activity is giro-, deposit- and lending business, as well as securities business.

### **Tasks of the Depositary**

The KAGB provides for a separation of the management and administration of investment funds. The Depositary shall hold the assets in blocked custody accounts or blocked accounts. In the case of assets which cannot be held in custody, the Depositary shall verify whether the management company has acquired ownership of such assets. It monitors whether the company's dispositions of assets comply with the provisions of the KAGB and the terms and conditions of investment. With respect to cash belonging to the Fund, the Depositary shall ensure that such cash is deposited in segregated cash accounts with the Depositary itself or with another credit institution. The investment in bank deposits with another credit institution and the disposal of such bank deposits shall only be permitted with the consent of the Depositary. The Depositary must give its consent if the investment or disposal is compatible with the terms and conditions of investment and the provisions of the KAGB.

In addition, the Depositary has the following tasks in particular:

- Issue and redemption of the units of the Fund,
- To ensure that the issue and redemption of units and the determination of unit values comply with the provisions of the KAGB and the Fund's Terms and Conditions of Investment,

- To ensure that, in the case of transactions carried out for the collective account of the investors, the counter-value is placed in their custody within the usual time limits,
- To ensure that the income of the Fund is applied in accordance with the provisions of the KAGB and the terms and conditions of investment,
- Monitoring of borrowings by the company for the account of the Fund and, where appropriate, approval of borrowings, provided that these are not short-term overdrafts resulting solely from delayed crediting of incoming payments.

### Conflicts of interest

The following conflicts of interest could arise from the assumption of the Depositary function for the Fund:

The company may entrust the Depositary with other tasks, such as the execution of securities transactions or foreign exchange conversion. The conflict arises from the resulting dual function of the Depositary.

The company's handling of conflicts of interest is described in the section "Conflicts of interest".

### Sub-Depositary

The Depositary may outsource custody tasks to another company ("Sub-Depositary"). The company has received the following information from the Depositary. The company has checked the information for plausibility. However, it is dependent on the supply of information by the Depositary and cannot verify the accuracy and completeness of the information in detail.

As the Depositary, Kreissparkasse Köln has delegated the following Depositary tasks:

The custody of the assets has been transferred to Clearstream Banking and the subsequent Sub-Depositaries or Central Depositories in the countries listed in the "Annex Sub-Depositary". The "Sub-Depositary" is attached to the prospectus.

The use of the exact Sub-Depositary(s) can be found in the "Investment Sub-Depositary" in connection with the permissible markets in accordance with the "General and special terms and conditions of investment" as well as the explanations in the sales prospectus.

The following conflicts of interest could arise from the role of Sub-Depositary:

Kreissparkasse Köln is not an affiliated company of the company or of the Sub-Depositaries named in the Annex.

Conflicts of interest in the relationship between the Depositary and the individual Sub-Depositaries could not be identified.

The Depositary has put in place adequate and effective internal policies to either completely avoid its own potential conflicts of interest or, where this is not possible, to avoid potential damage to investors' interests. Adherence to these regulations is monitored by an independent compliance function. In addition, in the case of the outsourcing of portfolio management by the company, the Depositary shall verify that the manager entrusted with portfolio management is not or will not also act as a Sub-Depositary of the Depositary.

### Liability of the Depositary

The Depositary is generally responsible for all assets held in custody by it or, with its consent, by another entity. In the event of the loss of such an asset, the Depositary shall be liable to the Fund and its investors unless the loss is due to events beyond the Depositary's reasonable control. For losses which do not consist in the loss of an asset, the Depositary shall, in principle, only be liable if it has at least negligently failed to fulfil its obligations under the provisions of the KAGB.

### Additional information

Upon request, the company shall provide investors with up-to-date information on the Depositary and its duties, on the Sub-Depositaries and on possible conflicts of interest in connection with the activities of the Depositary or the Sub-Depositaries. Also upon request, the company shall provide investors with information on the reasons for which it has chosen the Depositary.

### Fund Manager

The portfolio management of the Fund was outsourced to Lupus alpha Asset Management AG, Frankfurt am Main. Lupus alpha Asset Management AG is a company authorised by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") pursuant to Section 32 (1) of the German Banking Act (Kreditwesengesetz, "KWG") for the purpose of financial portfolio management, which is subject to the supervision of BaFin and is active in the field of asset management, investment advice and fund management.

The Manager shall monitor and analyse the performance of the Fund's assets and shall be solely responsible for deciding on the investment of the Fund's assets. The Manager shall receive remuneration for its services out of the management fee of the company. Lupus alpha Asset Management AG is also responsible for the management of other funds whose administration and management is not the responsibility of the company. Lupus alpha Asset Management AG is not an affiliated company of the company. The company does not receive any reimbursements of fees and expenses paid from the Fund to the Depositary and to third parties.

## Risk information

**Before deciding to purchase units in the Fund, investors should carefully read the following risk information together with the other information contained in this prospectus and take it into account when making their investment decision. The occurrence of one or more of these risks may, in itself or together with other circumstances, adversely affect the performance of the Fund or the assets held in the Fund and thus also have an adverse effect on the unit value.**

**If the investor sells units in the Fund at a time when the prices of the assets in the Fund have fallen compared to the time of his acquisition of the units, he will not receive back the capital he invested in the Fund or will not receive it back in full. The investor could lose some or, in individual cases, even all of the capital invested in the Fund. Value appreciation cannot be guaranteed. The investor's risk is limited to the amount invested. There is no obligation to make additional contributions beyond the capital invested by the investor.**

**In addition to the risks and uncertainties described below or elsewhere in the prospectus, the performance of the Fund may be affected by various other risks and uncertainties that are not currently known. The order in which the following risks are listed contains neither a statement about the probability of their occurrence nor about the extent or significance if individual risks occur.**

### Risks of a fund investment

The risks typically associated with an investment in a UCITS are outlined below. These risks may have an adverse effect on the unit value, on the capital invested by the investor and on the holding period planned by the investor for the fund investment.

#### *Fluctuation of the fund unit value*

The fund unit value is calculated from the value of the fund divided by the number of units put into circulation. The value of the Fund corresponds to the sum of the fair values of all assets in the Fund's assets less the sum of the fair values of all liabilities of the Fund. The fund unit value is, therefore, dependent on the value of the assets held in the Fund and the amount of the Fund's liabilities. If the value of these assets falls or the value of the liabilities rises, the Fund unit value falls.

#### *Influence of tax aspects on the individual result*

The tax treatment of investment income depends on the individual circumstances of the respective investor and may be subject to change in the future. For individual questions – in particular, consideration of the individual tax situation – the investor should consult his personal tax advisor.

#### *Change of the investment policy or the terms and conditions of investment*

The company may amend the terms and conditions of investment with the approval of BaFin. This may also affect the rights of the investor. The company may, for example, change the investment policy of the Fund by amending the terms and conditions of investment or it may increase the costs to be charged to the Fund. The company may also change the investment policy within the legally and contractually permissible investment spectrum and thus without amending the terms and conditions of investment and their approval by BaFin. This may change the risk associated with the Fund.

#### *Restriction on the redemption of units*

The company may restrict the redemption of units for a total of up to 15 consecutive working days if the investors' redemption requests on a settlement date exceed a previously determined threshold value above which the redemption requests can no longer be executed in the interest of all investors due to the liquidity situation of the Fund. If the threshold is reached or exceeded, the company shall decide in its absolute discretion whether to restrict redemption on that settlement date. If it decides to restrict withdrawals, it may continue to do so for up to 14 consecutive working days on the basis of a daily discretionary decision. If the company has decided to limit redemption, it will only redeem units on a pro rata basis at the redemption price applicable on the settlement date; otherwise the redemption obligation will not apply. This means that each redemption request will only be executed proportionately on the basis of a quota determined by the company. The unexecuted part of the order will also not be executed at a later date, but will expire. For the investor, there is, therefore, the risk that his order for the redemption of units will only be executed on a pro rata basis and that he will have to place the remaining open order again.

#### *Suspension of the redemption of units*

The company may temporarily suspend the redemption of units if exceptional circumstances exist which make a suspension appear necessary, taking into account the interests of the investors. Exceptional circumstances in this sense may include, for example: economic or political crises, redemption requests on an exceptional scale, as well as the closure of stock exchanges or markets, trading restrictions or other factors that affect the determination of the unit value. In addition, BaFin may order the company to suspend the redemption of units if this is necessary in the interest of the investors or the public. The investor may not redeem his units during this period. The unit value may also decrease in the event of a suspension of unit redemption, e.g. if the company is forced to sell assets below fair value during the suspension of unit redemption. The unit value after the resumption of unit redemption may be lower than that before the suspension of redemption. A suspension may be directly followed by a dissolution of the Fund without a resumption of the redemption of units, e.g. if the company terminates the administration of the Fund in order to then dissolve the Fund. For the investor, there is, therefore, the risk that

he will not be able to realise the holding period planned by him and that substantial parts of the invested capital will not be available to him for an indefinite period or will be lost altogether.

#### ***Dissolution of the Fund***

The company shall have the right to terminate the management of the Fund. The company may dissolve the Fund altogether upon termination of the administration. The right of disposal over the Fund shall pass to the distributor after a notice period of six months. For the investor, there is, therefore, the risk that he will not be able to realise his planned holding period. Upon the transfer of the Fund to the Depositary, taxes other than German income taxes may be charged to the Fund. If the Fund units are de-recognised from the investor's custody account after the liquidation proceedings have ended, the investor may be charged income tax.

#### ***Transfer of all assets of the Fund to another open-ended public investment Fund (merger)***

The company may transfer all assets of the Fund to another UCITS. In this case, the investor may (i) redeem, (ii) or retain his units with the consequence that he becomes an investor in the receiving UCITS, (iii) or exchange them for units in an open-ended public investment fund with comparable investment principles, provided that the company or one of its affiliated companies manages such an investment fund with comparable investment principles. This shall apply equally if the company transfers all assets of another open-ended public investment fund to the Fund. The investor must, therefore, make a new investment decision ahead of time as part of the transfer. Income tax may be payable on the redemption of the units. If the units are exchanged for units in an investment fund with comparable investment principles, the investor may be charged tax, for example, if the value of the units received is higher than the value of the old units at the time of acquisition.

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

The company may transfer the Fund to another capital management company. The Fund remains unchanged, as does the position of the investor. However, the investor must decide within the scope of the transfer whether he considers the new capital management company to be as suitable as the previous one. If he does not wish to remain invested in the Fund under new management, he must return his units. Income taxes may be incurred in the process.

#### ***Profitability and fulfilment of the investor's investment objectives***

There can be no guarantee that the investor will achieve his desired investment performance. The unit value of the Fund may fall and lead to losses for the investor. There are no guarantees or representations by the company or any third party as to any particular minimum payment on redemption or any particular investment performance of the Fund. Investors could thus get back a lower amount than originally invested. An initial issue premium paid on the purchase of units or a redemption fee paid on the sale of units can also reduce or even

erode the success of an investment, especially if the investment period is short.

#### ***Sustainability risks***

Sustainability risks within the meaning of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector ("the Disclosure Regulation") are environmental, social or governance events or conditions, the occurrence of which could have a material adverse effect, actual or potential, on the assets, liabilities, financial position, profit or loss and reputation of a company and, therefore, on the value of the Fund's investment. These effects may have an impact on the net assets, financial position and results of operations of the Fund as well as on the reputation of the company. Sustainability risks can have a significant impact on all known risk types and contribute as a factor to the materiality of these risk types. Examples of the risk types described in the following sections are market risk, liquidity risk, counterparty risk and operational risk.

#### ***Risks of negative performance of the fund (market risk)***

The risks associated with the Fund's investment in individual assets are set out below. These risks may impair the performance of the Fund or the assets held in the Fund and thus have an adverse effect on the unit value and on the capital invested by the investor.

#### ***Risks of changes in value***

The assets in which the company invests for the account of the Fund are subject to risks. Losses in value can occur if the fair value of the assets falls compared to the cost price or if spot and forward prices develop differently.

#### ***Capital market risk***

The price or fair value development of financial products depends, in particular, on the development of the capital markets, which in turn is influenced by the general situation of the global economy, as well as the economic and political framework conditions in the respective countries. Irrational factors such as moods, opinions and rumours can also have an impact on the general price development, especially on a stock exchange. Fluctuations in price and fair values may also be due to changes in interest rates, exchange rates or the creditworthiness of an issuer.

#### ***Price change risk of company shares***

Experience shows that shares are subject to strong price fluctuations and thus also to the risk of price declines. These price fluctuations are influenced, in particular by the development of the issuing company's profits, as well as the developments in the industry and the overall economic development. The confidence of market participants in the respective company can also influence the share price development. This applies, in particular, to companies whose shares have only



been listed on the stock exchange or another organised market for a short period of time; for these companies, even small changes in forecasts can lead to strong price movements. If the proportion of freely tradable shares owned by many shareholders (so-called free float) is low for a share, even small buy and sell orders can have a strong impact on the market price and thus lead to higher price fluctuations.

#### **Interest rate risk**

The investment in fixed-interest securities is associated with the possibility that the market interest rate level existing at the time of the issue of a security will change. If market interest rates rise compared to the interest rates at the time of issue, the prices of fixed-income securities usually fall. If, on the other hand, the market interest rate falls, the price of fixed-interest securities rises. This price development means that the current yield of the fixed-interest security is approximately equal to the current market interest rate. However, these price fluctuations vary depending on the (remaining) term of the fixed-income securities. Fixed-income securities with shorter maturities have lower price risks than fixed-income securities with longer maturities. Fixed-income securities with shorter maturities, on the other hand, generally have lower yields than fixed-income securities with longer maturities. Money market instruments tend to have lower price risks due to their short maturity of a maximum of 397 days. In addition, the interest rates of different interest-related financial instruments denominated in the same currency with comparable residual terms may develop differently.

#### **Risk of negative credit interest**

The company shall deposit liquid assets of the Fund with the Depository or other banks for the account of the Fund. In some cases, an interest rate is agreed for these bank balances that is based on official reference interest rates minus a certain margin. If these reference interest rates fall below the agreed margin, this leads to negative interest on the corresponding account. Depending on the development of the interest rate policy of the European Central Bank, both short-, medium- and long-term bank deposits can earn a negative interest rate.

#### **Price change risk of convertible bonds and bonds with warrants**

Convertible bonds and bonds with warrants securitise the right to convert the bond into units or to acquire units. The development of the value of convertible bonds and bonds with warrants is, therefore, dependent on the price development of the share as the underlying. The risks of the performance of the underlying units can therefore also affect the performance of the convertible and warrant bonds. Bonds with warrants that grant the issuer the right to offer the investor a predetermined number of units instead of repaying a nominal amount (reverse convertibles) are increasingly dependent on the corresponding share price.

#### **Risks in connection with derivative transactions**

The company may enter into derivative transactions on behalf of the Fund. The purchase and sale of options and the conclusion of futures contracts or swaps are associated with the following risks:

- The use of derivatives may result in losses that are unforeseeable and may even exceed the amounts used for the derivative transaction.
- Changes in the price of the underlying asset may reduce the value of an option or futures contract. If the value decreases and the derivative becomes worthless, the company may be forced to forfeit the acquired rights. The Fund may also suffer losses due to changes in the value of the asset underlying a swap.
- A liquid secondary market for a given instrument at a given time may be lacking. A position in derivatives may then not be economically neutralised (closed).
- Due to the leverage effect of options, the value of the Fund assets can be influenced more strongly than is the case with the direct acquisition of the underlying assets. The risk of loss may not be determinable when the transaction is entered into.
- The purchase of options entails the risk that the option will not be exercised because the prices of the underlying assets do not develop as expected, so that the option premium paid by the Fund is forfeited. When selling options, there is a risk that the Fund may be obliged to take delivery of assets at a price higher than the current market price or to deliver assets at a price lower than the current market price. The Fund then suffers a loss in the amount of the price difference minus the collected option premium.
- In the case of futures contracts, there is a risk that the company may be obliged to bear the difference between the price at which the contract was concluded and the market price at the time of closing or maturity of the transaction for the account of the Fund. This would result in losses for the Fund. The risk of loss cannot be determined when the forward contract is concluded.
- The conclusion of an offsetting transaction (closing out), if required, is associated with costs.
- The forecasts made by the company regarding the future development of underlying assets, interest rates, exchange rates and foreign exchange markets may prove to be incorrect in retrospect.
- The assets underlying the derivatives cannot be bought or sold at a favourable time or must be bought or sold at an unfavourable time.

The following risks can occur with over-the-counter (OTC) transactions:

- There may be no organised market, so that the company may find it difficult (or impossible) to sell the financial instruments acquired on the OTC market for the account of the Fund.
- The conclusion of an offsetting transaction (closing out) may be difficult, impossible or associated with considerable costs due to the individual agreement.

#### **Risks in connection with the receipt of collateral**

The company may receive collateral for derivative transactions. Derivatives can increase in value. The collateral received

could then no longer be sufficient to fully cover the company's delivery or retransfer claim against the counterparty.

The company may place cash collateral in blocked accounts. However, the credit institution where the bank deposits are held may default. Upon termination of the transaction, the collateral invested may no longer be available in full, although it must be returned by the company to the Fund in the amount originally granted. Then the Fund would have to bear the losses suffered on the collateral.

**Risk in securitisation positions without retention** Securities that securitise receivables (securitisation positions) and were issued after 1 January 2011 may only be acquired if the debtor retains at least 5 per cent of the volume of the securitisation as so-called retention and complies with further requirements. The company is, therefore, obliged to take remedial action in the interests of investors if there are securitisations in the Fund's assets which do not comply with these EU standards. As part of these remedial actions, the company may be required to dispose of such securitisation positions. Due to legal requirements for banks, fund companies and insurance companies, there is a risk that the company may not be able to sell such securitisation positions or may only be able to sell them at a sharp discount or with a long delay.

#### **Inflation risk**

Inflation involves a devaluation risk for all assets. This also applies to the assets held in the Fund. The inflation rate may be higher than the increase in value of the Fund.

#### **Currency risk**

Assets of the Fund may be invested in a currency other than the Fund currency. The Fund will receive the income, redemptions and proceeds from such investments in the other currency. If the value of this currency falls against the Fund currency, the value of such investments is reduced and thus also the value of the Fund assets.

#### **Concentration risk**

If the investment is concentrated in certain assets or markets, the Fund is particularly dependent on the performance of these assets or markets.

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

The risks of the units in other investment funds acquired for the Fund (so-called "target funds") are closely related to the risks of the assets contained in these target funds or the investment strategies pursued by them. However, as the managers of the individual target funds act independently of each other, it is also possible that several target funds pursue identical or opposing investment strategies. This can lead to an accumulation of existing risks, and any opportunities can cancel each other out. As a rule, it is not possible for the company to control the management of the target funds. Their investment decisions do not necessarily have to coincide with the assumptions or expectations of the company. The company will often not know the current composition of the target funds in a timely manner. If the composition does not correspond to its assumptions or expectations, it may only react with a significant delay by returning target fund units.

Open-ended investment funds in which the Fund

acquires units could also temporarily restrict or suspend the redemption of units. The company is then prevented from selling the units in the target fund by returning them to the management company or Depositary of the target fund against payment of the redemption price.

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

In compliance with the investment principles and limits stipulated by law and the Investment Regulations, which provide a very broad framework for the Fund, the actual investment policy may also be geared towards acquiring assets with a focus on only a few sectors, markets or regions/countries, for example. This concentration on a few specific investment sectors can be associated with risks (e.g. market narrowness, high volatility within certain economic cycles). The annual report provides retrospective information on the content of the investment policy for the past reporting year.

#### **Risks of reduced or increased liquidity of the Fund and risks associated with increased subscriptions or redemptions (liquidity risk)**

The risks that may affect the liquidity of the Fund are set out below. This may result in the Fund being temporarily or permanently unable to meet its payment obligations or in the company being temporarily or permanently unable to meet investors' redemption requests. The investor may not be able to realise the holding period planned by him and the invested capital or parts thereof may not be available to him for an indefinite period. The realisation of liquidity risks could also reduce the value of the Fund's assets and thus the value of the units, for example, if the company is forced, to the extent permitted by law, to sell assets for the Fund below their fair value. In addition, if the company is unable to meet investors' redemption requests, this may result in the restriction or suspension of redemption and, in extreme cases, the subsequent dissolution of the Fund.

#### **Risk from the investment in assets**

Assets may also be acquired for the Fund that are not admitted to a stock exchange or admitted to or included in another organised market. These assets may only be resold at a high discount, with a time lag or not at all. Depending on the market situation, the volume, the time frame and the planned costs, assets admitted to a stock exchange may also not be sold or may only be sold at a high discount.

Although only assets that can be liquidated at any time may be acquired for the Fund, it cannot be ruled out that these can only be sold at a loss temporarily or permanently.

***Risk through borrowing***

The company may borrow for the account of the Fund. Loans with a variable interest rate can have a negative impact on the Fund assets due to rising interest rates. If the company has to repay a loan and cannot offset it with follow-up financing or liquidity available in the Fund, it may be forced to sell assets prematurely or at worse conditions than planned.

***Risks due to increased redemptions or subscriptions***

Through buy and sell orders from investors, liquidity flows into the fund assets and out of the fund assets. The inflows and outflows may result in a net inflow or outflow of the Fund's liquid assets after netting. This net inflow or outflow may cause the fund manager to buy or sell assets, resulting in transaction costs. This applies, in particular, if the inflows or outflows exceed or fall short of a quota of liquid assets provided by the company for the Fund. The resulting transaction costs will be charged to the Fund and may affect the Fund's performance. In the event of inflows, increased fund liquidity may have a negative impact on the performance of the Fund if the company is unable to invest the funds on reasonable terms or in a timely manner.

***Risk for public holidays in certain regions/countries***

According to the investment strategy, investments for the Fund may be made in specific regions/countries. Due to local holidays in these regions/countries, there may be deviations between the trading days on stock exchanges in these regions/countries and the valuation days of the Fund. The Fund may not be able to respond to market developments in the regions/countries on the same day on a day which is not a valuation day or trade in the market there on a valuation day which is not a dealing day in those regions/countries. This may prevent the Fund from disposing of assets in the required time. This may adversely affect the Fund's ability to meet redemption requests or other payment obligations.

**Counterparty risk including credit and receivables risk** The following describes the risks that may arise for the Fund in the context of a business relationship with another party (so-called counterparty). There is a risk that the counterparty may no longer be able to fulfil its agreed obligations. This may affect the performance of the Fund and thus also have a negative impact on the unit value and the capital invested by the investor.

***Counterparty default risk / Counterparty risks (except central counterparties)***

The Fund may incur losses due to the default of an issuer (hereinafter "issuer") or a counterparty (hereinafter "counterparty") against which the Fund has claims. The issuer risk describes the impact of the particular developments of the respective issuer that affect the price of a security in addition to the general trends of the capital markets. Even with careful selection of securities, it cannot be ruled out that losses may occur due to asset default of issuers. The party to a contract concluded for the account of the Fund may default in part or in full (counterparty risk). This applies to all contracts concluded for the account of the Fund.

***Risk from central counterparties***

A central counterparty ("CCP") acts as an intermediary in certain transactions on behalf of the Fund, in particular, transactions in derivative financial instruments. In this case he acts as buyer towards the seller and as seller towards the buyer. A CCP protects itself against the risk of its counterparties not being able to provide the agreed services through a series of protective mechanisms that enable it to offset losses from the transactions entered into at any time (e.g. through collateralisation). Despite these protective mechanisms, it cannot be ruled out that a CCP in turn becomes over-indebted and defaults, which may also affect claims of the company for the Fund. This may result in losses for the Fund.

**Operational and other risks of the Fund**

The following section describes risks that may arise, for example, from inadequate internal processes and human or system failures at the company or external third parties. These risks can impair the performance of the Fund and thus also have a negative impact on the unit value and the capital invested by the investor.

***Risks from criminal acts, grievances, natural disasters or other external events***

The Fund may be the victim of fraud or other criminal acts. It may suffer losses due to errors by employees of the company or external third parties or be damaged by external events such as natural disasters or pandemics.

***Country or transfer risk***

There is a risk that a foreign debtor, despite being able to pay, may not be able to provide services on time, at all or only in another currency due to the lack of transferability of the currency, the lack of willingness to transfer on the part of its country of domicile or for similar reasons. For example, payments to which the company is entitled for the account of the Fund may not be made, may be made



in a currency that is not (or is no longer) convertible due to foreign exchange restrictions, or may be made in another currency. If the debtor pays in another currency, this position is subject to the currency risk outlined above.

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

Investments may be made for the Fund in jurisdictions in which German law does not apply or, in the event of legal disputes, the place of jurisdiction is outside Germany. The resulting rights and obligations of the company for the account of the Fund may differ from those in Germany to the detriment of the Fund or the investor. Political or legal developments, including changes in the legal framework in these jurisdictions, may not be recognised by the company or may be recognised too late or may lead to restrictions with regard to assets that can be acquired or have already been acquired. These consequences may also arise if the legal framework for the company and/or the management of the Fund in Germany changes.

#### **Change in the tax framework, tax risk**

The tax information in this prospectus is based on the currently known legal situation. The brief information on tax regulations is intended for persons subject to unlimited income tax or unlimited corporation tax in Germany. However, no guarantee can be given that the tax assessment will not change as a result of legislation, case law or decrees issued by the tax authorities.

#### **Key person risk**

If the investment result of the Fund is very positive in a certain period, this success may also depend on the suitability of the acting persons and thus the right decisions of management. However, the composition of the fund management may change. New decision-makers may then be less able to act successfully.

#### **Depositary risk**

The safekeeping of assets, especially abroad, involves a risk of loss that may result from insolvency or breaches of due diligence by the custodian or force majeure.

#### **Risks from trading and clearing mechanisms (settlement risk)**

When settling securities transactions, there is a risk that one of the contracting parties may delay or fail to pay as agreed or to deliver the securities on time. This settlement risk also exists accordingly for the Fund when trading in other assets.

## **Explanation of the risk profile of the Fund**

The performance of the Fund is influenced, in particular, by the following risks:

*Equity risk:* Experience shows that units are subject to strong price fluctuations and thus also to the risk of price declines.

*Interest rate risk:* The investment in fixed-interest securities is associated with the risk that the market interest rate level will change during the holding period of the securities. When the market interest rate rises, the price of the security falls; conversely, when the market interest rate falls, it rises.

*Currency risk:* Assets of the Fund may be invested in a currency other than the fund currency. The Fund will receive the income, redemptions and proceeds from such investments in the other currency. If the value of this currency falls against the fund currency, the value of such investments is reduced and thus also the value of the fund assets.

*Counterparty default risk:* The Fund may incur losses due to the default of an issuer or a counterparty against which the Fund has claims. Even with careful selection of the securities, it cannot be ruled out that losses may occur due to the loss of assets of an issuer or contract partner. The party to a contract concluded for the account of the Fund may default in part or in full. This applies to all contracts concluded for the account of the Fund.

*Liquidity risk:* The Fund may invest a portion of its assets in securities that are not traded on a stock exchange or similar market. It may be difficult to find a buyer for these papers in the short term. This may increase the risk of suspension of unit redemption.

*Derivatives risk:* The Fund uses derivatives for both investment and hedging purposes. Due to the possible investment in derivatives, the investment Fund could exhibit increased volatility if these options are used, i.e. in this case, the unit prices could be subject to considerable upward and downward fluctuations even within short periods of time. The increased opportunities are accompanied by increased risks of loss.

*Target fund risk:* The Fund invests in target funds to track specific markets, regions or themes. The performance of individual target funds may lag behind the performance of the respective market. However, as the managers of the individual target funds act independently of each other, it is also possible that several target funds pursue identical or opposing investment strategies.

Please refer to the section "Risk warnings" for other potential risks that may arise for the Fund under the investment principles.

## Increased volatility

**Due to its composition and the use of derivatives, the Fund has an increased volatility, i.e. the unit prices may be subject to considerable upward and downward fluctuations, even within short periods of time.**

## Profile of the typical investor

The investment should always fit the very personal goals, the investment mentality and the respective life situation of the investor. The more short-term the investor needs money, the more likely he is to choose a conservative investment strategy. The more long-term he plans, the more likely he is to benefit from risk-conscious and opportunity-oriented investment strategies.

Lupus Alpha Return is aimed at investors who pursue the goal of general wealth creation/optimisation and have a medium-term investment horizon of 3 to 5 years. The Fund is aimed at investors with basic knowledge and/or experience of financial products. The potential investor should be able to bear substantial fluctuations in value and significant losses and does not attach importance to capital protection. Lupus Alpha Return falls into risk class 4 on a scale of 1 (safety-oriented; very low to low return expectation) to 7 (very willing to take risks; highest return expectation).

The company's assessment does not constitute investment advice but is intended to provide investors with an initial indication as to whether the Fund is appropriate to their investment experience, risk appetite and investment horizon.

## Investment objectives, strategy, principles and limits

### Investment objective and strategy

The Fund Management aims to participate dynamically in the developments of the global equity markets on the basis of an option-based strategy while limiting the risk of loss. The equity portion is mapped with bought and sold exchange-traded derivatives. At least 75% of the Fund's assets shall be invested in securities selected in accordance with the principles of sustainability. For this purpose, the issuers or underlyings are analysed and classified according to environmental, social and governance criteria.

This includes, among other things, the issuers' environmental management, their social standards and corporate governance, as well as their product portfolio. In addition, the issuers of the securities may not generate more than 10 per cent of their turnover from energy production or other use of fossil fuels (excluding gas) or nuclear power, more than 5 per cent. from the extraction of coal and crude oil, and not from the cultivation, exploration and services for oil sands and oil shale. Investments should also not be made in companies that violate human and labour rights or that are involved in corruption.

Based on the sustainability risk assessment made, it is likely that the sustainability risks to which the Fund may be exposed will have a lower impact on the value of the Fund's investments in the medium to long term due to the application of the sustainability principles explained above.

To this extent, within the framework of the aforementioned exclusion criteria, investments are possible in portfolio companies that generate their turnover through activities in connection with the production or other use of energy from/of nuclear energy and natural gas, as well as the extraction of uranium or natural gas.

The objective of the investment policy of the fund management of the Fund is to achieve risk-appropriate increases in value.

To this end, depending on the assessment of the economic and capital market situation and the stock market outlook, the assets permitted under the German Capital Investment Code (KAGB) and the terms and conditions of investment shall be acquired and sold within the framework of the investment policy. Eligible assets are securities (e.g. units, bonds, participation certificates and certificates), money market instruments, bank deposits, investment units, derivatives and other investment instruments. Derivatives may be acquired for investment and hedging purposes

**The Fund's investment strategy may change at any time within the limits permitted by contract and law. No assurance can be given that the objectives of the investment policy will actually be achieved.**

The risks associated with this investment policy are explained in the section "Risk warnings – Explanation of the Fund's risk profile".

**The Fund is actively managed and has no benchmark.**

### Investment process

Monega has designed its investment processes in accordance with its understanding of responsible investing. In dealing with environmental, social and good governance issues, it acts exclusively in the interests

of investors and relies on free competition, freedom of action within legal requirements and transparency.

As part of its investment process (due diligence process), it not only includes all relevant financial risks in its investment decision and evaluates them on an ongoing basis. This also takes into account all relevant sustainability risks that can have a significant material negative impact on the return of an investment, as well as the most important adverse effects of an investment decision on sustainability factors. Sustainability factors are understood to mean environmental, social and employee concerns, respect for human rights and the fight against corruption and bribery.

### Relevant financial risks

The relevant financial risks include, in particular, the

- **Market price risk:** The risk of financial losses due to changes in market prices such as interest rates or exchange rates. Market risk refers to the price risks of price fluctuations of the security.
- **Counterparty default risk (credit risk):** The risk of financial loss due to the default (insolvency) of an issuer and the associated insolvency.
- **Liquidity risk:** The risk of only being able to conclude transactions at unfavourable conditions (or not at all) due to insufficient market liquidity and thus suffering losses (market liquidity risk).

These relevant financial risks, as well as other financial risks, are reviewed as part of the traditional securities analysis, which is part of the investment process, prior to the investment decision. The audit is carried out on the basis of balance sheet ratios, profit and loss account ratios or fundamental balance sheet and company analysis.

### Relevant sustainability risks

Sustainability risk is defined as an environmental, social or governance event or condition, the occurrence of which could have a material adverse effect on the value of the investment. Sustainability risks are already checked for compliance with the relevant fund-specific criteria when the investment decision is made and are also continuously monitored for the portfolio. In addition, regular – currently monthly – screening is carried out for all funds. Further information on the inclusion of sustainability risks in the company's investment processes, including aspects of the organisation, risk management and corporate governance of such processes, can be found on the Internet at [www.monega.de/sustainability](http://www.monega.de/sustainability). For more details on the impact of the relevant risks, please refer to the prospectus under the heading "Risk warnings".

### Most important adverse effects

Investment decisions can cause, contribute to, or be directly linked to negative – material or likely material – impacts on sustainability factors. Key adverse impacts are those impacts of investment decisions that have a negative impact on sustainability factors.

For Monega, investing assets sustainably means not relying exclusively on financial indicators when making investment decisions.

To this end, Monega works with specialised providers to analyse companies and countries around the world in terms of environmental and social aspects as well as characteristics of responsible government and

corporate governance. In addition, Monega also screens all companies and issuers for activities in controversial business areas before investing and has defined exclusion criteria for this. According to these criteria, Monega refrains in particular from weapons prohibited under international law or internationally outlawed, such as cluster bombs or land mines. However, aspects of a non-ecologically sustainable use of resources and the production and distribution of products that are harmful to health are also taken into account, as are essential aspects of human rights, labour rights and civil liberties. Through this analysis, the most important adverse effects are taken into account in the investment decision-making process.

Monega regards unsustainable state and corporate governance according to the above criteria as a risk that can have potentially negative effects on the net assets, financial position and results of operations, as well as on the reputation of a company or a state, and thus on the securities issued by companies or states.

Monega discloses principles as to whether and how it engages in dialogue with portfolio companies in the interests of its investors or cooperates with other investors in the portfolio companies to the extent permitted by law in order to promote responsible management, value preservation and value enhancement of the portfolio company.

Further information from the company on the measures taken to identify and prioritise the main adverse impacts on sustainability factors and the measures taken to address these, as well as details of the company's participation policy, can be found online at [www.monega.de/sustainability](http://www.monega.de/sustainability).

Information on the main adverse effects of the Fund's underlying investments on sustainability factors within the meaning of the Disclosure Regulation is also available in the regular annual reports. Information relating thereto within the meaning of the Taxonomy Ordinance will be included in the annual reports as soon as the Manager has sufficient reliable, up-to-date and verifiable data to enable it to assess the Fund's investments against the technical screening criteria of the Taxonomy Ordinance.

#### *Notes and information on the EU Taxonomy Regulation and the EU Disclosure Regulation*

This is a fund pursuant to Article 8 of Regulation (EU) 2019/2088 ("Disclosure Regulation") which invests predominantly in assets selected on a sustainable basis within the meaning of Article 2 (17) of the Disclosure Regulation. The underlying investments to this financial product do not take into account the EU criteria for environmentally sustainable economic activities within the meaning of Article 2 (17) of the Disclosure Regulation.

#### **Assets**

The company may acquire the following assets for the account of the Fund:

- Securities pursuant to Section 193 KAGB
- Money market instruments pursuant to Section 194 KAGB
- Bank deposits pursuant to Section 195 KAGB
- Investment units pursuant to Section 196 KAGB
- Derivatives pursuant to Section 197 KAGB

- Other investment instruments pursuant to Section 198 KAGB.

The company may acquire these assets within the investment limits.

Details of these assets and the investment limits applicable to them are shown below.

#### *Securities*

The company may acquire securities of domestic and 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 ("EU") or in another state party to the Agreement on the European Economic Area ("EEA"), or are admitted to (or included in) another organised market in one of these states,
2. if they are exclusively admitted to trading on a stock exchange outside the member states of the EU or outside the other signatory states to the EEA Agreement or are admitted to or included in another organised market in one of these states, provided that BaFin has permitted the choice of this stock exchange or this organised market.

Securities from new issues may be acquired if, in accordance with their terms of issue, application must be made for admission to or inclusion in one of the stock exchanges or organised markets mentioned under 1 and 2, and admission or inclusion takes place within one year of issue.

Securities in this sense also include

- units in closed-ended investment funds in contractual or corporate form that are subject to control by the unit holders (so-called corporate control), i.e. the unit holders must have voting rights with regard to material decisions, as well as the right to control the investment policy by means of appropriate mechanisms. The investment fund must also be managed by a legal entity that is subject to the regulations for investor protection, unless the investment fund is issued in the form of a company and the asset management activity is not carried out by another legal entity.
- Financial instruments that are secured by other assets or linked to the development of other assets. If components of derivatives are embedded in such financial instruments, further requirements apply in order for the company to be permitted to acquire them as securities.

The securities may only be acquired under the following conditions:

- The potential loss that the Fund may incur may not exceed the purchase price of the security. There must be no obligation to make additional contributions.
- A lack of liquidity of the securities acquired by the Fund may not result in the Fund no longer being able to comply with the statutory requirements concerning the redemption of units. This applies taking into account the legal possibility of being able to restrict or suspend unit redemption in special cases (cf. the section "Units – Issue and redemption of units – and – Restriction of unit redemption or suspension of unit redemption").
- A reliable valuation of the security by accurate, reliable and commonly used prices must be available; these must either be

market prices or have been provided by a valuation system that is independent of the issuer of the security.

- Adequate information must be available about the security in the form of regular, accurate and comprehensive information from the market about the security or any associated portfolio evidenced by the security.
- The security is tradable.
- The acquisition of the security is in accordance with the investment objectives or the investment strategy of the Fund.
- The risks of the security are adequately captured by the Fund's risk management.

Securities may also be acquired in the following form:

- Units to which the Fund is entitled in the event of a capital increase from company funds.
- Securities acquired in the exercise of subscription rights belonging to the Fund.

Subscription rights may also be acquired for the Fund as securities in this sense, provided that the securities from which the subscription rights derive may be held in the Fund.

#### **Money market instruments**

The company may invest for the account of the Fund in money market instruments normally dealt in on the money market and in interest-bearing securities which, alternatively, have a maturity or

- residual maturity at the time of their acquisition for the Fund of not more than 397 days.
- at the time of their acquisition for the Fund have a term or residual term that is longer than 397 days, but whose interest rate must be adjusted in line with the market on a regular basis, at least once every 397 days, in accordance with the terms and conditions of the issue.
- whose risk profile corresponds to the risk profile of securities that fulfil the criterion of residual term or interest rate adjustment.

Money market instruments may be acquired for the Fund if they are

1. admitted to trading on a stock exchange in a member state of the EU or in another state party to the EEA Agreement or are admitted to or included in another organised market in one of these states,
2. exclusively admitted to trading on a stock exchange outside the member states of the EU or in another signatory state to the EEA Agreement, or are admitted to (or included in) an organised market in one of these states, provided BaFin has approved the choice of this stock exchange or market,
3. issued or guaranteed by the EU, the Federal Government, a fund of the Federal Government, a Federal State, another Member State or another central, regional or local authority or the central bank of a Member State of the EU, the European Central Bank or the European Investment Bank, a non-Member State or, if it is a Federal State, by one of the members of that State or by a public international body to which at least one Member State of the EU belongs,

4. issued by a company whose securities are traded on the markets referred to in points 1 and 2,
5. issued or guaranteed by a credit institution that is subject to prudential supervision in accordance with criteria laid down under EU law, or by a credit institution that is subject to and complies with prudential rules considered by BaFin to be equivalent to those laid down under Community law, or
6. issued by other issuers and the issuer in question is
  - a) a company with equity capital of at least 10 million euros which prepares and publishes its annual accounts in accordance with the European Directive on the annual accounts of limited liability companies, or
  - b) an entity which, within a group of companies comprising one or more listed companies, is responsible for the financing of that group, or
  - c) a legal entity that issues money market instruments backed by liabilities through the use of a credit line granted by a bank. These are products in which credit claims of banks are securitised in securities (so-called asset-backed securities).

All of the above money market instruments may only be acquired if they are liquid and their value can be accurately determined at any time. Liquid money market instruments are those that can be sold within a sufficiently short period of time at limited cost. The company's obligation to redeem units in the Fund at the request of investors and to be in a position to sell such money market instruments at short notice must be taken into account here. For the money market instruments, there must also be an accurate and reliable valuation system that allows the net holding value of the money market instrument to be determined and is based on market data or valuation models (including systems based on amortised cost). The criterion of liquidity is deemed to be met for money market instruments if they are admitted to (or included in) an organised market within the EEA or admitted to or included in an organised market outside the EEA, provided that BaFin has approved the choice of this market. This shall not apply if the company has indications that speak against the sufficient liquidity of the money market instruments.

For money market instruments that are not listed on a stock exchange or admitted to trading on a regulated market (see above under nos. 3 to 6), the issuer or issuer of these instruments must also be subject to regulations on deposit and investor protection. Adequate information must be available for these money market instruments to enable an appropriate assessment of the credit risks associated with the instruments and the money market instruments must be freely transferable. The credit risks can be assessed, for example, through a creditworthiness check by a rating agency.



The following requirements continue to apply to these money market instruments unless they have been issued or guaranteed by the European Central Bank or the central bank of a member state of the EU:

- If they are issued or guaranteed by the following institutions (mentioned above under No. 3)
  - the EU,
  - the Federal Government,
  - a fund of the Federal Government,
  - a country,
  - another Member State,
  - of another central government authority,
  - the European Investment Bank,
  - a third state or, if it is a federal state, a member state of that federal state,
  - a public international body to which at least one EU Member State belongs,
 adequate information must be available on the issue or the issuance programme or on the legal and financial situation of the issuer prior to the issue of the money market instrument.
- If they are issued or guaranteed by a credit institution regulated in the EEA (see above under No. 5), appropriate information on the issue or the issuance programme or on the legal and financial situation of the issuer must be available prior to the issue of the money market instrument and must be updated at regular intervals and in the event of significant events. In addition, data (e.g. statistics) must be available on the issue or the issuance programme that enable an appropriate assessment of the credit risks associated with the investment.
- If they are issued by a credit institution which is subject to supervisory regulations outside the EEA which, in the opinion of BaFin, are equivalent to the requirements within the EEA for a credit institution, one of the following conditions must be met:
  - The credit institution shall maintain a registered office in a member state of the Organisation for Economic Co-operation and Development (hereinafter “OECD”) belonging to the so-called Group of Ten (association of the most important leading industrialised countries – G10).
  - The credit institution has at least one rating that qualifies as so-called “investment grade”. “Investment grade” refers to a rating of “BBB” or “Baa” or better as part of the credit assessment by a rating agency.
  - By means of a detailed analysis of the issuer, it can be demonstrated that the supervisory provisions applicable to the credit institution are at least as strict as those of EU law.
- For the other money market instruments which are not listed on a stock exchange or admitted to trading on a regulated market (see above under Nos. 4 and 6, as well as the others mentioned under No. 3), adequate information must be available on the issue or the issuing programme, as well as on the legal and financial situation of the issuer, prior to the issue of the money market instrument, updated at regular intervals and in the event of

significant issues, and verified by qualified third parties independent of the issuer. In addition, data (e.g. statistics) must be available on the issue or the issuance programme that enable an appropriate assessment of the credit risks associated with the investment.

#### **Bank balances**

The company may only hold bank deposits for the account of the fund which have a maximum term of twelve months.

These assets must be held in blocked accounts at credit institutions domiciled in a member state of the EU or in another state party to the EEA Agreement. They may also be maintained at credit institutions domiciled in a third country whose supervisory provisions are equivalent to those of EU law in the opinion of BaFin.

#### **Other assets and their investment limits**

The company may invest up to 10 per cent of the value of the Fund in the following other assets in total:

- Securities that are not admitted to trading on a stock exchange or admitted to or included in another organised market, but which in principle fulfil the criteria for securities. In deviation from the traded or admitted securities, the reliable valuation for these securities must be available in the form of a valuation carried out at regular intervals, which is derived from information of the issuer or from a competent financial analysis. Appropriate information on the non-admitted or non-included security or, as the case may be, on the related portfolio, i.e. the portfolio securitised in the security, must be available to the Fund in the form of regular and accurate information.
- Money market instruments of issuers that do not meet the above requirements if they are liquid and their value can be accurately determined at any time. Money market instruments are considered to be liquid when they can be sold within a sufficiently short period of time with limited costs. The company’s obligation to redeem units in the Fund at the request of investors and to be in a position to sell such money market instruments at short notice must be taken into account. For money market instruments, there must also be an accurate and reliable valuation system that allows the net asset value of the money market instrument to be determined and that is based on market data or on valuation models (including systems based on amortised cost). The criterion of liquidity shall be deemed to be met for money market instruments if they are admitted to (or included in) an organised market within the EEA or admitted to or included in an organised market outside the EEA, provided that BaFin has approved the choice of this market.
- Shares from new issues if, according to their terms of issue,
  - application must be made for their admission to trading on a stock exchange in a Member State of the EU or in another State party to the EEA Agreement or for their admission to or

- inclusion in an organised market in a Member State of the EU or in another State party to the EEA Agreement, or
- whose admission to trading on a stock exchange or admission to or inclusion in an organised market outside the member states of the EU or outside the other signatory states to the EEA Agreement must be applied for, provided that the choice of this stock exchange or this organised market is permitted by BaFin, provided that the admission or inclusion takes place within one year of the issue.
  - Promissory note loans that can be assigned at least twice after acquisition for the Fund and were granted by one of the following institutions:
    - a) the Federal Government, a fund of the Federal Government, a Land, the EU or a member state of the OECD,
    - b) another domestic local authority or a regional government or local authority of another Member State of the EU or of another State party to the EEA Agreement, provided that the claim can be treated in the same way under the Regulation on prudential requirements for credit institutions and investment firms as a claim on the central government on whose territory the regional government or local authority is established,
    - c) other corporations or institutions under public law with their registered office in Germany or in another member state of the EU or another state party to the EEA Agreement,
    - d) Companies which have issued securities admitted to trading on an organised market within the EEA or admitted to trading on another regulated market which fulfils the essential requirements for regulated markets within the meaning of the Markets in Financial Instruments Directive, as amended, or
    - e) other debtors, provided that one of the entities specified in letters a) to c) has assumed the guarantee for interest and repayment.

***Investment limits for securities and money market instruments, including those using derivatives, and bank deposits***

At least 75 per cent of the value of the UCITS fund shall be invested in accordance with the sustainability criteria set out below. Investable issuers of securities and derivatives are classified according to environmental, social, ethical and governance criteria. The analysis includes social standards, environmental management, product portfolio and corporate governance. As part of a comprehensive negative screening, values that do not meet certain minimum standards are excluded. These are derived from international human rights conventions and declarations of the UN, ILO, UN Global Compact and OECD. In order to achieve the financial objectives and fulfil the environmental and/or social product characteristics, the UCITS fund shall apply recognised procedures, in particular, a comprehensive ESG screening of issuers. To this end, the Fund Manager analyses issuers based on the ESG and sustainability methodology of an external provider specialising in sustainability analysis, which also regularly reviews and certifies compliance with the defined ESG criteria.

The following exclusion criteria also ensure that investments are not made in issuers that are active in certain controversial business areas beyond defined turnover thresholds:

- controversial weapons, as well as cultivation, exploration and services for oil sands and oil shale (turnover threshold 0 per cent each),
- conventional arms and military equipment, coal and oil production, and tobacco (turnover threshold 5 per cent each),
- energy production or other use of fossil fuels (excluding gas) or nuclear power (turnover threshold 10 per cent each).

Taking into account the investment focus, the Fund may be fully invested in securities and/or up to 25 per cent in money market instruments.

The company may invest in securities and money market instruments of the same issuer (debtor) up to 10 per cent of the value of the Fund. The total value of the securities and money market instruments of these issuers (debtors) may not exceed 40 per cent of the Fund. In addition, the company may only invest 5 per cent of the value of the Fund in each case in securities and money market instruments of the same issuer. The issuers of securities and money market instruments must also be taken into account within the limits specified if the securities and money market instruments issued by them are acquired indirectly via other securities held in the Fund which are linked to their performance.

Up to 25 per cent of the value of the Fund may be invested in bank deposits with a maximum maturity of twelve months. The company may only invest up to 20 per cent of the value of the Fund in bank deposits with any one credit institution.

***Investment limit for debt securities with special cover assets***

The company may invest up to 25 per cent of the value of the Fund in each case in mortgage bonds, municipal bonds and debt securities issued by a credit institution domiciled in a Member State of the EU or in another State party to the Agreement on the European Economic Area. It is a prerequisite that the funds raised with the Notes are invested in such a way that they cover the liabilities of the Notes over their entire term and are earmarked with priority for repayments and interest if the issuer of the Notes defaults. To the extent that more than 5 per cent of the value of the Fund is invested in such debt securities of the same issuer, the aggregate value of such debt securities shall not exceed 80 per cent of the value of the Fund.

***Investment limits for public issuers***

The company may invest in transferable securities and money market instruments of one or more public issuers in excess of 35 per cent of the value of the Fund if such transferable securities and money market instruments have been issued or guaranteed by a Member State of the European Union or its local authorities, by another Member State of the United Nations or by the European Communities.

The securities/money market instruments of these issuers in the Fund must come from at least six different issues, with no more than 30 per cent of the Fund's value being held in any one issue.

***Combination of investment limits***

The company may invest no more than 20 per cent of the value of the Fund in any combination of the following assets:

- securities or money market instruments issued by one and the same institution,
- Deposits with this institution, i.e. bank balances,
- Attributable amounts for the counterparty risk of transactions in derivatives entered into with this institution.

In the case of special public issuers (see section "Investment objectives, strategy, principles and limits – Investment limits for transferable securities and money market instruments, including those using derivatives, and bank deposits – Investment limits for public issuers"), a combination of the aforementioned assets may not exceed 35 per cent of the value of the Fund.

The respective individual upper limits remain unaffected.

#### *Investment limits using derivatives*

The amounts of securities and money market instruments of an issuer that count towards the above limits may be reduced by the use of offsetting derivatives that have securities or money market instruments of the same issuer as their underlying. Securities or money market instruments of an issuer may, therefore, be acquired for the account of the Fund in excess of the aforementioned limits if the issuer risk thereby increased is reduced again by hedging transactions.

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

The company may invest up to 10 per cent of the value of the Fund in units in target funds, provided these are open-ended domestic and foreign investment assets. The company may not acquire for the account of the Fund more than 25 per cent of the issued units of any target fund. The company acquires units in UCITS target funds or comparable domestic and foreign investment units for the Fund, taking into account the investment focus (see section “Investment Objective and Strategy”); a separate geographical, thematic or strategic orientation beyond this is not required.

The target funds may invest a maximum of 10 per cent in units in other open-ended investment funds in accordance with their terms and conditions of investment or articles of association. The following requirements also apply to units in AIFs:

- The target fund must have been authorised under legal provisions which subject it to effective public supervision for the protection of investors, and there must be sufficient guarantee of satisfactory cooperation between BaFin and the supervisory authority of the target fund.
- The level of investor protection must be equivalent to that of an investor in a domestic UCITS, in particular, with regard to the separation of management and custody of assets, for borrowing and lending, and for short sales of securities and money market instruments.
- The business activities of the target fund must be the subject of annual and semi-annual reports and must enable investors to form an opinion on the assets and liabilities, as well as the income and transactions during the reporting period.
- The target fund must be a mutual fund in which the number of units is not limited in number and the investors have a right to redeem the units.

#### *Information of investors in the event of restriction or suspension of the redemption of target fund units*

Target funds may temporarily restrict or suspend the redemption of units to the extent permitted by law. In this case, the company may not redeem the units in the target fund or may only redeem them to a limited extent from the management company or Depositary of the target fund in return for payment of the redemption price (see also the section entitled “Risk Warnings – Risks Associated with Investment in Investment Units”). The company’s website at [www.monega.de/recht](http://www.monega.de/recht) lists whether and to what extent the Fund holds units in target funds that have currently suspended the redemption of units.

#### *Derivatives*

**The company may enter into derivative transactions for the Fund as part of the investment strategy. This includes transactions with derivatives for efficient portfolio management and to generate additional income, i.e. also for speculative purposes. This may increase the Fund’s risk of loss, at least temporarily.**

A derivative is an instrument whose price depends on the price fluctuations or price expectations of other assets (“underlying asset”). The following statements refer to both derivatives and financial instruments with derivative components (hereinafter collectively referred to as “derivatives”).

The use of derivatives may not result in a doubling of the Fund’s market risk (“market risk limit”). Market risk is the risk of loss resulting from fluctuations in the fair value of assets held in the Fund due to changes in variable prices or rates in the market such as interest rates, exchange rates, equity and commodity prices, or changes in the creditworthiness of an issuer. The company shall comply with the market risk limit on an ongoing basis. It must determine the utilisation of the market risk limit on a daily basis in accordance with statutory requirements; these result from the Ordinance on Risk Management and Risk Measurement in the Use of Derivatives, Securities Loans and Repurchase Agreements in Investment Funds pursuant to the German Investment Code (hereinafter “Derivatives Ordinance”).

To determine the utilisation of the market risk limit, the company applies the so-called qualified approach within the meaning of the Derivatives Ordinance. For this purpose, the company compares the market risk of the Fund with the market risk of a virtual equalisation fund that does not contain any derivatives. The derivative-free comparative asset is a virtual portfolio whose value always corresponds exactly to the current value of the Fund, but which does not contain any increases or hedges of market risk through derivatives. The composition of the comparative assets must also correspond to the investment objectives and investment policy applicable to the Fund. The derivative-free benchmark assets for the Fund consist mainly of the replication of equity indices.

**Through the use of derivatives, the amount at risk for the market risk of the Fund may at no time exceed twice the amount at risk for the market risk of the associated derivative-free benchmark assets.**

The market risk of the Fund and of the derivative-free comparative assets is determined in each case with the aid of a suitable risk model (so-called value-at-risk method). The company uses historical simulation as a modelling method. This method derives the return distribution of a portfolio from the return history of risk factors. The company uses a return history of 500 trading days, which is updated every trading day, and the full simulation method. It calculates the value-at-risk with a confidence level of 99 per cent and a holding period of 10 trading days. The company records the market price risks from all transactions. It quantifies the change in value of the assets held in the Fund over time through the risk model.



The so-called value-at-risk indicates a limit, expressed in monetary units, for potential losses of a portfolio between two specified points in time. This change in value is determined by random events, namely future developments in market prices, and is, therefore, not predictable with certainty. The market risk to be determined can only be estimated with a sufficiently high probability in each case.

The company may, subject to an appropriate risk management system, invest in any derivative for the account of the Fund. The prerequisite is that the derivatives are derived from assets that may be acquired for the Fund or from the following underlyings:

- Interest rates
- Exchange rates
- Currencies
- Financial indices that are sufficiently diversified, provide an adequate benchmark for the market to which they relate and are published in an appropriate manner.

These include, in particular, options, financial futures contracts and swaps as well as combinations thereof.

#### *Futures contracts*

Futures contracts are unconditional agreements for both contracting parties to buy or sell a certain quantity of a certain underlying asset at a predetermined price on a certain date, the maturity date, or within a certain period of time. The company may enter into futures contracts for the account of the Fund within the framework of the investment principles on all assets, permissible financial indices, interest rates, exchange rates and currencies specified in Section 25 Nos. 1, 2 and 4 to 6 of the special terms and conditions of investment.

#### *Option transactions*

Option transactions involve granting a third party, for a consideration (option premium), the right to demand the delivery or acceptance of assets or the payment of a differential amount during a certain period or at the end of a certain period at a price agreed in advance (strike price), or also to acquire corresponding option rights.

The company may buy and sell call and put options and trade in warrants for the account of the Fund within the framework of the investment principles. The option transactions must relate to securities and money market instruments, interest rates, exchange rates or currencies, as well as to financial indices which are sufficiently diversified, represent an adequate reference basis for the market to which they relate and are published in an appropriate manner. The options or warrants must provide for exercise during the entire term or at the end of the term. In addition, the option value at the time of exercise must depend linearly on the positive or negative difference between the strike price and the market price of the underlying and become zero if the difference has the other sign.

#### *Swaps*

Swaps are exchange contracts in which the underlying cash flows or risks of the transaction are exchanged between the contracting parties. The company may enter into interest rate swaps, currency swaps, cross-currency interest rate swaps, equity swaps and variance swaps for the account of the Fund in accordance with the investment policy.

Underlying assets correspond to the assets listed in Section 25 No. 1, 2 and 4 to 6 of the special terms and conditions of investment or permissible financial indices, interest rates, exchange rates or currencies.

#### *Swaptions*

Swaptions are options on swaps. A swaption is the right, but not the obligation, to enter into a swap specified in terms of its terms at a certain time or within a certain period. In all other respects, the principles described in connection with option transactions shall apply. The company may only enter into swaptions for the account of the Fund which consist of the options and swaps described above.

#### *Credit default swaps*

Credit default swaps are credit derivatives that allow a potential credit default volume to be transferred to others. In return for assuming the credit default risk, the seller of the risk pays a premium to his counterparty. In all other respects, the comments on swaps apply accordingly.

#### *Total Return Swaps*

There are currently no plans to enter into total return swaps for the Fund. If this changes in the future, the relevant information, in particular that required on the basis of the EU Regulation on Securities Financing Transactions, will be included in the prospectus in advance.

#### *Financial instruments securitised in securities*

The company may also acquire for the account of the Fund the financial instruments described above if they are represented by securities. Transactions involving financial instruments may also be only partially contained in securities (e.g. warrant bonds). The statements on opportunities and risks apply accordingly to such securitised financial instruments, but with the proviso that the risk of loss in the case of securitised financial instruments is limited to the value of the security.

#### *OTC derivatives transactions*

The company may enter into derivative transactions for the account of the Fund which are admitted to trading on an exchange or admitted to (or included in) another organised market, as well as over-the-counter (OTC) transactions. Derivative transactions which are not admitted to trading on a stock exchange or admitted to (or included in) another organised market may only be entered into by the company with suitable credit institutions or financial services institutions on the basis of standardised

master agreements. For derivatives traded over-the-counter, the counterparty risk in respect of any one counterparty shall be limited to 5 per cent of the value of the Fund. If the counterparty is a credit institution with its registered office in an EU member state, in another signatory state to the EEA Agreement or in a third country with a comparable level of supervision, the counterparty risk may amount to up to 10 per cent of the value of the Fund. Derivative transactions traded over-the-counter with a central clearing house of an exchange or other organised market as counterparty shall not count towards the limits if the derivatives are subject to daily valuation at market prices with daily margin calls. However, claims of the Fund against an intermediary shall be counted towards the limits even if the derivative is traded on an exchange or other organised market.

#### **Securities lending transactions**

The conclusion of securities lending transactions for the Fund is currently not intended and also not planned. If this changes in the future, the relevant information, in particular, due to the EU Regulation on Securities Financing Transactions, will be included in the sales prospectus in advance.

#### **Repurchase agreements**

The conclusion of repurchase agreements for the Fund is currently not intended and also not planned. If this changes in the future, the relevant information will be included in the prospectus in advance, in particular, on the basis of the EU Regulation on Securities Financing Transactions.

#### **Collateral strategy**

Within the framework of derivative transactions, the company accepts or grants collateral for the account of the Fund. The collateral serves to reduce the default risk of the counterparty of these transactions in whole or in part.

#### **Types of eligible collateral**

The types of permissible collateral correspond to the requirements of Section 27 para. 7 Derivatives Ordinance. The company accepts and grants only the following collateral as collateral in the context of OTC derivative transactions:

- Cash collateral in EURO, US Dollar and Pound Sterling

The collateral provided by a counterparty must be appropriately risk-diversified with respect to issuers, among other things. If several counterparties provide collateral of the same issuer, these must be aggregated. If the value of the collateral provided by one or more counterparties of the same issuer does not exceed 20 per cent of the value of the Fund, diversification is deemed to be adequate.

#### **Scope of the collateralisation**

Derivative transactions must be collateralised to an extent that ensures that the attributable amount for the default risk of the respective counterparty does not exceed five per cent of the value of the Fund. If the contracting party is a credit institution with its registered office in a member state of the EU or in another contracting state of the EEA Agreement or in a third

country in which equivalent supervisory provisions apply, the capital charge for the default risk may amount to ten per cent of the value of the Fund.

#### **Collateral valuation and strategy for haircuts (haircut strategy)**

The company applies haircuts customary in the market as part of the provision of collateral. The decisive criteria for determining the haircuts are the liquidity of the collateral, the market risk and, if applicable, the creditworthiness of the issuer and the remaining term. As a rule, no haircut is agreed for the cash collateral accepted by the company. Haircuts can be adjusted as market conditions change.

#### **Investment of cash collateral**

Cash collateral received in the form of bank deposits may be held in blocked accounts with the Depositary of the Fund or, with its consent, with another credit institution. Reinvestment may only be made in high-quality government bonds or in money market funds with a short maturity structure. In addition, cash collateral can be invested by way of a reverse repurchase agreement with a credit institution if the recovery of the accrued credit balance is guaranteed at any time.

#### **Collateral in connection with securities lending transactions**

The conclusion of securities lending transactions for the Fund is currently not intended and also not planned. If this changes in the future, the relevant information regarding the permissible collateral, in particular, due to the EU Regulation on Securities Financing Transactions, will be included in the sales prospectus in advance.

#### **Borrowing**

Short-term borrowing for the collective account of the investors is permitted up to 10 per cent of the value of the Fund, provided that the terms of the borrowing are normal market terms and the Depositary consents to the borrowing.

#### **Leverage**

Leverage means any method by which the company increases the level of investment in the Fund (leverage). Such methods are, in particular, borrowing, the conclusion of securities loans or repurchase agreements, as well as the acquisition of derivatives with embedded leverage. The company may use such methods for the Fund to the extent described in this prospectus. The possibility of using derivatives and entering into securities lending transactions and repurchase agreements is described in the section "Investment Objectives, Strategy, Principles and Limits – Assets – Derivatives or – Securities Lending Transactions and – Repurchase Agreements". The possibility of borrowing is explained in the section "Investment Objectives, Strategy, Policies and Limits – Borrowing".

The company may not use the methods described above to double the market risk of the Fund ("Market Risk Limit", cf. section "Investment Objectives, Strategy, Principles and Policies")

and Limits – Assets – Derivatives”). Short-term borrowings are not taken into account in the calculation of this limit. It restricts the use of leverage in the Fund.

The leverage of the Fund is determined from the ratio between the risk of the Fund and its net asset value. The calculation of the Net Asset Value is explained in the section “Units”, subsection “Issue and Redemption Price”. The risk of the Fund is calculated using a gross method. It denotes the sum of the absolute values of all positions of the Fund with the exception of bank deposits, which are valued in accordance with the legal requirements. It is not permissible to offset individual derivative transactions or securities positions against each other (i.e. no consideration of so-called netting and hedging agreements). Any effects from the reinvestment of collateral in securities lending and repurchase transactions are taken into account. The company expects that the risk of the Fund calculated according to the gross method will not exceed its Net Asset Value by more than 3 times. Depending on market conditions, however, the leverage may fluctuate, so that the target mark may be exceeded despite constant monitoring by the company.

## Valuation

### *General rules for asset valuation*

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

Assets admitted to trading on a stock exchange or admitted to or included in another organised market, as well as subscription rights for the Fund, shall be valued at the last available tradable price which ensures a reasonable valuation, unless otherwise stated in the following section “Special rules for the valuation of individual assets”.

#### *Assets not listed on stock exchanges or traded on organised markets or assets without a tradable price*

Assets that are neither admitted to trading on a stock exchange nor admitted to or included in another organised market, or for which no tradable price is available, are valued at the current fair value that is appropriate after careful assessment according to suitable valuation models, taking into account current market conditions, provided that in the following section

“Special rules for the valuation of individual assets”.

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

#### *Unlisted debt securities and promissory note loans*

For the valuation of bonds not admitted to trading on a stock exchange or admitted to (or included in) another organised market (e.g. unlisted bonds, commercial papers and certificates of deposit) and for the valuation of promissory note loans, the prices agreed for comparable bonds and promissory note loans and, if applicable, the market values

of bonds of comparable issuers with corresponding maturities and interest rates are used, if necessary, with a discount to compensate for the lower saleability.

### *Option rights and futures contracts*

The option rights belonging to the Fund and liabilities arising from option rights granted to a third party that are admitted to trading on a stock exchange or admitted to or included in another organised market are valued at the last available tradable price that ensures a reliable valuation.

The same applies to receivables and liabilities from futures contracts sold for the account of the Fund. The margins paid at the expense of the Fund shall be added to the value of the Fund, taking into account the valuation gains and losses determined on the trading day.

### *Bank deposits, time deposits, units in investment funds and loans*

Bank balances are generally valued at their nominal value plus accrued interest.

Fixed-term deposits are valued at fair value if the fixed-term deposit is callable at any time and the repayment upon termination is not at the nominal value plus interest.

Units in investment funds are generally valued at their last determined redemption price or at the last available tradable price that ensures a reliable valuation. If these values are not available, units in investment assets shall be valued at the current fair value, which is appropriate based on a careful assessment using suitable valuation models and taking into account the current market conditions.

### *Assets denominated in foreign currency*

Assets denominated in foreign currency are converted into euro on the basis of the exchange rates (usually 5 p.m. fixing, CET) of the currency. The foreign exchange rates of the WM Group or equivalent rates from Thomson Reuters are used.

### **Sub-investment assets**

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

## Units

The rights of the investors are securitised in unit certificates or issued as electronic unit certificates. Securitised unit certificates are exclusively securitised in global certificates. These collective securities are held in custody at a securities clearing and deposit bank. The investor shall not be entitled to delivery of individual unit certificates. The purchase of unit certificates is only possible if they are held in custody. The unit certificates shall be made out to the bearer.

### Issue and redemption of units

#### *Issue of units*

The number of units issued is in principle not limited. Units may be purchased from the Depositary. They are issued by the Depositary at the issue price, which corresponds to the net asset value per unit ("unit value") plus an issue premium. The calculation of the Net Asset Value is explained in the section "Units", subsection "Issue and redemption price". In addition, it is possible to purchase through third parties, which may incur additional costs. The company reserves the right to temporarily or permanently suspend the issue of units in whole or in part.

A list of the minimum investments of the individual unit classes – if available – can be found in the section "Unit classes at a glance".

#### *Redemption of units*

Investors may request the redemption of their units on each valuation day, irrespective of any minimum investment amount, provided that the company has not restricted (see section "Restriction of redemption") or temporarily suspended (see section "Units – Suspension of redemption") the redemption of units. Redemption orders must be placed with the Depositary. The company is obliged to redeem the units at the redemption price applicable on the settlement date, which corresponds to the unit value determined on this date. Redemption may also be effected through the intermediation of third parties (e.g. the custodian), in which case additional costs may be incurred.

#### *Restriction of redemption*

The company may restrict the redemption of units for a total of up to 15 consecutive working days if investors' redemption requests reach at least 10 per cent of the Net Asset Value on any settlement date (Threshold Value). If the threshold is reached or exceeded, the company shall decide in its absolute discretion whether to restrict redemption on that settlement date. If it decides to restrict redemptions, it may continue to do so for up to 14 consecutive working days on the basis of a daily discretionary decision. The decision to limit redemption may be taken if the redemption requests can no longer be executed in the interest of all investors due to the liquidity situation of the Fund. This may be the case, for example, if the liquidity of the Fund's assets deteriorates as a result of

political, economic or other events on the markets and is therefore no longer sufficient to meet redemption requests in full on the settlement date. In this case, the withdrawal restriction is to be regarded as a milder means compared to the suspension of the withdrawal.

If the company has decided to limit redemption, it will only redeem units on a pro rata basis at the redemption price applicable on the settlement date. In all other cases, the obligation to take back the goods does not apply. This means that each redemption order will only be executed pro rata on the basis of a quota to be determined by the company. The company shall determine the quota in the interest of the investors on the basis of the available liquidity and the total order volume for the respective settlement date. The amount of liquidity available depends largely on the current market environment. The quota determines the percentage share at which the redemption requests are paid out on the settlement date. The unexecuted part of the order (residual order) will also not be executed by the company at a later date but will expire (pro rata approach with expiry of the residual order).

The company shall decide on each trading day whether and on the basis of which quota it will limit redemption. The company may restrict redemption for a maximum of 15 consecutive working days. The possibility to suspend the withdrawal remains unaffected.

The company shall publish information on the restriction of the redemption of units and the lifting thereof on its website without delay.

The redemption price corresponds to the unit value determined on this day less a redemption discount, if applicable. Redemption may also be effected through the intermediary of third parties (e.g. the custodian), in which case the investor may incur additional costs.

#### *Settlement on issue and redemption of units*

The company takes into account the principle of equal treatment of investors by ensuring that no investor can gain an advantage through the purchase or sale of units at already known unit values. It, therefore, sets a daily order acceptance deadline. Issue and redemption orders received by the Depositary or the company by the order acceptance deadline shall be settled at the latest on the valuation date following receipt of the order (= settlement date) at the unit value determined at that time. Orders received by the Depositary or the company after the cut-off time will only be settled on the next or at the latest the day after the next value determination day (= settlement day) at the unit value determined at that time. The order acceptance deadline for this Fund is published on the company's website at [www.monega.de](http://www.monega.de). It may be amended by the company at any time.

The value date of the countervalue is usually two days after settlement.

In addition, third parties may act as intermediaries for the issue or redemption of units, e.g. the investor's custodian. This may result in longer settlement times. The company has no influence on the different settlement modalities of the custodian institutions.

#### ***Suspension of the redemption of units***

The company may temporarily suspend the redemption of units if exceptional circumstances exist which make a suspension appear necessary, taking into account the interests of the investors. Such extraordinary circumstances exist, for example, if a stock exchange on which a substantial portion of the Fund's securities are traded is closed on an unscheduled basis or if the Fund's assets cannot be valued. In addition, BaFin may order the company to suspend the redemption of units if this is necessary in the interest of the investors or the public.

The company reserves the right to redeem or convert the units at the then applicable redemption price only after it has disposed of the assets of the Fund without undue delay but in the interests of all investors. A temporary suspension may be followed directly by a dissolution of the Fund without a resumption of the redemption of units (see the section entitled "Dissolution, Transfer and Merger of the Fund").

The company shall inform investors of the suspension and resumption of the redemption of units by publication in the Federal Gazette and also in the electronic information media specified in this sales prospectus. In addition, investors shall be informed via their custodians by means of a durable medium, such as paper or electronic form.

#### **Liquidity management**

The company has established written policies and procedures for the Fund which enable it to monitor the liquidity risks of the Fund and to ensure that the liquidity profile of the Fund's investments matches the underlying liabilities of the Fund.

Taking into account the investment strategy set out in the section "Investment Objectives, Strategy, Principles and Limits", the liquidity profile of the Fund is as follows:

The Fund may acquire equities as part of its investment strategy. If listed or included in a comparable sufficiently liquid active market, the instrument class of equity and equity-like investments generally has a high liquidity. In the event of a suspension of trading or a non-existent stock exchange listing with simultaneous lack of inclusion in another sufficiently liquid active market, the acquisition of such assets may be associated with the risk that, in the event of a resale to third parties, there may be liquidity discounts which may prevent a sale.

The Fund may acquire bonds as part of its investment strategy. Trading in these assets can be

executed through exchanges, but generally takes place in the over the counter market. Accordingly, the liquidity of the bonds and annuity-like instruments issued usually depends on several influencing factors, including the type and creditworthiness of the issuer, the volume and purpose of the issue, the transferability of the instrument and the remaining maturity. The liquidity of these assets may cover a wide range and be correspondingly high, but the acquisition may also be associated with a greater or lesser risk that, in the event of a resale to third parties, there may be liquidity discounts which may stand in the way of a sale.

If the Fund is permitted to purchase certificates, the liquidity of these instruments depends on several influencing factors, which may include the underlying and the credit rating of the issuer.

If the Fund is permitted to acquire target funds, the liquidity of this investment depends on several influencing factors, including the launch of the target fund as a closed-ended or open-ended fund, the redemption period of the target fund units, the possibility of trading on the secondary market and the investment focus of the target fund. In principle, there is a risk of suspension of the redemption of units in the case of target funds.

If the Fund is permitted to acquire derivatives, the liquidity of these instruments depends on several influencing factors, including, in particular, the purpose for which a derivative is acquired, its stock exchange listing, the degree of standardisation, the underlying and the creditworthiness of the counterparty. For futures and OTC traded derivatives to be hedged, the possibility of margin and collateral claims is also part of the liquidity risk profile.

The company's redemption policy is derived directly from the redemption rights:

The investors may request the company to redeem the units on each valuation day without a redemption discount. The company is obliged to redeem the units at the applicable redemption price for the account of the investment fund. The redemption agent is the Depositary. The company reserves the right to suspend the redemption of units in the event of extraordinary circumstances which make a suspension appear necessary, taking into account the interests of the investors. Investors shall be informed of the suspension and resumption of the redemption of units without delay by means of a durable medium.

The rights of redemption under normal and exceptional circumstances and the limitation or suspension of redemption are set out in the section "Units – Issue and Redemption of Units – Limitation of Redemption of Units or Suspension of Redemption of Units". The risks associated with this are explained under "Risk information – Risk of a fund investment – Restriction or suspension of unit redemption" and "Risks of restricted or increased liquidity of the Fund (liquidity risk)".



The company monitors the liquidity risks that may arise at the level of the investment assets, the assets as well as through increased repayment requirements of the investors as described below:

A liquidity rating based on market and master data is made for each asset. Based on this, the units of liquid and illiquid assets are determined for each fund. No permanent liquidity ratio is specified; instead, the proportions of liquid and illiquid assets are compared with warning thresholds and their utilisation is transferred to a traffic light system.

Expected and extreme net outflows are forecast by analysing historical net outflows, taking into account available information on the investor structure. These take into account, in particular, the effects of large call-off risks. These forecasts are compared to the share of liquid assets and the results are transferred into a traffic light system. In addition, net cash outflows are monitored on a daily basis.

The company has established adequate liquidity risk warning thresholds for the Fund. It monitors compliance with these warning thresholds and has established procedures in the event that they are exceeded. In particular, if the warning thresholds are exceeded, a report is made to the company's risk committee. This committee decides on the measures to be taken with the involvement of the management and, if necessary, with the consultation of the asset manager.

The procedures established by the company ensure consistency between the proportion of liquid assets, the liquidity risk warning thresholds and the expected net changes in funds.

The company performs stress tests which enable it to assess the liquidity risks of the Fund. With regard to net cash outflows, these are carried out monthly; with regard to the liquidity of the assets, they are carried out quarterly and on an ad hoc basis. The company shall perform the stress tests on the basis of reliable and up-to-date quantitative or, if this is not appropriate, qualitative information.

Backtesting of the implemented models is carried out annually and on an ad hoc basis.

The principles of liquidity risk management are reviewed and updated by the company's risk committee at least once a year and as required.

### **Stock exchanges and markets**

The units of the investment fund may be acquired from the Depositary or the distribution partners. The company does not intend to apply for admission of the Fund to trading on a stock exchange or inclusion in an organised market.

It cannot be ruled out that the units will be traded on markets without the consent of the company. A third party may, without the consent of the company, cause the units to be included in over-the-counter trading or other off-exchange trading. The company does not support such efforts nor does it check whether such approvals have already been granted.

The market price underlying stock exchange trading or trading in other markets is not determined exclusively by the value of the assets held in the Fund, but also by supply and demand. Therefore, this market price may differ from the unit price determined by the company or the Depositary.

### **Fair treatment of investors and share classes**

The Fund may consist of different share classes. This means that the units issued have different features depending on the unit class to which they belong.

The following unit classes currently exist:

#### **Lupus Alpha Return I**

Security identification number: A0MS72, ISIN: DE000A0MS726

#### **Lupus Alpha Return R**

Security identification number: A0MS73, ISIN: DE000A0MS734

The unit classes may differ with regard to the appropriation of income, the issue premium, the currency of the unit value including the use of currency hedging transactions, the management fee, the minimum investment amount or a combination of these features. Due to the different structure, the economic result that the investor achieves with his investment in the Fund may vary depending on the unit class to which the units he has acquired belong. This applies both to the return that the investor achieves before tax and to the return after tax. The creation of unit classes is permitted at any time and is at the discretion of the company. The rights of investors who have acquired units from existing unit classes shall remain unaffected by the formation of new unit classes. The costs incurred in connection with the introduction of a new unit certificate class may only be charged to the investors of this new unit class.

The acquisition of assets is only permitted uniformly for the entire Fund; it cannot be made for individual unit classes or groups of unit classes.

**A description of the structures is contained in this prospectus at the end in the section "Unit classes at a glance".**

The company shall treat the investors in the Fund fairly. In managing liquidity risk and the redemption of units, it may not place the interests of one investor or group of investors above the interests of another investor or group of investors.

For the procedures by which the company ensures the fair treatment of investors, see the sections entitled “Units – Settlement on issue and redemption” and “Liquidity management”.

### Issue and redemption price

For the purpose of calculating the issue price and the redemption price of the units, the company, under the control of the Depositary, shall determine on each valuation day the value of the assets belonging to the Fund less the liabilities (“Net Asset Value”). Dividing the net asset value determined in this way by the number of units issued gives the unit value.

The unit value is calculated separately for each unit class by allocating the costs of launching new unit classes, the distributions (including any taxes to be paid from the Fund assets), the management fee attributable to a specific unit class, including income equalisation if applicable, exclusively to this unit class.

The value for the units of the Fund is determined on all German trading days. The company and the Depositary may refrain from determining the value on public holidays in Germany which are stock exchange days and on 24 and 31 December of each year. At present, the proportional value is not determined on New Year’s Day, Good Friday, Easter Monday, May Day, Ascension Day, Whit Monday, Corpus Christi, German Unity Day, All Saints’ Day, Christmas Eve, Christmas Day and Boxing Day, as well as New Year’s Eve.

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

The company may temporarily suspend the calculation of the issue and redemption price under the same conditions as the redemption of units. These are explained in more detail in the section “Units – Suspension of unit redemption”.

### Issue surcharge

When the issue price is fixed, an issue premium is added to the unit value. The issue premium is up to 5.00 per cent\* of the unit value. The issue premium can reduce or even completely erode the performance of the Fund, especially in the case of a short investment period. The issue premium essentially represents remuneration for the distribution of the Fund’s units. The company may pass on the issue premium to any intermediaries as compensation for distribution services.

**A list of the issue premiums currently charged to the individual unit trusts can be found in the section “Unit classes at a glance”.**

In addition, the company may pay so-called trail commissions for the distribution of fund units to third parties out of its management fee (see section “Conflicts of interest”).

\* For the effective rate, see section “Unit classes at a glance”

### Publication of issue and redemption prices

The issue and redemption prices, as well as the Net Asset Value per unit, are published on each valuation day on the company’s website (www.monega.de).

### Costs

#### Costs upon issue and redemption of units

The issue and redemption of units by the company or the Depositary shall be effected at the issue price (unit value plus issue premium) or redemption price (unit value) without charging additional costs.

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

### Administrative and other costs

#### Remuneration

(1) Remuneration payable to the company:

a) Management fee

For the management of the UCITS investment fund, the company shall receive a daily fee of 1/365 of up to 2.00 per cent\*\* of the daily net asset value of the UCITS investment fund of the previous trading day.

b) Remuneration payable to third parties

aa) External portfolio managers or advisers

The company may obtain advice from third parties on the management of the UCITS investment fund or outsource the portfolio management of the UCITS investment fund. The costs for this shall be covered by the management fee pursuant to paragraph 1a). The annual report of the UCITS investment fund shall list the costs actually charged and their allocation between the company and the adviser or portfolio manager in each case.

bb) External portfolio managers or advisers

In addition, the company may pay out of the assets of the UCITS for services rendered in connection with

- i. the use and settlement of derivatives
  - Reporting to the supervisory authorities (e.g. EMIR reporting),
  - Connection to central counterparties (e.g. CCP clearing) and
  - Collateral management through collateral managers
- ii. The valuation of assets
  - Evaluation by an external evaluator
  - Support services in connection with the valuation of individual assets (e.g. price validation for ABS securities, validation of the valuation model)

\*\* For the effective rate, see section “Unit classes at a glance”

a daily fee of 1/365 of up to 0.20 per cent in aggregate of the daily net asset value of the UCITS investment fund of the preceding trading day to third party service providers or use it to cover their costs in connection therewith.

This remuneration is not covered by the management fee pursuant to section 1.a).

- (2) The daily remuneration for the Depositary is 1/365 of up to 0.20 per cent\*\*\* of the daily net asset value of the UCITS investment fund of the previous trading day.
- (3) Limitation of fees:  
The amount which is taken annually from the UCITS investment fund as remuneration in accordance with the above numbers 1 and 2 may amount in total to up to 2.40 per cent of the average net asset value of the UCITS investment fund in the accounting period, which is calculated from the daily values of the UCITS investment fund of the current accounting period.
- (4) In addition to the aforementioned remuneration, the following expenses shall be charged to the UCITS investment fund:
  - a. Customary bank custody and account fees, including, if applicable, the customary bank costs for the safekeeping of foreign assets abroad;
  - b. Costs for the printing and dispatch of the sales documents required by law for the investors (annual and semi-annual reports, sales prospectus, key investor information);
  - c. Costs of publishing the annual and semi-annual reports, the issue and redemption prices and, if applicable, the distributions or reinvestments and the liquidation report;
  - d. The cost of producing and using a durable medium, except in the case of information on fund mergers and information on measures taken in connection with breaches of investment limits or calculation errors in the determination of unit values;
  - e. Costs for the audit of the UCITS investment fund by the auditor of the UCITS investment fund;
  - f. Costs for the announcement of the bases of taxation and the certificate that the tax information was determined in accordance with the rules of German tax law;
  - g. Costs for the assertion and enforcement of legal claims by the company for the account of the UCITS investment fund and the defence against claims made against the company at the expense of the UCITS investment fund;
  - h. Fees and costs charged by public authorities in relation to the UCITS investment fund;
  - i. Costs for legal and tax advice with regard to the UCITS investment fund;
  - j. Costs and any fees that may be incurred in connection with the acquisition and/or use or referencing of a benchmark or financial indices;

- k. Costs for the appointment of proxies;
- l. Costs for the analysis of the investment performance of the UCITS investment fund by third parties;
- m. Taxes incurred in connection with the remuneration payable to the company, the Depositary and third parties, in connection with the aforementioned expenses and in connection with administration and safekeeping.

- (5) Transaction costs: In addition to the aforementioned remuneration and expenses, the costs incurred in connection with the acquisition and disposal of assets shall be charged to the UCITS investment fund. The company is entitled to retain pecuniary advantages from brokers and dealers accepted in connection with these trading transactions for the UCITS investment fund in accordance with Section 2 KAVerOV, which it uses in the interest of the unit-holders when making investment decisions. These services include, for example, free services such as research, financial analyses and market and price information systems and may have been created by the brokers and traders themselves or by third parties.
- (6) A separate performance fee is not charged.

#### **Transaction costs**

The Depositary's internal transaction costs per transaction are set out in the Depositary's price list, which is available from the company on request.

The external transaction costs (e.g. broker fees) are also transaction-dependent and are monitored by the company within the framework of "best execution".

The amount of transaction costs depends strongly on the number of transactions actually carried out during the financial year. Depending on the strategy of the fund and the market situation, there may be an increased volume of transactions and associated higher transaction costs. The higher these costs are, the longer it may take for the overall performance of the fund to become positive.

The estimated transaction costs based on the investment strategy, the experience from comparable strategies and comparable funds as well as the past transaction history of the fund are included in the following section in the estimated figure under "Other costs".

The actual transaction costs incurred in a financial year can be found in retrospect in the respective annual report of the investment fund, which is published on the company's website at [www.monega.de](http://www.monega.de).

#### **Other costs**

In addition, the investment fund may be charged with further cost items in accordance with item (4) above.

\*\*\* For the effective rate, see section "Unit classes at a glance"



These are costs incurred in connection with fund administration and can be allocated to the individual fund on an individual basis. These include, for example, registration fees with foreign authorities, translation costs for annual reports to foreign fund investors, costs for the publication of key tax figures abroad, fees for the legal review of the fund's sales documents (sales prospectus, key investor information), licensing fees for the use of benchmark indices etc.

The expected other costs are expected to amount to 0.62 per cent of the average value of the fund. This amount is an estimate and the actual costs may differ; the fund will only bear the actual costs, even if they are lower or higher than the maximum amount. The costs actually charged to the fund are described in detail in the annual reports.

#### ***Special features of the acquisition of investment units***

In addition to the remuneration for managing the fund, a management fee shall be charged for the units in target funds held in the fund, insofar as this is permissible under the terms and conditions of investment.

The ongoing costs for the target fund units held in the fund are taken into account when calculating the total expense ratio, if applicable (see section "Costs – Total expense ratio").

No maximum amount has been set for the fees, costs, taxes, commissions and other expenses incurred in connection with the acquisition of target fund units that are to be borne indirectly by the investors in the fund.

The annual and semi-annual reports shall disclose the issue premiums and redemption fees charged to the fund for the acquisition and redemption of units in target funds during the reporting period. Furthermore, the remuneration charged to the fund by a domestic or foreign company or by a company in which the company holds a significant direct or indirect interest as management fee for the target fund units held in the fund shall be disclosed.

#### **Indication of a total expense ratio**

The management costs incurred by the fund in the financial year shall be disclosed in the annual report and shown as a ratio of the average fund volume ("total expense ratio"). The management costs consist of the remuneration for the management of the fund, including the performance-related remuneration, the remuneration of the Depositary and the expenses that may additionally be charged to the fund (see section "Costs – Management and other costs" and "Special features of the acquisition of investment units"). If the fund invests a significant proportion of its assets in other open-ended investment funds, the total expense ratio of these target funds is also taken into account. The total expense ratio does not include incidental costs and costs incurred in the acquisition and disposal of assets (transaction costs) and no performance-related remuneration. If a performance-based management fee

has been agreed in the Terms and Conditions of Investment, it must also be stated separately in the annual report as a percentage of the average net asset value of the investment fund. The total expense ratio is published in the key investor information as "current expenses".

#### **Deviating cost reporting by sales offices**

If the investor is advised by a third party on the purchase of units or if the third party acts as an intermediary for the purchase, the third party may indicate costs or expense ratios to the investor which are not identical with the cost information in this prospectus and in the Key Investor Information Document and which may exceed the total expense ratio described here. The reason for this may be, in particular, that the third party additionally takes into account the costs of its own activity (e.g. brokerage, advice or custody account management). In addition, it may also take into account one-off costs such as issue premiums and usually uses other calculation methods or estimates for the costs incurred at fund level, which, in particular, include the fund's transaction costs.

Deviations in cost reporting can occur both in the case of information prior to the conclusion of a contract and in the case of regular cost information on the existing fund investment as part of a long-term customer relationship.

#### **Remuneration policy**

The remuneration of employees follows a defined remuneration policy, the principles of which are published as a summary on the company's website. It consists of a fixed remuneration, which is based on the collective agreement in the case of employees covered by collective agreements and on the respective employment contract in the case of employees not covered by collective agreements. In addition, variable remuneration is generally provided for all employees, which is based on the overall result of the company and the individual performance contribution of each employee. Depending on the business result or individual performance contribution, however, the variable remuneration may not be paid at all. The process for determining individual variable remuneration follows a uniformly prescribed process in an annual assessment with fixed assessment criteria. Based on this, Executive Management, in consultation with the responsible executives, determines the individual variable remuneration, which is then approved by the Chairman of the Supervisory Board of the company. In addition, all employees are offered uniform subsidies with regard to capital-forming benefits, old-age provision, insurance cover, use of the canteen, local public transport, etc. Employees above a certain career level are also entitled to a company car in accordance with the company's car policy.

Details of the company's current remuneration policy are published on the internet at [www.monega.de](http://www.monega.de) under "About Us > Compliance". This includes a description of the calculation methods for remuneration and benefits for certain groups of employees, as well as information on the persons responsible for the allocation. Upon request, the information will be provided by the company in paper form free of charge.

## Performance, determination and appropriation of income, financial year

### Performance

The performance of the Fund is calculated according to the BVI method, which is defined as follows:

The performance of the Fund is calculated by comparing the net asset values at the beginning and end of a calculation period. Distributions made during the calculation period are always considered reinvested at net asset value on the date of distribution. The capital gains tax (interest income tax) amount and the solidarity surcharge flow into the reinvestment. The reinvestment of the distribution must also be assumed because, otherwise, the performance of distributing and accumulating funds cannot be compared with each other.

Future performance will be published retrospectively in the annual and semi-annual reports, which can be viewed at [www.monega.de](http://www.monega.de).

The performance of the Fund can be found at the end of the prospectus.

**The Fund's historical performance is not indicative of future performance.**

### Determination of income, income equalisation procedure

The Fund earns income in the form of interest accrued during the financial year and not used to cover costs, dividends and income from investment units. Further income may result from the disposal of assets held for the account of the Fund.

The company applies a so-called income equalisation procedure for the Fund. This prevents the share of distributable income in the unit price from fluctuating as a result of the inflow and outflow of funds. Otherwise, any inflow of funds into the Fund during the financial year would result in less income being available for distribution per unit on the distribution dates than would be the case if the number of units in circulation remained constant. Cash outflows, on the other hand, would result in more income being available for distribution per unit than would be the case if the number of units in circulation remained constant.

In order to prevent this, the distributable income which the purchaser of units must pay as part of the issue price and which the seller of units receives as part of the redemption price is calculated continuously during the financial year and entered as a distributable item in the income statement. In this context, it is accepted that investors who acquire units shortly before the distribution date, for example, will receive the portion of the issue price attributable to income back in the form of a distribution, even though their paid-in capital did not contribute to the generation of the income.

### Appropriation of income and financial year

In principle, the company shall distribute the interest, dividends and income from investment units accrued during the financial year for the account of the Fund and not used to cover costs – taking into account the associated equalisation paid – to the investors each year within four months of the end of the financial year. Realised capital gains and other income – taking into account the corresponding income equalisation – may also be used for distribution.

If the units are held in a custody account with the Depository, its offices shall credit the distributions free of charge. If the securities account is held with other banks or savings banks, additional costs may be incurred.

**A list of the income distribution of the individual unit funds can be found in the section "Unit classes at a glance".**

The financial year of the Fund ends on 31 August.

## Dissolution, transfer and merger of the Fund

### Requirements for the dissolution of the Fund

The investors are not entitled to demand the dissolution of the Fund. The company may terminate its right to manage the Fund by giving at least six months' notice in the Federal Gazette and, in addition, in the annual report or semi-annual report. In addition, investors shall be informed of the termination via their custodian banks by means of a permanent data carrier, e.g. in paper or electronic form. The right of the company to manage the Fund shall expire when the termination takes effect.

Furthermore, the company's right of administration ends when insolvency proceedings are opened against its assets or when the court order dismissing the application for the opening of insolvency proceedings for lack of assets becomes final.

Upon expiry of the company's right of management, the right of disposal over the Fund shall pass to the Depository, which shall wind up the Fund and distribute the proceeds to the investors or, with the approval of BaFin, transfer the management to another capital management company.

### Procedure in the event of dissolution of the Fund

With the transfer of the right of disposal over the Fund to the Depository, the issue and redemption of units shall be discontinued and the Fund shall be wound up.

The proceeds from the sale of the Fund's assets less the costs still to be borne by the Fund and the costs caused by the liquidation shall be distributed to the investors, who shall be entitled to payment of the liquidation proceeds in the amount of their respective units in the Fund.

The company shall prepare a winding up report as at the date on which its right of management lapses which shall comply with the requirements of an annual report. The dissolution report shall be published in the Federal Gazette no later than three months after the effective date of the dissolution of the Fund. While the Depositary is winding up the Fund, it shall prepare a report annually and on the day on which the winding up is completed, which shall comply with the requirements for an annual report. These reports shall also be published in the Federal Gazette no later than three months after the reporting date.

### **Transfer of the Fund**

The company may transfer the Fund to another investment management company. The transfer requires the prior approval of BaFin. The approved transfer shall be announced in the Federal Gazette and, in addition, in the annual report or semi-annual report of the Fund as well as in the electronic information media specified in this sales prospectus. The time at which the transfer takes effect shall be determined in accordance with the contractual agreements between the company and the receiving capital management company. However, the transfer may take effect no earlier than three months after its announcement in the Federal Gazette. All rights and obligations of the company in respect of the Fund shall then be transferred to the receiving management company.

### **Requirements for the merger of the Fund**

All assets of this Fund may, with the approval of BaFin, be transferred to another existing investment fund or to a new investment fund established as a result of the merger, which must meet the requirements of a UCITS established in Germany or in another EU or EEA state.

The transfer shall take effect at the end of the financial year of the transferring fund (transfer date) unless a different transfer date is specified.

### **Investors' rights in the event of a merger of the Fund**

Up to five working days before the planned transfer date, investors have the option of either redeeming their units without further costs, with the exception of the costs to cover the dissolution of the Fund, or exchanging their units for units in another open-ended public investment fund that is also managed by the company or a company of the same group and whose investment principles are comparable to those of the Fund.

The company shall inform the investors of the Fund prior to the planned transfer date by durable medium, such as in paper or electronic form, of the reasons for the merger, the potential effects for the investors, their rights in connection with the merger as well as of relevant procedural aspects. Investors must also be provided with the key investor information for the investment fund to which the assets of the Fund are transferred. The investor must receive the aforementioned information at least 30 days prior to the expiry of the deadline for the redemption or conversion of his units.

On the transfer date, the Net Asset Values of the Fund and the acquiring investment fund are calculated, the exchange ratio is determined and the entire exchange process is audited by the auditor. The exchange ratio shall be determined on the basis of the ratio of the Net Asset Values per unit of the Fund and of the acquiring investment fund at the time of the takeover. The investor receives the number of units in the acquiring investment fund corresponding to the value of his units in the Fund.

If the investors do not exercise their redemption or conversion rights, they will become investors in the acquiring investment fund on the transfer date. The company may also, if necessary, determine with the management company of the receiving investment fund that the investors of the Fund shall be paid up to 10 per cent of the value of their units in cash. Upon the transfer of all assets, the Fund shall cease to exist. If the transfer takes place during the current financial year of the Fund, the company must prepare a report on the transfer date which complies with the requirements for an annual report.

The company shall announce in the Federal Gazette and also in the electronic information media specified in this sales prospectus if the Fund has been merged into another investment fund managed by the company and the merger has become effective. If the Fund is merged into another investment fund which is not managed by the company, the management company which manages the acquiring or newly established investment fund shall be responsible for announcing the effectiveness of the merger.

### **Outsourcing**

The company has outsourced the following activities:

- Portfolio management for the Fund was outsourced to Lupus alpha Asset Management AG, Frankfurt am Main.
- Data protection to GDB Gesellschaft für Datensicherheit und IT-Beratung mbH, Cologne
- Audit to PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf
- IT infrastructure to CANCOM Managed Services GmbH, Cologne
- Fund administration, e.g.:
  - Fund accounting, fund reports
  - Support services in the area of market risk analysis and liquidity risk measurement
  - Customer reporting
 to Internationale Kapitalanlagegesellschaft mbH, Düsseldorf

Internationale Kapitalanlagegesellschaft mbH has outsourced individual activities in connection with fund administration to affiliated companies.

The company has also appointed Internationale Kapitalanlagegesellschaft mbH as external valuer. The valuer is charged with the regular valuation of all assets.

## Conflicts of interest

The following conflicts of interest may arise at the company:

The interests of the investor may conflict with the following interests:

- Interests of the company and its affiliated companies,
- Interests of the employees of the company or
- Interests of other investors in this or other funds.

Circumstances or relationships that may give rise to conflicts of interest include, in particular:

- Incentive schemes for employees of the company,
- Employee business,
- Allowances to employees of the company,
- Shifts in the Fund,
- “window dressing”, i.e. improving the Fund’s performance as of the reporting date,
- Transactions between the company and the investment assets or individual portfolios managed by it or the
- Transactions between investment assets and/or individual portfolios managed by the company,
- Combination of several orders (“block trades”),
- Commissioning of affiliated companies and persons,
- Individual investments of considerable size,
- If, following an over-subscription in the context of a share issue, the company has subscribed for the securities for several investment funds or individual portfolios (“IPO allocations”),
- Transactions after the close of trading at the already known, foreseeable closing price of the current day, so-called late trading.

In connection with transactions for the account of the Fund, the company may receive pecuniary benefits (broker research, financial analyses, market and price information systems, advice, etc.) which are used in the interests of the investors when making investment decisions.

In addition, the company may also grant benefits to its business partners in the form of non-monetary support services (e.g. training and seminars in the context of investment conferences, investor symposia, partner days and investment breakfasts), which are designed to promote cooperation and thus maintain or further improve the quality of collective asset management.

Such acceptance or granting of non-monetary benefits shall be monitored by the company’s compliance function and, in particular, shall not prevent the company from acting dutifully in the best interests of the investment assets it manages.

In principle, the company does not receive any reimbursements of the fees and expenses paid from the Fund to the Depositary and to third parties. If, in derogation of the above, refunds are paid to the company, they shall be credited to the Fund.

Units in the company’s investment funds are generally distributed through third parties, i.e. banks, financial service providers, brokers and other authorised third parties. The cooperation with these third parties is usually based on a contractual agreement which stipulates that the company pays the third parties a follow-up brokerage commission for the brokerage of the fund units and that the third parties are entitled to the issue premium in whole or in part. The company pays the follow-up brokerage commission, which is dependent on the portfolio, from the management fees to which it is entitled, i.e. from its own assets.

In order to deal with conflicts of interest, the company implements the following organisational measures to identify, prevent, manage, monitor and disclose conflicts of interest:

- Existence of a compliance department that monitors compliance with laws and rules and to which conflicts of interest must be reported
- Disclosure obligations
- Organisational measures such as
  - the establishment of confidentiality areas for individual departments to prevent the misuse of confidential information
  - Assignment of responsibilities in order to prevent improper influence
  - The separation of proprietary trading and client trading
- Rules of conduct for employees with regard to employee transactions, obligations to comply with insider law
- Establishment of appropriate remuneration systems
- Principles for taking client interests into account and for providing advice that is appropriate for the investor and the investment, or for observing the agreed investment guidelines
- Best Execution Principles for the Acquisition or Disposal of Financial Instruments
- Set up of order acceptance times (cut-off times)

## Brief information on tax regulations

The statements on tax regulations only apply to investors who are subject to unlimited tax liability in Germany. Investors with unlimited tax liability are also referred to below as tax residents. We recommend that foreign investors contact their tax adviser before acquiring units in the Fund described in this sales prospectus and clarify the possible tax consequences of the acquisition of units in their home country on an individual basis. Foreign investors are investors who are not subject to unlimited tax liability. These are also referred to below as non-resident taxpayers.

As special-purpose assets, the Fund is generally exempt from corporation and trade tax. However, he is partially liable to corporation tax on his domestic investment income and other domestic income within the meaning of the limited income tax liability with the exception of profits from the sale of units in corporations. The tax rate is 15%. Insofar as the taxable income is collected by way of capital gains tax deduction, the tax rate of 15% already includes the solidarity surcharge.

However, the investment income is subject to income tax for the private investor as income from capital assets, insofar as this together with other investment income exceeds the currently applicable saver's allowance<sup>1</sup>.

Income from capital assets is generally subject to a tax deduction of 25 per cent (plus solidarity surcharge and church tax, if applicable). Income from capital assets also includes income from investment funds (investment income), i.e. the distributions of the Fund, the advance lump sums and the gains from the sale of the units.

Under certain conditions, investors may receive a flat-rate portion of this investment income tax-free (so-called partial exemption).

The tax deduction generally has a settlement effect for the private investor (so-called final withholding tax), so that the income from capital assets does not normally have to be declared in the income tax return. When making the tax deduction, the custodian will, in principle, already make loss calculations and credit foreign withholding taxes arising from the direct investment.

However, the tax deduction has no settlement effect if, among other things, the personal tax rate is lower than the settlement rate of 25 per cent. In this case, the income from capital assets can be declared in the income tax return. The tax office then applies the lower personal tax rate and credits the tax deduction made against the personal tax liability (so-called favourable tax assessment).

If income from capital assets has not been subject to a tax deduction (e.g. because a gain from the sale of fund units in a foreign custody account is realised), it must be declared in the tax return. In the context of the assessment, the income from capital assets is then also subject to the flat rate of 25 per cent or the lower personal tax rate.

If the units are held as business assets, the income is recognised as business income for tax purposes.

### Units held as private assets (resident for tax purposes)

#### Distributions

Distributions by the Fund are generally taxable.

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

The tax deduction may be waived if the investor is a tax resident and submits an exemption order, provided that the taxable income components do not exceed the currently applicable flat-rate saver amount<sup>2</sup>.

The same applies to the submission of a certificate for persons who are not expected to be assessed for income tax (so-called non-assessment certificate, hereinafter "NV certificate").

If the domestic investor holds the units in a domestic custody account, the custodian as paying agent shall refrain from deducting tax if it is presented with an exemption order for a sufficient amount issued in accordance with an official model or a non-assessment certificate issued by the tax office for a maximum period of three years prior to the time of inflow. In this case, the investor is credited with the entire distribution.

#### Advance lump sums

The preliminary flat rate is the amount by which the Fund's distributions within a calendar year fall short of the base return for that calendar year. The base yield is determined by multiplying the redemption price of the unit at the beginning of a calendar year by 70 per cent of the base rate, which is derived from the long-term achievable yield of public bonds. The basic income is limited to the additional amount that results between the first and the last redemption price set in the calendar year plus the distributions within the calendar year. In the year of acquisition of the units, the advance lump sum shall be reduced by one-twelfth for each full month preceding the month of acquisition. The advance lump sum shall be deemed to have accrued on the first working day of the following calendar year.

1) Since 2009, the savers' lump sum has been €801 for single tax assessment and €1,602 for joint tax assessment.

2) Since 2009, the savers' lump sum has been €801 for single tax assessment and €1,602 for joint tax assessment.



Advance lump sums are generally taxable.

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

The tax deduction may be waived if the investor is a tax resident and submits an exemption order, provided that the taxable income components do not exceed the currently applicable flat-rate saver amount<sup>3</sup>.

The same applies to the submission of a certificate for persons who are not expected to be assessed for income tax (so-called non-assessment certificate, hereinafter “NV certificate”).

If the domestic investor holds the units in a domestic custody account, the custodian as paying agent shall refrain from deducting tax if it is provided with an exemption order issued in a sufficient amount in accordance with the official model or a non-assessment certificate issued by the tax office for a maximum period of three years prior to the time of inflow. In this case, no tax is paid. Otherwise, the investor must provide the domestic custodian with the amount of tax to be withheld. For this purpose, the custodian may collect the amount of tax to be withheld from an account held with it in the name of the investor without the investor’s consent. Unless the investor objects prior to the inflow of the advance lump sum, the custodian may also collect the amount of the tax to be withheld from an account in the name of the investor to the extent that an overdraft facility agreed with the investor for this account has not been utilised. Insofar as the investor does not fulfil his obligation to provide the amount of tax to be withheld to the domestic custodian, the custodian institution shall notify the tax office responsible for it. In this case, the investor must declare the advance lump sum in his income tax return.

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

If units in the Fund are sold, the capital gain is subject to the settlement rate of 25 per cent.

If the units are held in a domestic custody account, the custodian will make the tax deduction, taking into account any partial exemptions. The 25% tax deduction (plus solidarity surcharge and, if applicable, church tax) can be avoided by submitting a sufficient exemption order or a non-assessment certificate. If such units are sold by a private investor at a loss, the loss – possibly reduced due to a partial exemption – can be offset against other positive income from capital assets. If the units are held in a domestic custody account and positive income from capital assets were generated at the same custodian

in the same calendar year, the custodian shall offset the losses.

When determining the capital gain, the profit is to be reduced by the advance lump sums recognised during the period of ownership.

#### **Units held as business assets (residents for tax purposes) Refund of the Fund’s corporate income tax**

The corporation tax incurred at fund level may be refunded to the Fund for onward transmission to an investor if this investor is a domestic corporation, association of persons or estate which, according to the Articles of Association, the foundation transaction or the other constitution and according to the actual management, exclusively and directly serves charitable, benevolent or ecclesiastical purposes, or is a foundation under public law which exclusively and directly serves charitable or benevolent purposes, or is a legal person under public law which exclusively and directly serves ecclesiastical purposes; this shall not apply if the shares are held in a commercial business operation. The same applies to comparable foreign investors with their registered office and management in a foreign state providing administrative and mutual assistance.

The prerequisite for this is that such an investor submits a corresponding application and that the corporation tax incurred is attributable in part to his period of ownership. In addition, the investor must have been the civil and beneficial owner of the units for at least three months prior to the inflow of the Fund’s income subject to corporation tax, without any obligation to transfer the units to another person. Furthermore, with regard to the corporation tax incurred at the fund level on German dividends and income from German quasi-equity profit participation rights, the refund essentially requires that German shares and German quasi-equity profit participation rights were held by the Fund as the beneficial owner for an uninterrupted period of 45 days within 45 days before and after the due date of the investment income and that minimum risks of changes in value of 70 per cent existed for an uninterrupted period of these 45 days (so-called 45-day rule).

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

The corporation tax incurred at fund level may also be refunded to the Fund for onward transmission to an investor to the extent that the units in the Fund are held within the framework of retirement provision or basic pension contracts that have been certified under

<sup>3</sup> Since 2009, the savers’ lump sum has been €801 for single tax assessment and €1,602 for joint tax assessment

the Retirement Provision Contracts Certification Act (Altersvorsorgeverträge-Zertifizierungsgesetz). This requires that the provider of a retirement provision or basic pension contract informs the Fund within one month of the end of its financial year at which times and to what extent units were acquired or sold. In addition, the above-mentioned 45-day rule must be taken into account.

There is no obligation on the part of the Fund or the company to have the corresponding corporation tax refunded to the investor.

Due to the high complexity of the regulation, the consultation of a tax advisor appears to make sense.

#### **Distributions**

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

The distributions are generally subject to a tax deduction of 25 per cent (plus solidarity surcharge).

#### **Advance lump sums**

The preliminary flat rate is the amount by which the Fund's distributions within a calendar year fall short of the base return for that calendar year. The base yield is determined by multiplying the redemption price of the unit at the beginning of a calendar year by 70 per cent of the base rate, which is derived from the long-term achievable yield of public bonds. The basic income is limited to the additional amount that results between the first and the last redemption price set in the calendar year plus the distributions within the calendar year. In the year of acquisition of the units, the advance lump sum shall be reduced by one-twelfth for each full month preceding the month of acquisition. The advance lump sum shall be deemed to have accrued on the first working day of the following calendar year. Advance lump sums are generally subject to income tax, corporate income tax and trade tax.

The advance lump sums are generally subject to a tax deduction of 25 per cent (plus solidarity surcharge).

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

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

The profit from the fictitious sale is to be determined separately for units that are to be allocated to the business assets of an investor.

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

#### **Negative tax income**

Negative taxable income cannot be attributed to the investor.

#### **Settlement taxation**

During the liquidation of the Fund, distributions in a calendar year shall be deemed to be a tax-free repayment of capital to the extent that the last redemption price fixed in that calendar year is lower than the amortised cost.

## Summary overview for the taxation of common business investor groups

	Distributions	Advance lump sums	Capital gains
<b>Domestic investors</b>			
Sole proprietors	<u>Capital gains tax:</u> 25 % (the partial exemption for equity funds in value of 30 % or for mixed funds at the rate of 15 % is taken into account)		<u>Capital gains tax:</u> Distance
	<u>Material taxation:</u> Income tax and trade tax, if applicable, taking into account partial exemptions (equity funds 60 % for income tax / 30 % for trade tax; mixed funds 30 % for income tax / 15 % for trade tax)		
Corporations subject to statutory taxation (typically industrial companies; banks, if units are not held in the trading portfolio; property insurers)	<u>Capital gains tax:</u> Desistance with banks, otherwise 25 % (the partial exemption for equity funds in the amount of 30 % or for mixed funds at the rate of 15 % is taken into account)		<u>Capital gains tax:</u> Distance
	<u>Material taxation:</u> Corporation tax and trade tax, if applicable, taking into account partial exemptions (equity funds 80 % for corporation tax / 40 % for trade tax; mixed funds 40 % for corporation tax / 20 % for trade tax)		
Life and health insurance companies and pension funds for which the fund units are to be attributed to the capital investments	<u>Capital gains tax:</u> Desistance		
	<u>Material taxation:</u> Corporate income tax and trade tax, insofar as no provision for premium refunds (RfB) is built up in the commercial balance sheet, which is also to be recognised for tax purposes, if necessary taking into account partial exemptions (equity funds 30% for corporate income tax / 15% for trade tax; mixed funds 15% for corporate income tax / 7.5 % for trade tax)		
Banks holding the fund units in the trading portfolio	<u>Capital gains tax:</u> Desistance		
	<u>Material taxation:</u> Corporation tax and trade tax, if applicable, taking into account partial exemptions (equity funds 30 % for corporation tax / 15 % for trade tax; mixed funds 15 % for corporation tax / 7.5 % for trade tax)		
Tax-exempt non-profit, charitable or ecclesiastical investors (esp. churches, charitable foundations)	<u>Capital gains tax:</u> Desistance		
	<u>Material taxation:</u> Tax-free – in addition, the corporation tax incurred at the fund level can be refunded on application		
Other tax-exempt investors (in particular, pension funds, death funds and support funds, provided that the conditions stipulated in the Corporation Tax Act are fulfilled)	<u>Capital gains tax:</u> Desistance		
	<u>Material taxation:</u> Tax-free		

Domestic custody is assumed. A solvency surcharge is levied on capital gains tax, income tax and corporation tax as a supplementary tax. For the exemption from the deduction of capital gains tax, it may be necessary that certificates are submitted to the custodian in due time.



### Non-resident taxpayers

If a non-resident taxpayer holds the fund units in a custody account with a domestic custodian, no tax is withheld on distributions, advance lump sums and gains from the sale of the units, provided that the non-resident taxpayer can prove his or her non-resident status. If the foreign nationality is not known to the custodian or is not proven in time, the foreign investor is forced to apply for a refund of the tax withheld in accordance with the German Fiscal Code<sup>4</sup>. The competent tax office is the tax office responsible for the custodian.

### Solidarity surcharge

A solidarity surcharge of 5.5 per cent shall be levied on the tax withheld on distributions, advance lump sums and gains from the sale of units. The solidarity surcharge is deductible from income tax and corporation tax.

### Church tax

Insofar as the income tax is already levied by a domestic tax withholding agent, the church tax due on it is regularly levied as a surcharge on the tax withheld according to the church tax rate of the religious community to which the church tax payer belongs. The deductibility of church tax as a special expense is already taken into account when deducting tax.

### Foreign withholding tax

Withholding tax is partially withheld on the Fund's foreign income in the countries of origin. This withholding tax cannot be taken into account by investors to reduce their tax liability.

### Consequences of the merger of investment funds

In cases of mergers of a domestic investment fund into another domestic investment fund to which the same partial exemption rate applies, there is no disclosure of hidden reserves either at the level of the investors or at the level of the investment funds involved, i.e. this process is tax-neutral. The same shall apply to the transfer of all assets of a domestic investment fund to a domestic investment stock corporation with variable capital or a sub-fund of a domestic investment stock corporation with variable capital. If the investors of the transferring investment fund receive a cash payment<sup>5</sup> provided for in the merger plan, this shall be treated as a distribution. If the applicable partial exemption rate of the transferring investment fund differs from that of the acquiring investment fund, the investment share of the transferring investment fund shall be deemed to have been sold and the investment share of the acquiring investment fund shall be deemed to have been acquired. The profit from the notional sale shall only be deemed to have accrued as soon as the investment unit of the acquiring investment fund is actually sold.

### Automatic exchange of information in tax matters

The importance of the automatic exchange of information to combat cross-border tax evasion and tax fraud has increased considerably at the international level in recent years. For this purpose, the OECD has published, among other things, a global standard for the automatic exchange of information on financial accounts in tax matters (Common Reporting Standard, hereinafter "CRS"). The CRS was integrated into Directive 2011/16/EU at the end of 2014 with Council Directive 2014/107/EU of 9 December 2014 regarding the obligation

to exchange information automatically in the area of taxation. The participating countries (all EU member states and several third countries) now apply the CRS. Germany implemented the CRS into German law with the Financial Account Information Exchange Act of 21 December 2015.

With the CRS, reporting financial institutions (essentially credit institutions) will be required to collect certain information about their clients. If the clients (natural persons or legal entities) are persons subject to reporting requirements who are resident in other participating states (this does not include e.g. listed corporations or financial institutions), their accounts and custody accounts are classified as reportable accounts. The reporting financial institutions will then transmit certain information to their home tax authority for each reportable account. The latter then transmits the information to the client's home tax authority.

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

Consequently, investors subject to reporting requirements who maintain an account and/or securities account with a credit institution domiciled in a participating state are concretely affected. Therefore, German credit institutions will report information on investors resident in other participating states to the Federal Central Tax Office, which will forward the information to the respective tax authorities of the investors' states of residence. Accordingly, credit institutions in other participating states will report information on investors resident in Germany to their respective home tax authorities, which will forward the information to the Federal Central Tax Office. Finally, it is conceivable that credit institutions domiciled in other participating states report information on investors domiciled in their respective participating states to their respective home tax authorities, which forward the information to the respective tax authorities of the investors' states of domicile.

### General note

The information concerning taxation is based on the currently known legal situation. It is aimed at persons subject to unlimited income tax liability or unlimited corporate income tax liability in Germany. However, no guarantee can be given that the tax assessment will not change as a result of legislation, case law or decrees issued by the tax authorities.

4) Section 37 (2) AO.

5) Sections 190 (2) No. 2 KAGB.

## German Public Auditor

The auditing company KPMG AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, has been commissioned to audit the Fund and the annual report.

The auditor shall audit the annual report of the Fund. The auditor shall summarise the result of the audit in a special report; the report shall be reproduced in full in the annual report. In the course of the audit, the auditor shall also determine whether the provisions of the KAGB and the provisions of the terms and conditions of investment have been observed in the management of the Fund. The auditor shall submit the report on the audit of the Fund to BaFin.

## Service provider

Companies that perform functions outsourced by the company are shown in the section “Outsourcing”. In addition, the company has engaged the following service providers:

- Calculation of performance: Deutsche Performancemessungs-Gesellschaft für Wertpapierportfolios mbH, Frankfurt
- Tax advice with regard to fund management: KPMG AG Wirtschaftsprüfungsgesellschaft, Düsseldorf
- Commission settlement/payment to distribution partners: FFB, Kronberg im Taunus
- Legal advice with regard to legal sales documents: Law firm Bauer & Kollegen, Brühl
- Operating and hosting and cloud storage services for the company’s website: cleversoft GmbH, Munich / WebhostOne mbH, Bad Säckingen / Google Ireland Limited, IRL-Dublin
- Delegation of reporting obligations in the context of the EMIR regulations: Kreissparkasse Köln, Cologne; HSBC Trinkaus & Burkhardt AG, Düsseldorf; DZ Bank AG, Frankfurt am Main.

Investors’ rights are not associated with these services.

To the extent that the company has engaged other service providers, they are not material to the management of the Fund.

## Payments to investors / dissemination of reports and other information

The appointment of the Depositary ensures that investors receive distributions, if any, and that units are redeemed. The investor information referred to in this Prospectus may be obtained by the means indicated in the section “Basic principles – Sales documents and disclosure of information”.

Information on the voting behaviour and the voting policy of the company can be found on the homepage [www.monega.de](http://www.monega.de).

## Investment assets managed by the company

The company manages the following investment assets\* in total:

### a) Investment Assets under the UCITS Directive

AI Leaders  
 Applied Science Equity Fund  
 Barmeria Nachhaltigkeit Balanced  
 Barmeria Nachhaltigkeit Dynamic  
 BIB Nachhaltigkeit Aktien Global  
 Bueno Global Strategy  
 CSR Aktien Deutschland Plus  
 CSR Ertrag Plus  
 Corporate M Sustainable  
 DEVK-Anlagekonzept Rendite  
 DEVK-Anlagekonzept RenditeMax  
 DEVK-Anlagekonzept RenditePro  
 Diversified Risk and Return  
 Dividende und Sentiment Aktien Europa  
 Equity for Life  
 Europäischer Mittelstandsanleihen FONDS  
 FO Core *plus*  
 FutureVest Equity Sustainable Development Goals  
 Guliver China Health Care  
 Guliver Demografie Invest  
 Guliver Demografie Sicherheit GL  
 Infinigon High Grade CLO Fonds  
 Infinigon Investment Grade CLO Fonds  
 KirAc Stiftungsfonds alpha  
 Kölner Nachhaltigkeitsfonds  
 Lupus Alpha Return  
 L&P Value EM Small Cap  
 Monega ARIAD Innovation  
 Monega BestInvest Europa  
 Monega Chance  
 Monega Dänische Covered Bonds  
 Monega Dänische Covered Bonds LD  
 Monega Dänische Covered Bonds SLD  
 Monega Euro-Bond  
 Monega Euroland  
 Monega Ertrag  
 Monega FairInvest Aktien  
 Monega Germany  
 Monega Global Bond  
 Monega Short Track SGB  
 Multi-Asset Global 5

Peacock European Best Value ESG Fonds  
 Persephone Cointegration Alpha  
 PRIVACON Anleihenfonds  
 PRIVACON Chancenfonds  
 PRIVACON Multi-Strategie-Fonds  
 PRIVACON Weltaktienfonds  
 SALytic Active Equity  
 SALytic Bond Opportunities  
 SALytic Strategy  
 Steyler Fair Invest – Balanced  
 Steyler Fair Invest – Bonds  
 Steyler Fair Invest – Equities  
 SWuK Prämienfonds  
 Top Dividend  
 Top Global Brands  
 VM Nachhaltig Aktien  
 VM Sterntaler  
 VM Sterntaler II  
 VM Vermögensverwaltungsfonds

### b) Alternative Publikums-Investmentvermögen (Publikums-AIF)

- Gemischte Investmentvermögen
  - ASVK Substanz & Wachstum
  - DEVK-Anlagekonzept RenditeNachhaltig
  - Fontanus Balanced
  - Monega Rohstoffe
- Sonstige Investmentvermögen
  - CSR Bond Focus SDG Fonds
  - Monega Mikrofinanz & Impact Fonds
  - nordIX European Consumer Credit Fonds

### c) Alternative Spezial-Investmentvermögen (Spezial-AIF)

The company also manages 23 special investment funds.

\* Insofar as it does not concern the investment fund named on the cover sheet, the other investment funds are not the subject of this sales prospectus.



## ■ General terms and conditions of investment

regulating the legal relationship between the investors and Monega Kapitalanlagegesellschaft mbH (hereinafter referred to as the “company”) for the investment funds managed by the company in accordance with the UCITS Directive, which shall only apply in conjunction with the “Special terms and conditions of investment” established for the respective UCITS fund.

### Section 1 fundamentals

- (1) The company is a UCITS capital management company and is subject to the provisions of the German Investment Code (“KAGB”).
- (2) The company shall invest the money deposited with it in its own name for the joint account of the investors in accordance with the principle of risk diversification in the assets permitted under the KAGB separately from its own assets in the form of a UCITS investment fund. The business purpose of the UCITS investment fund is limited to the investment of capital in accordance with a defined investment strategy within the framework of collective asset management by means of the assets deposited with it; operating activities and active entrepreneurial management of the assets held are excluded.
- (3) The legal relationship between the company and the investor is governed by the general terms and conditions of investment (“GTCI”) and the special terms and conditions of investment (“STCI”) of the UCITS investment fund and the KAGB.

### Section 2 Depositary

- (1) The company shall appoint a credit institution as Depositary for the UCITS investment fund; the Depositary shall act independently of the company and exclusively in the interests of the investors.
- (2) The duties and obligations of the Depositary shall be governed by the Depositary Agreement entered into with the company, the KAGB and the terms and conditions of investment.

- (3) The Depositary may outsource custody tasks to another company (Sub-Depositary) pursuant to Section 73 KAGB. For further details, please refer to the prospectus.
- (4) The Depositary shall be liable to the UCITS investment fund or to the investors for the loss of a financial instrument held in custody within the meaning of Section 72 (1) no. 1 KAGB by the Depositary or by a Sub-Depositary to whom the custody of financial instruments has been delegated pursuant to Section 73 (1) KAGB. The Depositary shall not be liable if it can prove that the loss was due to external events, the consequences of which were unavoidable despite all reasonable countermeasures. Further claims arising from the provisions of civil law on the basis of contracts or tortious acts shall remain unaffected. The Depositary shall also be liable to the UCITS investment fund or the investors for any other loss suffered by them as a result of the Depositary’s negligent or intentional failure to comply with its obligations under the KAGB. The Depositary’s liability shall remain unaffected by any transfer of custodial duties pursuant to Paragraph 3 Sentence 1.

### Section 3 Fund management

- (1) The company acquires and manages the assets in its own name for the joint account of the investors with due expertise, honesty, care and diligence. In performing its duties, it acts independently of the Depositary and exclusively in the interests of the investors.
- (2) The company shall be entitled to acquire the assets with the money deposited by the investors, to resell them and to invest the proceeds elsewhere; it shall also be authorised to perform all other legal acts resulting from the management of the assets.

- (3) The company may neither grant money loans nor enter into obligations arising from a surety or guarantee agreement for the joint account of the investors; it may not sell any assets in accordance with Sections 193, 194 and 196 of the KAGB which do not belong to the UCITS investment fund at the time the transaction is concluded. Section 197 KAGB remains unaffected.
- f) they are acquired in the exercise of subscription rights belonging to the UCITS' special assets,
- g) they are units in closed-end funds which meet the criteria set out in Section 193 (1) Sentence 1 No. 7 KAGB,
- h) they are financial instruments that meet the criteria set out in Section 193 (1) Sentence 1 No. 8 KAGB.

#### Section 4 Investment principles

The UCITS investment fund shall be invested directly or indirectly in accordance with the principle of risk diversification. The company shall only acquire assets for the UCITS investment fund that are expected to generate income and/or growth. It determines in the AoA which assets may be acquired for the UCITS investment fund.

#### Section 5 Securities

Unless the special terms and conditions of investment ("STCI") provide for further restrictions, the company may, subject to Section 198 KAGB, acquire securities for the account of the UCITS investment fund only if

- a) they are admitted to trading on a stock exchange in a member state of the European Union or in another state party to the Agreement on the European Economic Area or are admitted to or included in another organised market in one of these states,
- b) they are exclusively admitted to trading on a stock exchange outside the member states of the European Union or outside the other contracting states to the Agreement on the European Economic Area or are admitted to (or included in) another organised market in one of these states, provided that the choice of this stock exchange or this organised market has been approved by the Federal Financial Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht")<sup>6</sup>,
- c) their admission to trading on a stock exchange in a Member State of the European Union or in another State party to the Agreement on the European Economic Area or their admission to or inclusion in an organised market in a Member State of the European Union or in another State party to the Agreement on the European Economic Area must be applied for in accordance with the terms of issue, provided that the admission or inclusion of these securities takes place within one year of their issue,
- d) their admission to trading on a stock exchange or their admission to or inclusion in an organised market outside the member states of the European Union or outside the other signatory states to the Agreement on the European Economic Area must be applied for in accordance with the terms of issue, provided that the choice of such stock exchange or organised market is approved by the Federal Agency (Bundesanstalt) and the admission or inclusion of these securities takes place within one year of their issue,
- e) they are units to which the UCITS investment fund is entitled in the event of a capital increase from company funds,

The acquisition of securities pursuant to Sentence 1 Letters a) to d) may only take place if the requirements of Section 193 (1) Sentence 2 KAGB are also met. Subscription rights deriving from securities which are themselves acquirable in accordance with this Section 5 are also acquirable.

#### Section 6 Money market instruments

- (1) Provided that the special terms and conditions of investment ("STCI") do not impose any further restrictions, the company may, subject to Section 198 KAGB, issue for the account of the UCITS investment fund instruments that are normally traded on the money market, as well as interest-bearing securities that have a remaining term of no more than 397 days at the time of their acquisition for the UCITS investment fund, whose interest rate is regularly adjusted in line with the market throughout their term in accordance with the issue conditions, but at least once every 397 days, or whose risk profile corresponds to the risk profile of such securities ("money market instruments"). Money market instruments may only be acquired for the UCITS investment fund if they are
- a) admitted to trading on a stock exchange in a member state of the European Union or in another state party to the Agreement on the European Economic Area or are admitted to or included in another organised market there,
- b) exclusively admitted to trading on a stock exchange outside the Member States of the European Union or outside the other signatory states to the Agreement on the European Economic Area or are admitted to (or included in) another organised market there, provided that the choice of this stock exchange or this organised market is approved by the supervisory authority<sup>7</sup>,
- c) issued or guaranteed by the European Union, the Federal Government, a fund of the Federal Government, a Land, another Member State or another central, regional or local authority or the central bank of a Member State of the European Union, the European Central Bank or the European Investment Bank, a non-Member State or, if the latter is a Federal State, by one of the members of that State or by a public international body to which at least one Member State of the European Union belongs,
- d) issued by a company whose securities are traded on the markets referred to in letters a) and b),
- e) by a credit institution subject to prudential supervision in accordance with the criteria laid down in European Union law or by a credit institution subject to prudential supervision

<sup>6</sup> The "List of Admitted Stock Exchanges and Other Organised Markets" pursuant to Section 193 Paragraph 1 Nos. 2 and 4 KAGB" is published on the website of the Federal Financial Supervisory Authority <http://www.bafin.de>

<sup>7</sup> see footnote 6)



subject to (and comply with) regulations which, in the opinion of the Federal Financial Supervisory Authority, are equivalent to those of European Union law, or

f) issued by other issuers and these comply with the requirements of Article 194 (1) Sentence 1 No. 6 KAGB.

(2) Money market instruments within the meaning of Paragraph 1 may only be acquired if they meet the respective requirements of Section 194 (2) and (3) KAGB.

### Section 7 Bank balances

The company may hold bank deposits for the account of the UCITS investment fund which have a maximum term of twelve months. The credit balances to be held in blocked accounts may be held with a credit institution having its registered office in a Member State of the European Union or in another State party to the Agreement on the European Economic Area; the credit balances may also be held with a credit institution having its registered office in a third country whose supervisory provisions are, in the opinion of the supervisory authority, equivalent to those of the law of the European Union. Unless otherwise specified in the special terms and conditions of investment (STCI), bank balances may also be denominated in foreign currency.

### Section 8 Investment units

(1) Unless otherwise provided for in the special terms and conditions of investment (STCI), the company may acquire units in investment funds pursuant to Directive 2009/65/EC (UCITS) for the account of the UCITS investment fund. Units in other German investment funds and investment stock corporations with variable capital, as well as units in open-ended EU AIFs and foreign open-ended AIFs, may be acquired if they meet the requirements of Section 196(1) Sentence 2 KAGB.

(2) The company may only acquire units in domestic investment funds and investment stock corporations with variable capital, in EU UCITS, in open-ended EU AIFs and in foreign open-ended AIFs if, according to the investment conditions or the articles of association of the capital management company, the investment stock corporation with variable capital, the EU investment fund, the EU management company, the foreign AIF or the foreign AIF management company, a total of no more than 10 per cent of the value of its assets may be invested in units in other domestic investment funds, investment stock corporations with variable capital, open-ended EU investment funds or foreign open-ended AIF.

### Section 9 Derivatives

(1) Unless specified otherwise in the special terms and conditions of investment (STCI), the company may use derivatives pursuant to Section 197 (1) Sentence 1 KAGB and financial instruments with a derivative component pursuant to Section 197 (1) Sentence 2 KAGB within the scope of the management of the UCITS fund. In accordance with the type and scope of the derivatives and financial

instruments with derivative components used, it may use either the simple or the qualified approach within the meaning of the Derivatives Ordinance (DerivateV) issued in accordance with Section 197 (3) of the KAGB to determine the utilisation of the market risk limit set in accordance with Section 197(2) of the KAGB for the use of derivatives and financial instruments with derivative components; further details are set out in the sales prospectus.

(2) If the company uses the simple approach, it may regularly only use basic forms of derivatives and financial instruments with a derivative component or combinations of these derivatives, financial instruments with a derivative component and underlyings permissible pursuant to Article 197 (1) Sentence 1 KAGB in the UCITS investment fund. Complex derivatives with underlyings permissible pursuant to Section 197 (1) Sentence 1 KAGB may only be used to a negligible extent. The attributable amount of the UCITS investment fund for the market risk to be determined in accordance with Section 16 DerivateV may not exceed the value of the fund at any time.

Basic forms of derivatives are:

- a) Futures contracts on the underlyings pursuant to Section 197 (1) KAGB with the exception of investment units pursuant to Section 196 KAGB;
  - b) Options or warrants on the underlying assets pursuant to Section 197 (1) KAGB with the exception of investment units pursuant to Section 196 KAGB and on futures contracts pursuant to letter a) if they have the following characteristics:
    - aa) exercise is possible either during the entire term or at the end of the term; and
    - bb) the option value at the time of exercise depends linearly on the positive or negative difference between the strike price and the market price of the underlying and becomes zero if the difference has the other sign;
  - c) Interest rate swaps, currency swaps or cross-currency interest rate swaps;
  - d) Options on swaps under letter c), provided they have the characteristics described in letter b) under letters aa) and bb) (swaptions);
  - e) Credit default swaps that refer to a single underlying asset (single name credit default swaps).
- (3) If the company uses the qualified approach, it may – subject to an appropriate risk management system – invest in any financial instruments with a derivative component or derivatives derived from an underlying permitted pursuant to Section 197 (1) Sentence 1 KAGB. In this respect, the potential risk amount for the market risk (“risk amount”) to be allocated to the UCITS investment fund may at no time exceed twice the potential risk amount for the market risk of the associated comparative assets pursuant to Section 9 of the Derivatives Ordinance. Alternatively, the amount at risk may not exceed 20 per cent of the value of the UCITS investment fund at any time.

- (4) Under no circumstances may the company in such transactions deviate from the investment principles and limits set out in the terms and conditions of investment or the prospectus.
- (5) The company will use derivatives and financial instruments with a derivative component for the purposes of hedging, efficient portfolio management and the generation of additional income if and to the extent that it considers this to be in the interests of the investors.
- (6) When determining the market risk limit for the use of derivatives and financial instruments with derivative components, the company may switch between the simple and the qualified approach at any time in accordance with Section 6 sentence 3 of the Derivatives Ordinance. The change does not require the approval of the Federal Financial Supervisory Authority, but the company must notify the Federal Financial Supervisory Authority of the change without delay and announce it in the next semi-annual or annual report.
- (7) When using derivatives and financial instruments with a derivative component, the company shall comply with the DerivateV.

#### Section 10 Other investment instruments

Unless otherwise provided in the special terms and conditions of investment (STCI), the company may invest up to 10 per cent of the value of the UCITS investment fund in other investment instruments pursuant to Section 198 KAGB for the account of the UCITS investment fund.

#### Section 11 Issuer limits and investment limits

- (1) In managing the fund, the company shall comply with the limits and restrictions laid down in the KAGB, the DerivateV and the terms and conditions of investment.
- (2) Securities and money market instruments including repurchased securities and money market instruments of the same issuer may be acquired up to 5 per cent of the value of the UCITS investment fund; however, up to 10 per cent of the value of the UCITS investment fund may be invested in these securities and money market instruments if this is provided for in the special terms and conditions of investment (STCI) and the total value of the securities and money market instruments of these issuers does not exceed 40 per cent of the value of the UCITS investment fund. The issuers of securities and money market instruments shall also be taken into account within the limits specified in Sentence 1 if the securities and money market instruments issued by them are acquired indirectly through other securities included in the UCITS investment fund which are linked to their performance.
- (3) The company may invest up to 35 per cent of the value of the UCITS fund in each case in bonds, promissory note loans and money market instruments issued or guaranteed by the German Federal Government, a German Federal State, the European Union, a Member State of the European Union or its local authorities, another State party to the Agreement on the European Economic Area, a third country or an international

organisation to which at least one Member State of the European Union belongs.

- (4) The company may invest up to 25 per cent of the value of the UCITS investment fund in each case in mortgage bonds and municipal bonds, as well as bonds issued by credit institutions domiciled in a member state of the European Union or in another state party to the Agreement on the European Economic Area, if the credit institutions are subject to special public supervision on the basis of statutory provisions for the protection of the holders of these bonds and the funds raised with the issue of the bonds are invested in accordance with the statutory provisions in assets which, during the entire term of the bonds, adequately cover the liabilities arising from them and which, in the event of default of the issuer, are earmarked primarily for the repayments falling due and the payment of interest. If the company invests more than 5 per cent of the value of the UCITS investment fund in debt securities of the same issuer pursuant to Sentence 1, the total value of these debt securities may not exceed 80 per cent of the value of the UCITS investment fund.
- (5) The limit in Paragraph 3 may be exceeded for securities and money market instruments of the same issuer in accordance with Section 206 (2) KAGB, provided that the special terms and conditions of investment (STCI) provide for this by specifying the issuers concerned. In these cases, the transferable securities and money market instruments held for the account of the UCITS investment fund must originate from at least six different issues, whereby no more than 30 per cent of the value of the UCITS investment fund may be held in one issue.
- (6) The company may only invest up to 20 per cent of the value of the UCITS investment fund in bank deposits in accordance with Section 195 KAGB at the same credit institution.
- (7) The company shall ensure that a combination of:
  - a) transferable securities or money market instruments issued by the same body,
  - b) deposits with this institution and
  - c) attributable amounts for the counterparty risk of the transactions entered into with this institution,
 does not exceed 20 per cent of the value of the UCITS investment fund. Sentence 1 shall apply to the issuers and guarantors referred to in Paragraphs 3 and 4 subject to the proviso that the company shall ensure that any combination of the assets and capital charges referred to in Sentence 1 does not exceed 35 per cent of the value of the UCITS investment fund. The respective individual ceilings remain unaffected in both cases.
- (8) The debt securities, promissory note loans and money market instruments referred to in paragraphs 3 and 4 shall not be taken into account when applying the limits of 40 per cent referred to in Paragraph 2. The provisions set out in Paragraphs 2 to 4

and Paragraphs 6 to 7 may not be cumulated, in derogation of the provision in Paragraph 7.

- (9) The company may only invest up to 20 per cent of the value of the UCITS investment fund in units in a single investment fund in accordance with Section 196 (1) KAGB. The company may only invest a total of up to 30 per cent of the value of the UCITS investment fund assets in units of investment funds pursuant to Section 196 (1) Sentence 2 KAGB. The company may not acquire for the account of the UCITS investment fund more than 25 per cent of the issued units of another open-ended domestic, EU or foreign investment fund that is invested in assets within the meaning of Sections 192 to 198 KAGB in accordance with the principle of risk diversification.

### Section 12 Merger

- (1) The company may, in accordance with Sections 181 to 191 KAGB
- a) transfer all assets and liabilities of this UCITS investment fund to another existing UCITS investment fund or to a new UCITS investment fund thereby established, or to an EU UCITS or a UCITS investment stock corporation with variable capital;
  - b) include all assets and liabilities of another open-ended public investment fund in this UCITS investment fund.
- (2) The merger requires the approval of the respective supervisory authority. The details of the procedure are set out in Sections 182 to 191 KAGB.
- (3) The UCITS investment fund may only be merged with a public investment fund that is not a UCITS if the acquiring or newly established investment fund continues to be a UCITS. Mergers of an EU UCITS into the UCITS investment fund may also be carried out in accordance with the requirements of Article 2 (1) (p) (iii) of Directive 2009/65/EC.

### Section 13 Securities loans

- (1) The company may grant a securities loan, which may be terminated at any time, to a securities borrower for the account of the UCITS investment fund in return for a fair market fee after the transfer of sufficient collateral in accordance with Section 200 (2) KAGB. The fair value of the securities to be transferred, together with the fair value of the securities already transferred as securities loans for the account of the UCITS investment fund to the same securities borrower, including group companies within the meaning of Section 290 of the German Commercial Code, may not exceed 10 per cent of the value of the UCITS investment fund.
- (2) If the collateral for the transferred securities is provided by the securities borrower in credit balances, the credit balances must be maintained in blocked accounts pursuant to section 200 (2) sentence 3 No. 1 KAGB. Alternatively, the company may avail itself of the option to invest such balances in the

currency of the credit balance in the following assets:

- a) in high quality debt securities issued by the Federal Government, a Land, the European Union, a Member State of the European Union or its local authorities, another State party to the Agreement on the European Economic Area or a third country,
- b) in money market funds with a short maturity structure in accordance with guidelines issued by the Federal Financial Supervisory Authority on the basis of Section 4 (2) KAGB or
- c) by way of a reverse repurchase agreement with a credit institution, which guarantees the recall of the accrued credit balance at any time.

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

- (3) The company may also use a system organised by a securities clearing and deposit bank for the brokerage and settlement of securities loans which deviates from the requirements pursuant to Section 200 (1) Sentence 3 KAGB if the right of termination at any time pursuant to Paragraph 1 is not deviated from.
- (4) Unless otherwise provided in the special terms and conditions of investment (STCI), the company may also grant securities loans in respect of money market instruments and investment units provided that such assets are eligible for acquisition by the UCITS investment fund. The provisions of Paragraphs 1 to 3 shall apply mutatis mutandis.

### Section 14 Repurchase agreements

- (1) The company may enter into securities repurchase agreements within the meaning of Section 340b (2) of the German Commercial Code (Handelsgesetzbuch) with credit institutions or financial services institutions on the basis of standardised master agreements for the account of the UCITS investment fund.
- (2) The repurchase agreements must have as their object securities which may be acquired in accordance with the terms and conditions of investment for the UCITS investment fund.
- (3) The repurchase agreements may have a maximum term of 12 months.
- (4) Unless otherwise provided for in the special terms and conditions of investment (STCI), the company may also enter into repurchase agreements in relation to money market instruments and investment units, provided that these assets can be acquired by the UCITS investment fund. The provisions of Paragraphs 1 to 3 shall apply mutatis mutandis.

### Section 15 Borrowing

The company may take out short-term loans for the joint account of the investors up to an amount of 10 per cent of the value of the UCITS investment fund if the conditions of the borrowing are customary in the market and the Depositary consents to the borrowing.

**Section 16 Units**

- (1) The units in the fund shall be bearer units and shall be certificated in unit certificates or issued as electronic certificates.
- (2) Securitised unit certificates shall be securitised in a global certificate; the issue of individual certificates is excluded. With the acquisition of a unit in the investment fund, the investor acquires a co-ownership share in the global certificate. This is transferable, unless otherwise stipulated in the special terms and conditions of investment (STCI).
- (3) The units may have different features, in particular, with regard to the distribution of income, the distribution premium, the redemption premium, the currency of the unit value, the management fee, the minimum investment amount or a combination of these features (unit classes). The details are laid down in the special terms and conditions of investment (STCI).

**Section 17 Issue and redemption of units, limitation and suspension of redemption**

- (1) The number of units issued is in principle not limited. The company reserves the right to suspend the issue of units temporarily or completely.
- (2) Units may be purchased from the company, the Depositary or through third party intermediaries. The special terms and conditions of investment (STCI) may provide that units may only be acquired and held by certain investors.
- (3) Investors may request the company to redeem the units. The special terms and conditions of investment (STCI) may provide for return periods. The company is obliged to redeem the units at the applicable redemption price for the account of the UCITS investment fund. The redemption agent is the Depositary.
- (4) Unless otherwise provided for in the special terms and conditions of investment (STCI), the company reserves the right, however, to restrict the redemption of units for up to 15 working days if the investors' redemption requests reach a threshold value above which the redemption requests can no longer be executed in the interest of all investors due to the liquidity situation of the assets of the fund. The threshold value is set in the special terms and conditions of investment (STCI). It describes the redemption request as a percentage of the net asset value of the investment fund.

In this case, the company will only comply with the redemption request per investor on a pro rata basis; otherwise, the redemption obligation does not apply. This means that each redemption order will only be executed on a pro rata basis. The unexecuted part of the order (residual order) will also not be executed by the company at a later date, but will expire (pro rata approach with expiry of the residual order).

For further details on the redemption restriction procedure, please refer to the prospectus. The company shall publish the restriction on the redemption of units and the cancellation thereof on its website without delay.

The company also reserves the right to suspend the redemption of units in accordance with Section 98 (2) of the KAGB in the event of extraordinary circumstances which make a suspension appear necessary, taking into account the interests of the investors.

- (5) The company shall inform the investors of the suspension pursuant to Paragraph 4 and the resumption of redemption by publication in the Federal Gazette and also in a financial or daily newspaper with sufficient circulation or in the electronic information media specified in the sales prospectus. The investors shall be informed of the suspension and resumption of the redemption of units immediately after the announcement in the Federal Gazette by means of a permanent data carrier.

**Section 18 Issue and redemption prices**

- (1) Unless otherwise provided for in the special terms and conditions of investment (STCI), the fair values of the assets belonging to the UCITS investment fund less the loans taken out and other liabilities ("Net Asset Value") shall be determined and divided by the number of units in circulation ("unit value") in order to calculate the issue and redemption price of the units. If different unit classes are introduced for the UCITS investment fund pursuant to Section 16 (2), the unit value, as well as the issue and redemption price, shall be determined separately for each unit class.

The valuation of the assets is carried out in accordance with Sections 168 and 169 KAGB and the Capital Investment Accounting and Valuation Ordinance ("KARBV").

- (2) The issue price corresponds to the unit value of the UCITS investment fund, plus, if applicable, an issue premium to be determined in the special terms and conditions of investment (STCI) pursuant to Section 165 (2) No. 8 KAGB. The redemption price corresponds to the unit value of the UCITS investment fund, if applicable less a redemption discount to be determined in the special terms and conditions of investment (STCI) in accordance with Section 165 (2) No. 8 KAGB.
- (3) Units will be issued and redeemed at the next issue/redemption price if the order is received by the company or the Depositary prior to the order acceptance deadline set by the company in the prospectus. If the order is received after the order acceptance deadline set by the company in the prospectus, the issue and redemption shall be effected at the issue/redemption price next but one.
- (4) The issue and redemption prices are determined on each trading day. Unless stated otherwise in the special terms and conditions of investment (STCI), the company and the Depositary may refrain from the determination of the NAV on public holidays which are stock exchange days and on the 24th and 31st December of each year; the details are set out in the Prospectus.

**Section 19 Costs**

The special terms and conditions of investment (STCI) shall specify the expenses and the remuneration due to the company, the Depositary and third parties which may be charged

to the UCITS fund. For remunerations within the meaning of Sentence 1, the special terms and conditions of investment (STCI) shall furthermore indicate the method, the amount and the calculation on the basis of which they are to be paid.

### **Section 20 Accounting**

- (1) No later than four months after the end of the financial year of the UCITS investment fund, the company shall publish an annual report including a statement of income and expenditure in accordance with Section 101 (1), (2) and (4) KAGB.
- (2) No later than two months after the middle of the financial year, the company shall publish a semi-annual report in accordance with Section 103 KAGB.
- (3) If the right to manage the UCITS investment fund is transferred to another capital management company during the financial year or if the UCITS investment fund is merged with another UCITS investment fund, a UCITS investment stock corporation with variable capital or an EU UCITS during the financial year, the company shall prepare an interim report as of the transfer date that complies with the requirements for an annual report pursuant to Paragraph 1.
- (4) If the UCITS investment fund is liquidated, the agent shall prepare a liquidation report annually and on the day on which the liquidation is completed, which shall comply with the requirements for an annual report pursuant to Paragraph 1.
- (5) The reports may be obtained from the company and the Depositary and other offices to be specified in the prospectus and the Key Investor Information Document; they will also be published in the Federal Gazette.

### **Section 21 Termination and liquidation of the UCITS investment fund**

- (1) The company may terminate the management of the UCITS fund by giving at least six months' notice in the Federal Gazette and, in addition, in the annual report or semi-annual report. The investors shall be informed immediately by means of a durable data carrier of any termination announced in accordance with Sentence 1.
- (2) The company's right to manage the UCITS investment fund shall expire when the termination takes effect. In this case, the UCITS investment fund or the right of disposal over the UCITS investment fund shall pass to the Depositary, which shall wind it up and distribute it to the investors. For the period of settlement, the Depositary shall be entitled to remuneration for its settlement activities and to reimbursement of its expenses necessary for the settlement. With the approval of the Federal Financial Supervisory Authority, the Depositary may refrain from the liquidation and distribution and entrust another capital management company with the management of the UCITS investment fund in accordance with the previous terms and conditions of investment.

- (3) The company shall prepare a liquidation report as of the date on which its management right expires in accordance with Section 99 KAGB, which shall comply with the requirements for an annual report pursuant to Section 20 (1).

### **Section 22 Change of the capital management company and the Depositary**

- (1) The company may transfer the right of management and disposal of the UCITS investment fund to another capital management company. The transfer requires the prior approval of the Federal Agency (Bundesanstalt).
- (2) The approved transfer shall be announced in the Federal Gazette and, in addition, in the annual report or semi-annual report as well as in the electronic information media designated in the sales prospectus. The transfer shall become effective at the earliest three months after its announcement in the Federal Gazette.
- (3) The company may change the Depositary of the UCITS' assets. The change requires the approval of the Federal Agency.

### **Section 23 Amendments to the terms and conditions of investment**

- (1) The company may amend the terms and conditions of investment.
- (2) Amendments to the terms and conditions of investment require the prior approval of the Federal Agency.
- (3) All planned amendments shall be published in the Federal Gazette and also in a business or daily newspaper with sufficient circulation or in the electronic information media specified in the sales prospectus. In a publication pursuant to Sentence 1, reference shall be made to the envisaged amendments and their entry into force. In the event of changes in costs within the meaning of Article 162 (2) no. 11 KAGB that are detrimental to investors or changes in material investor rights that are detrimental to investors, as well as in the event of changes in the investment principles of the UCITS investment fund within the meaning of Section 163 (3) KAGB, the essential content of the planned changes to the investment fund rules and their background must be communicated to the investors simultaneously with the announcement pursuant to Sentence 1 in a comprehensible manner by means of a durable data carrier. In the event of changes to the previous investment principles, the investors must additionally be informed of their rights pursuant to Section 163 (3) KAGB.
- (4) The amendments shall enter into force at the earliest on the day after their publication in the Federal Gazette, but in the case of amendments to the costs and the investment principles, not before the expiry of four weeks after the corresponding publication.

### **Section 24 Place of performance**

The place of performance shall be the registered office of the company.



**Section 24a Dispute resolution proceedings**

The company has undertaken to participate in dispute resolution proceedings before a consumer arbitration board.

In the event of disputes, consumers can call upon the “Ombudsstelle für Investmentfonds des BVI Bundesverband Investment und Asset Management e.V.” as the competent consumer arbitration board. The company participates in dispute resolution proceedings before this arbitration board.

The contact details of the “Ombudsman’s Office for Investment funds” are:

Office of the BVI Ombudsman  
Bundesverband Investment und Asset Management e.V.  
Unter den Linden 42  
10117 Berlin  
[www.ombudsstelle-investmentfonds.de](http://www.ombudsstelle-investmentfonds.de)

The European Commission has set up a European online dispute resolution platform at [www.ec.europa.eu/consumers/odr](http://www.ec.europa.eu/consumers/odr). Consumers can use this for the out-of-court settlement of disputes arising from online sales contracts or online service contracts. The company’s email address is: [info@monega.de](mailto:info@monega.de).



## ■ Special terms and conditions of investment

regulating the legal relationship between the investors and Monega Kapitalanlagegesellschaft mbH (hereinafter referred to as the “company”) for the investment fund issued by the company in accordance with the **Lupus Alpha Return UCITS Directive** (hereinafter referred to as the “UCITS investment fund”), which only apply in conjunction with the general terms and conditions of investment (“GTCP”) issued by the company for investment fund in accordance with the UCITS Directive.

### Investment principles and investment limits

#### Section 25 Eligible assets

The company may acquire the following assets of domestic and foreign issuers for the UCITS investment fund:

1. Securities pursuant to Section 5 of the general terms and conditions of investment (GTCI),
2. Money market instruments pursuant to Section 6 of the general terms and conditions of investment (GTCI),
3. Bank balances in accordance with Section 7 of the general terms and conditions of investment (GTCI),
4. Investment units pursuant to Section 8 of the general terms and conditions of investment (GTCI),
5. Derivatives pursuant to Section 9 of the general terms and conditions of investment (GTCI),
6. Other investment instruments pursuant to Section 10 of the general terms and conditions of investment (GTCI), Securities lending and repurchase transactions pursuant to Sections 13 and 14 of the GTCP shall not be concluded.

#### Section 26 Investment limits

##### (1) Investment principles / investment focus

At least 75 per cent of the value of the UCITS fund shall be invested in accordance with the sustainability criteria set out below. Investable issuers of securities and derivatives are classified according to environmental, social, ethical and governance criteria. The analysis includes social standards, environmental management, product portfolio and corporate governance. As part of a comprehensive negative screening, values that do not meet certain minimum standards are excluded. These are derived from international human rights conventions and declarations of the UN, ILO, UN Global Compact and OECD. In order to achieve the financial objectives and fulfil the environmental and/or social product characteristics, the UCITS fund shall apply recognised procedures, in particular, a comprehensive ESG screening of issuers. To this end, the Fund Manager analyses issuers based on the ESG and sustainability methodology of an external provider specialising in sustainability analysis, which also regularly reviews and certifies compliance with the defined ESG criteria.

The following exclusion criteria also ensure that investments are not made in issuers that are active in certain controversial business areas beyond defined turnover thresholds:

- controversial weapons, as well as cultivation, exploration and services for oil sands and oil shale (turnover threshold 0 per cent each),
- conventional arms and military equipment, coal and oil production, and tobacco (turnover threshold 5 per cent each),

- energy production or other use of fossil fuels (excluding gas) or nuclear power (turnover threshold 10 per cent each).

##### (2) Securities

Taking into account the investment focus pursuant to paragraph 1, the Company may invest the assets of the UCITS fund entirely in securities in accordance with Section 5 of the Terms and Conditions of Investment.

##### (3) Securities and money market instruments of public issuers

Taking into account the investment focus pursuant to paragraph 1, the Company may invest in securities and money market instruments of public issuers within the meaning of Article 206 (2) KAGB more than 35 per cent of the value of the UCITS fund in each case, if these have been issued or guaranteed by a member state of the European Union or its local authorities, another member state of the United Nations or the European Communities.

##### (4) Securities and money market instruments of the same issuer

Securities and money market instruments of the same issuer may be acquired in excess of 5 per cent up to 10 per cent of the value of the UCITS investment fund if the total value of the securities and money market instruments of these issuers does not exceed 40 per cent of the value of the UCITS investment fund.

##### (5) Money market instruments

Taking into account the investment focus pursuant to paragraph 1, the Company may invest the assets of the UCITS fund in money market instruments in accordance with Section 6 of the Terms and Conditions of Investment up to 25 per cent of the value of the UCITS fund.

##### (6) Bank balances

Taking into account the investment focus pursuant to paragraph 1, the Company may hold the assets of the UCITS fund in bank deposits of up to 25 per cent of the value of the UCITS fund in accordance with Section 7 of the Terms and Conditions of Investment (GTCI).

##### (7) Investment units

Taking into account the investment focus pursuant to paragraph 1, the company may invest up to 10 per cent of the assets of the UCITS fund in UCITS investment units or comparable domestic and foreign investment units in accordance with Section 8 of the general terms and conditions of investment (GTCI) pursuant to the following principles:

- a) In selecting purchasable units in UCITS investment funds or in comparable domestic and foreign investment funds, the company shall be guided by their investment regulations and/or their current semi-annual or annual reports. Investments may be made in units of all types of UCITS investment assets or comparable domestic and foreign investment assets in accordance with Section 8 of the general terms and conditions of investment (GTCI); a separate geographical, thematic or strategic orientation is not required.

- b) Units in UCITS investment funds or in comparable domestic and foreign investment funds in accordance with Section 8 of the AAB may only be acquired if their terms and conditions of investment or Articles of Association stipulate that they may only invest up to a maximum of 10 per cent of their value in units in other investment funds.
- (8) Derivatives and financial instruments with a derivative component  
The company may acquire derivatives and financial instruments with a derivative component for the UCITS investment fund in accordance with Section 9 of the general terms and conditions of investment (GTCI), which may be used for the purpose of hedging, efficient portfolio management or generating additional income (i.e. also for investment purposes) as part of the investment strategy.
- (9) Other investment instruments  
The company may hold other investment instruments for the UCITS investment fund for up to 10 per cent of the value of the UCITS investment fund in accordance with Section 10 of the general terms and conditions of investment (GTCI).
- (10) Borrowing  
The company may take out short-term loans for up to 10 per cent of the value of the UCITS investment fund in accordance with Section 15 of the general terms and conditions of investment (GTCI) if the terms of the borrowing are customary in the market and the Depositary consents to the borrowing.

## Investment Committee

### Section 27 Investment Committee

The company may avail itself of the advice of an Investment Committee in selecting the assets to be acquired or disposed of for the UCITS investment fund. The duties and powers of the Investment Committee shall be determined in its rules of procedure, if any.

## Unit classes

### Section 28 Unit classes

- (1) Unit classes within the meaning of Article 16 (2) of the UCITS investment fund may be formed which differ with regard to the appropriation of income, the issue premium, the currency of the unit value including the use of currency hedging transactions, the management fee, the minimum investment amount or a combination of these features. The creation of unit classes is permitted at any time and is at the discretion of the company.
- (2) The conclusion of currency hedging transactions exclusively for the benefit of a single currency share class is permissible. For currency unit classes with a currency hedge in favour of the currency of this unit class (reference currency), the company may also use derivatives within the meaning of Section 197 (1) of the KAGB on exchange rates or currencies irrespective of Section 9 of the general terms and conditions of investment (GTCI) with the aim of avoiding

unit value losses due to exchange rate losses of assets of the UCITS fund not denominated in the reference currency of the unit class.

- (3) The unit value is calculated separately for each unit class by allocating the costs of launching new unit classes, the distributions (including any taxes to be paid from the fund assets), the management fee and, if applicable, the results from currency hedging transactions attributable to a specific unit class, including income equalisation if applicable, exclusively to this unit class.
- (4) The existing unit classes are listed individually in the prospectus as well as in the annual and semi-annual reports. The features of the unit classes (appropriation of income, issue premium, currency of the unit value including the use of currency hedging transactions, management fee, minimum investment amount or a combination of these features) are described in detail in the sales prospectus and in the annual and semi-annual reports.

## Unit certificates, issue price, redemption price, redemption of units and costs

### Section 29 Share certificates

The investors shall participate in the respective assets of the UCITS investment fund in the amount of their units as co-owners according to fractions. The units are certificated in global certificates.

### Section 30 Issue and redemption price

- (1) The issue premium – irrespective of any existing unit classes – shall amount to up to 5.00\* per cent of the unit value, irrespective of any existing unit classes. The company shall be at liberty to charge a lower issue premium or to refrain from charging an issue premium.
- (2) A redemption charge will not be levied. Redemption shall be made at the unit value.
- (3) The company may restrict redemption if investor redemption requests reach at least 10 per cent of the Net Asset Value (threshold).

### Section 31 Costs

- (1) Remuneration payable to the company:
- a) Management fee  
For the management of the UCITS investment fund, the company shall receive a daily fee of 1/365 of up to 2.00 per cent\*\* of the daily net asset value of the UCITS investment fund of the previous trading day.

\* For the effective rate, see section "Unit classes at a glance"

\*\* For the effective rate, see section "Unit classes at a glance"

## b) Remuneration payable to third parties:

## aa) External portfolio managers or advisers

The company may obtain advice from third parties on the management of the UCITS investment fund or outsource the portfolio management of the UCITS investment fund. The costs for this shall be covered by the management fee pursuant to paragraph 1a). The annual report of the UCITS investment fund shall list the costs actually charged and their allocation between the company and the adviser or portfolio manager in each case.

## bb) External portfolio managers or advisers

In addition, the company may pay out of the assets of the UCITS for services rendered in connection with

- i. the use and settlement of derivatives
  - Reporting to the supervisory authorities (e.g. EMIR reporting),
  - Connection to central counterparties (e.g. CCP clearing) and
  - Collateral management through collateral managers
- ii. The valuation of assets
  - Evaluation by an external evaluator
  - Support services in connection with the valuation of individual assets (e.g. price validation for ABS securities, validation of the valuation model)

Pay a daily fee of 1/365 of up to 0.20 per cent. in aggregate of the daily net asset value of the UCITS investment fund of the preceding trading day to third party service providers or use it to cover their costs in connection therewith.

This remuneration is not covered by the management fee pursuant to section 1.a).

(2) The daily remuneration for the Depositary is 1/365 of up to 0.20 per cent\*\*\* of the daily net asset value of the UCITS investment fund of the previous trading day.

## (3) Limitation of fees:

The amount which is taken annually from the UCITS investment fund as remuneration in accordance with the above numbers 1 and 2 may amount in total to up to 2.40 per cent of the average net asset value of the UCITS investment fund in the accounting period, which is calculated from the daily values of the UCITS investment fund of the current accounting period.

(4) In addition to the aforementioned remuneration, the following expenses shall be charged to the UCITS investment fund:

- a. Customary bank custody and account fees, including, if applicable, the customary bank costs for the safekeeping of foreign assets abroad;
- b. Costs for the printing and dispatch of the sales documents required by law for the investors

(annual and semi-annual reports, sales prospectus, key investor information);

- c. Costs of publishing the annual and semi-annual reports, the issue and redemption prices and, if applicable, the distributions or reinvestments and the liquidation report;
  - d. The cost of producing and using a durable medium, except in the case of information on fund mergers and information on measures taken in connection with breaches of investment limits or calculation errors in the determination of unit values;
  - e. Costs for the audit of the UCITS investment fund by the auditor of the UCITS investment fund;
  - f. Costs for the announcement of the bases of taxation and the certificate that the tax information was determined in accordance with the rules of German tax law;
  - g. Costs for the assertion and enforcement of legal claims by the company for the account of the UCITS investment fund and the defence against claims made against the company at the expense of the UCITS investment fund;
  - h. Fees and costs charged by public authorities in relation to the UCITS investment fund;
  - i. Costs for legal and tax advice with regard to the UCITS investment fund;
  - j. Costs and any fees that may be incurred in connection with the acquisition and/or use or referencing of a benchmark or financial indices;
  - k. Costs for the appointment of proxies;
  - l. Costs for the analysis of the investment performance of the UCITS investment fund by third parties;
  - m. Taxes incurred in connection with the remuneration payable to the company, the Depositary and third parties, in connection with the aforementioned expenses and in connection with administration and safekeeping.
- (5) Transaction costs: In addition to the aforementioned remuneration and expenses, the costs incurred in connection with the acquisition and disposal of assets shall be charged to the UCITS investment fund. The company is entitled to retain pecuniary advantages from brokers and dealers accepted in connection with these trading transactions for the UCITS investment fund in accordance with Section 2 KAVerOV, which it uses in the interest of the unit-holders when making investment decisions. These services include, for example, free services such as research, financial analyses and market and price information systems and may have been created by the brokers and traders themselves or by third parties.
- (6) A separate performance fee is not charged.
- (7) The company shall disclose in the annual report and in the semi-annual report the amount of the issue premiums and redemption deductions charged to the UCITS fund for the acquisition

\*\*\* For the effective rate, see section "Unit classes at a glance"

and redemption of units in other investment funds (target funds) during the reporting period.

- (8) When acquiring units in other investment funds (target funds) which are managed directly or indirectly by the company itself or by another company with which the company is affiliated through a substantial direct or indirect holding, the company or the other company may not charge any issue premiums or redemption discounts for the acquisition and redemption.
- (9) The company shall disclose in the annual report and in the semi-annual report the remuneration charged to the UCITS investment fund by the company itself, by another (capital) management company or by another company with which the company is linked by a substantial direct or indirect holding as management remuneration for the units held in the UCITS investment fund.

## Appropriation of income and financial year

### Section 32 Distribution

- (1) For the distributing unit classes, the company shall, in principle, distribute the pro rata interest, dividends and other income accrued during the financial year for the account of the UCITS investment fund and not used to cover costs – taking into account the associated equalisation paid. Realised capital gains – taking into account the associated income equalisation – may also be used for distribution.

- (2) Distributable pro rata income pursuant to Paragraph 1 may be carried forward for distribution in subsequent financial years to the extent that the total of the income carried forward does not exceed 15 per cent of the respective value of the UCITS investment fund at the end of the financial year. Income from short financial years can be carried forward in full.
- (3) In the interest of asset preservation, income may be partially or, in special cases, fully reinvested in the UCITS investment fund.
- (4) The distribution shall be made annually within four months of the end of the financial year.
- (5) Interim distributions are permitted at any time. Information on interim distributions already planned is provided in the semi-annual or annual report.

### Section 33 Accumulation

For the accumulating unit classes, the company shall reinvest the pro rata interest, dividends and other income accrued during the financial year for the account of the UCITS investment fund and not used to cover costs – taking into account the associated income equalisation – as well as the realised capital gains in the UCITS investment fund.

### Section 34 Financial year

The financial year of the UCITS investment fund shall begin on 01 September of each year and end on 31 August of the following year.

## ■ Unit classes at a glance

### Lupus Alpha Return I

Security identification number: A0MS72  
 ISIN: DE000A0MS726  
 First issue date: 10. October 2007  
 Minimum investment amount: 100,000 EURO  
 Initial charge: up to 5.0 %, currently effective 1.0 %  
 Management fee: up to 2.0 % p.a.,  
 Currently effective 0.515 % p.a.  
 Depositary fee: up to 0.20% p.a.,  
 Currently effective 0.05 % p.a.  
 Income appropriation: Distribution

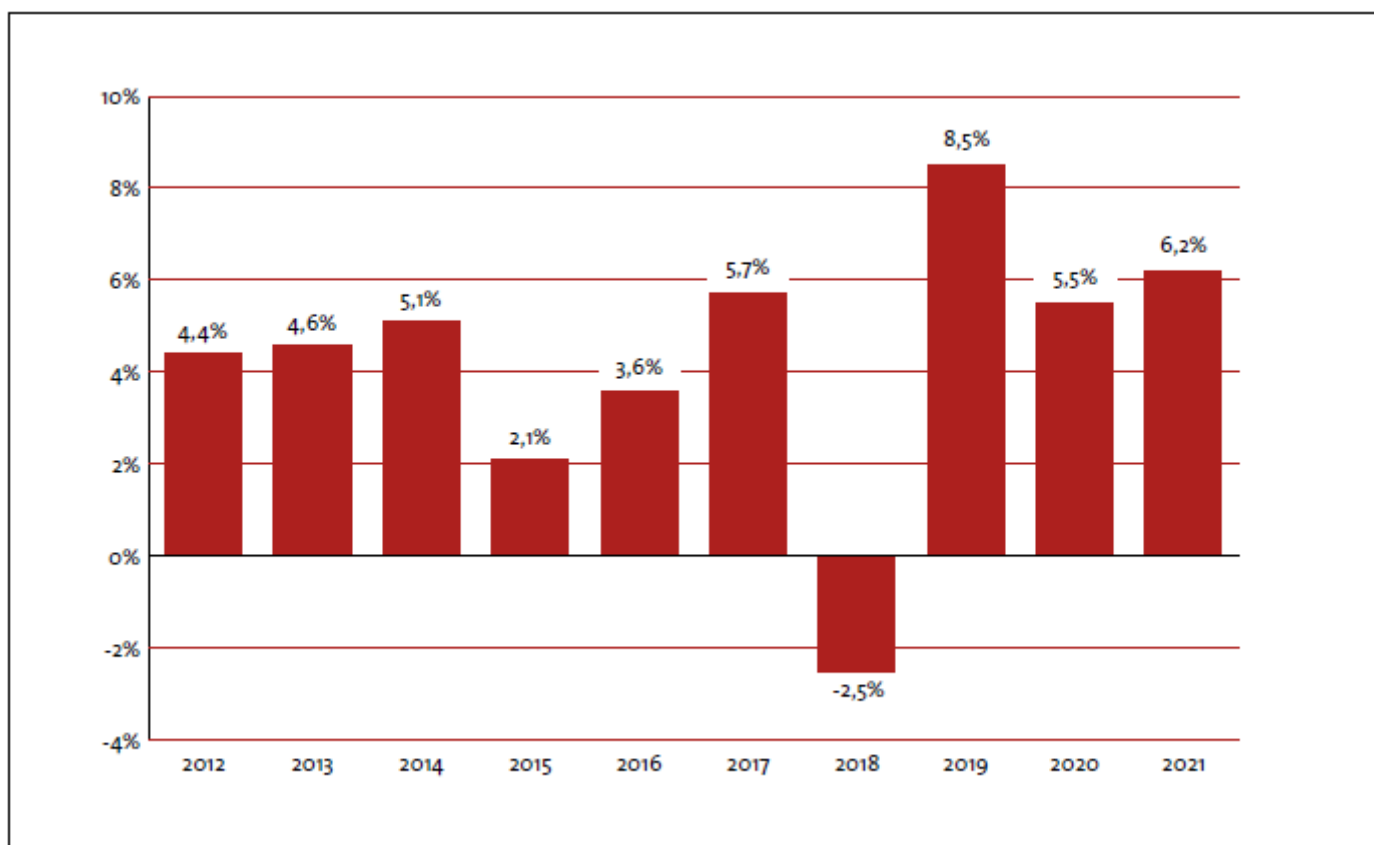
### Lupus Alpha Return R

Security identification number: A0MS73  
 ISIN: DE000A0MS734  
 First issue date: 10. October 2007  
 Minimum investment amount: none  
 Initial charge: up to 5.0 %, currently effective 4.0 %  
 Management fee: up to 2.0 % p.a.,  
 Currently effective 1.035 % p.a.  
 Depositary fee: up to 0.20% p.a.,  
 Currently effective 0.05 % p.a.  
 Income appropriation: Distribution

## ■ Performance of the fund

Performance over the last full calendar years

Performance of the Lupus Alpha Return I unit class



Average calendar year performance as at 31.12.2021:

3 years 6.7 % p.a.

5 years 4.6 % p.a.

10 years 4.3 % p.a.

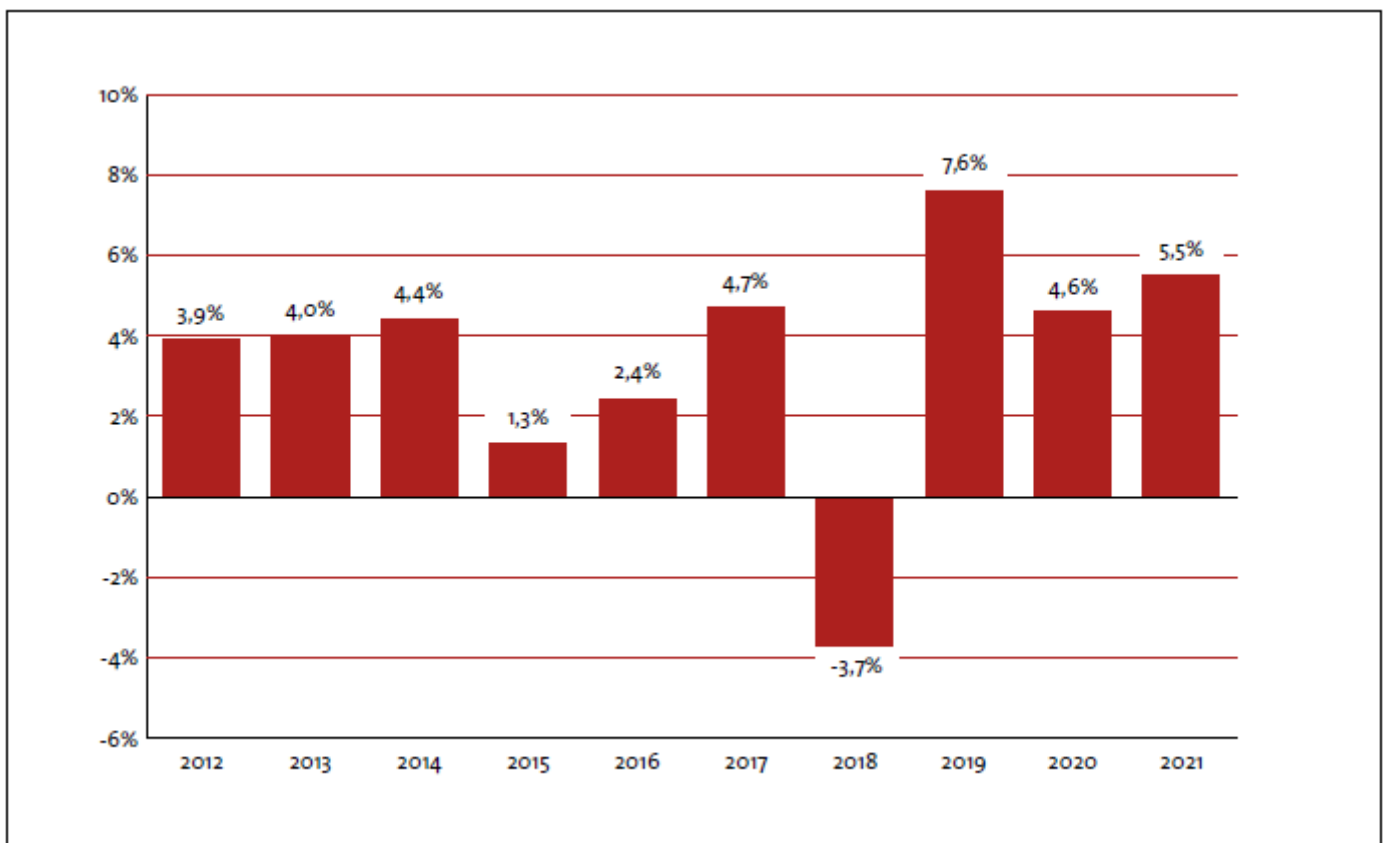
**The fund's historical performance is not indicative of future performance.**



## ■ Performance of the fund

Performance over the last full calendar years

### Performance of the Lupus Alpha Return R unit class



Average calendar year performance as at 31.12.2021:

3 years 5.9 % p.a.

5 years 3.7 % p.a.

10 years 3.4 % p.a.

**The fund's historical performance is not indicative of future performance.**

## ■ Annex – Sub-Depository

Kreissparkasse Köln commissions Clearstream Banking Frankfurt as the Central Securities Depository or Sub-Depository of the securities held for the account of the investment funds. Clearstream Banking Frankfurt in turn uses the Sub-Depositories listed below, either directly or via Clearstream Banking Luxembourg\* abroad:

Domestic Market	Sub-Depository	3 point declaration
Austria	<b>Österreichische Kontrollbank Vienna</b>	yes
Australia	<b>ASX Settlement and Transfer Corp. Ltd. Sydney</b> BNP Paribas Securities Services (Australian Branch)	yes yes
Belgium	<b>Banque Nationale de Belgique Brussels</b> <b>Euroclear Belgium Brussels</b>	ye yes
Canada	<b>CDS Clearing and Depository Services Inc. Toronto</b> Royal Bank of Canada Toronto	yes yes
Switzerland	<b>Six SIS AG Zurich</b> UBS AG Zurich	yes yes
Denmark	<b>VP Securities A/S Copenhagen</b>	yes
Spain	<b>Iberclear Madrid</b> Banco Bilbao Vizcaya Argentaria S.A. Madrid	yes yes
Finland	<b>Euroclear Finland Ltd. Helsinki</b>	yes
France	<b>Euroclear France Paris</b>	yes
Greece	<b>Hellenic Central Securities Depository S.A.</b> Citibank Europe PLC	yes yes
Great Britain	<b>Euroclear UK and Ireland Ltd. London</b> Citibank N.A. London	yes yes
Hong Kong	<b>Hong Kong Securities Clearing Company (HKSCC)</b> Citibank Hong Kong	yes yes
Ireland	<b>Euroclear Bank Brussels</b> Citibank N. A. London	yes yes
Italy	<b>Monte Titoli S.P.A. Milano</b>	yes
Japan	<b>Japan Securities Depository Center Inc. Tokyo</b> Honkong and Shanghai Banking Corp. Ltd. Tokyo	yes yes
Luxembourg	<b>LuxCSD S.A.</b>	yes
Netherlands	<b>Euroclear Nederland Amsterdam</b>	yes
Norway	<b>Verdipapirsentralen VPS Oslo</b>	yes
Poland	<b>National Depository for Securities (KDPW) Warsaw</b> Bank Handlowy Warsaw	yes yes
Portugal	<b>Interbolsa S.A. Porto</b> BNP Paribas Securities Services Paris	yes yes
Sweden	<b>Euroclear Sweden AB Stockholm</b> Skandinaviska Enskilda Banken Stockholm	yes yes
USA	<b>Depository Trust company New York***</b> Citibank N.A. New York <b>Federal Reserve Bank of New York</b> Citibank N.A. New York	no** * yes yes yes
<b>International</b>		
Bank of New York Mellon London Banque et Caisse d'Épargne de l'État Luxembourg BNP Paribas Securities Services Luxembourg Citibank Europe London Citibank N. A. London Clearstream Banking SA Luxembourg Deutsche Bank Frankfurt n/a Deutsche Bank London Euroclear Bank Brussels HSBC Bank Plc London		

\* Intermediaries are shown in normal font, CSDs in bold.

\*\* The missing 3 point declaration has been regularly complained about by Clearstream, and the Monetary Authority of Singapore refuses to issue it. The Depository fulfils the function of the Central Securities Depository and no other final custody of the relevant securities (ISIN SG31A0000001, SG3260987684 and SGXF92110679) is possible. The exceptions of Section 73 (5) KAGB apply.

\*\*\* Citibank confirms the existence of a 3 point declaration by the Depository Trust Company. A copy will not be published.

**ANNEX TO THE DISCLOSURE AND TAXONOMY ORDINANCE**

A **sustainable investment** is an investment in an economic activity that contributes to the achievement of an environmental or social objective, provided that the investment does not significantly compromise any environmental or social objectives and that the companies in which the investment is made apply good governance practices.

The **EU taxonomy** is a classification system laid down in Regulation (EU) 2020/852 which contains a list of **environmentally sustainable economic activities**. This regulation does not define a list of socially sustainable economic activities. Sustainable investments with an environmental objective might or might not be taxonomy compliant.



<b>Name of the product:</b> Lupus Alpha Return		<b>Company Identifier (LEI Code):</b> 529900JRFZPRCHYH6C84	
<h2 style="color: green;">Ecological and/or social characteristics</h2>			
<b>Is this financial product aimed at sustainable investments?</b>			
● ● <input type="checkbox"/> Yes		● ● <input checked="" type="checkbox"/> No	
<input type="checkbox"/> A minimum proportion of <b>sustainable investments with an environmental objective</b> is thus made: <u>  </u> % <input type="checkbox"/> in economic activities that are classified as environmentally sustainable according to the EU taxonomy <input type="checkbox"/> in economic activities that are not classified as environmentally sustainable under the EU taxonomy  <input type="checkbox"/> A minimum share of <b>sustainable investments with a social objective</b> is thus made: <u>      </u> %		<input type="checkbox"/> It <b>advertises environmental/social features</b> and although it does not target sustainable investments, it includes a minimum of <u>  </u> % of sustainable investments <input type="checkbox"/> With an environmental objective in economic activities that are classified as environmentally sustainable according to the EU taxonomy <input type="checkbox"/> With an environmental objective in economic activities that are not classified as environmentally sustainable according to the EU taxonomy <input type="checkbox"/> With a social purpose  <input checked="" type="checkbox"/> Ecological/social features are thus advertised, but <b>no sustainable investments are made.</b>	

**What environmental and/or social features are being promoted with this financial product?**

Within the scope of its investment strategy, this financial product makes 75 per cent sustainability-related investments in assets that meet the characteristics described in more detail below. Insofar as some of these investments are "sustainable investments within the meaning of the Taxonomy and Disclosure Ordinance", their minimum percentage share is shown accordingly in this investment. In detail, the following ecological or social characteristics are advertised:

At least 75 per cent of the value of Lupus Alpha Return shall be invested in accordance with the sustainability criteria set out below: Investable assets are classified according to environmental, social, ethical and governance criteria. The analysis includes, among other

things, social standards, environmental management, product portfolio and corporate governance. As part of a comprehensive negative screening, assets are excluded that do not meet certain minimum standards. These are derived from international human rights conventions and declarations of the UN, ILO, UN Global Compact and OECD. In order to achieve the financial objectives and fulfil the environmental and/or social product characteristics, the UCITS fund shall apply recognised procedures, in particular a comprehensive ESG screening of issuers. To this end, the fund manager analyses issuers based on the ESG and sustainability methodology of an external provider specialising in sustainability analysis, which also regularly reviews and certifies compliance with the defined ESG criteria. The following exclusion criteria also ensure that no investments are made in issuers that are active in certain controversial business areas across defined turnover thresholds: controversial weapons as well as cultivation, exploration and services for oil sands and oil shale (turnover threshold of 0 per cent in each case), conventional weapons and military goods, extraction of coal and oil as well as tobacco (turnover threshold of 5 per cent in each case), energy production or other use of fossil fuels (excluding gas) or nuclear power (turnover threshold of 10 per cent in each case). The minimum exclusions apply exclusively to direct investments in shares and bonds, for lack of reliable methods to determine the sustainable contribution to the socially and environmentally advertised characteristics of the exposures achieved through derivatives.

**Sustainability indicators** are used to measure the extent to which the environmental or social characteristics advertised with the financial product are achieved.

- ***What sustainability indicators are used to measure the achievement of the individual environmental or social features promoted by this financial product?***

In order to measure the achievement of the environmental and social characteristics, the data and corresponding filters of a renowned ESG data provider are used to check whether the issuers of the securities held in the fund assets comply with the 10 principles of the UN Global Compact and do not generate their turnover from controversial business fields such as armaments, outlawed weapons, tobacco and coal. Furthermore, it is examined whether and to what extent the issuers generate turnover from energy production or other use of fossil fuels (excluding gas), nuclear power and oil sand/shale.

- ***What are the objectives of the sustainable investment that the financial product is partly intended to achieve, and how does the sustainable investment contribute to these objectives?***

The investments underlying this financial product do not seek to make sustainable investments within the meaning of the Taxonomy and Disclosure Ordinance.

The main adverse impacts are the most significant adverse impacts of investment decisions on sustainability factors in the areas of environment, social and employment issues, respect for human rights and anti-corruption and anti-bribery.

- ***To what extent will the sustainable investments to be made with the financial product in part not significantly harm any of the environmental or social sustainable investment objectives?***

The investments underlying this financial product do not seek to make sustainable investments within the meaning of the Taxonomy and Disclosure Ordinance.

The EU taxonomy sets out the principle of "avoidance of significant impairment", according to which taxonomy-compliant investments must not significantly impair the objectives of the EU taxonomy, and specific EU criteria are attached.

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

All other sustainable investments must also not significantly compromise environmental or social objectives.



### **Does this financial product take into account the main adverse impacts on sustainability factors?**

- Yes, the principal adverse impact (PAI) on sustainability factors is taken into account through a sustainability analysis. This involves checking the extent to which investments may have a negative impact on PAIs, given sufficient data availability and quality. The results, which include the environmental and social performance of a security issuer as well as its corporate governance (so-called ESG criteria for the corresponding English term Environmental, Social and Governance), are systematically taken into account and documented throughout the investment process. This ESG analysis is based on comprehensive sustainability data from market-leading, external ESG data providers. The results of the assessment are published annually as part of the fund's annual report (for the first time in 2023) and can be viewed at [www.monega.de](http://www.monega.de).

- No



### **What is the investment strategy of this financial product?**

At least 75 percent of the value of Lupus Alpha Return is invested in accordance with the above sustainability criteria. The fund is aimed at investors who pursue the goal of general

The **investment strategy** serves as a guideline for investment decisions, taking into account certain criteria such as investment objectives or risk tolerance.

wealth creation/optimisation and have a medium-term investment horizon of 3 to 5 years. The Fund is aimed at investors with basic knowledge and/or experience of financial products. The potential investor should be able to bear significant fluctuations in value and significant losses and does not attach importance to capital protection. As part of its investment process, the Company includes all relevant financial risks in its investment decisions for this investment fund and evaluates them on an ongoing basis. In doing so, all relevant sustainability risks that may have a significant negative impact on the return of an investment are also taken into account, as well as the main adverse effects of an investment decision on sustainability factors.



● ***What are the binding elements of the investment strategy used to select investments to meet the advertised environmental or social objectives?***

At least 75 per cent of the value of the UCITS fund shall be invested in accordance with the sustainability criteria listed below. Investable assets shall be classified according to environmental, social, ethical and governance criteria. The analysis includes, among other things, social standards, environmental management, product portfolio and corporate governance. As part of a comprehensive negative screening, assets are excluded that do not meet certain minimum standards. These are derived from international human rights conventions and declarations of the UN, ILO, UN Global Compact and OECD. In order to achieve the financial objectives and fulfil the environmental and/or social product characteristics, the UCITS fund shall apply recognised procedures, in particular a comprehensive ESG screening of issuers. To this end, the fund manager analyses issuers based on the ESG and sustainability methodology of an external provider specialising in sustainability analysis, which also regularly reviews and certifies compliance with the defined ESG criteria. The following exclusion criteria also ensure that no investments are made in issuers that are active in certain controversial business areas across defined turnover thresholds: controversial weapons as well as cultivation, exploration and services for oil sands and oil shale (turnover threshold of 0 per cent in each case), conventional weapons and military goods, extraction of coal and oil as well as tobacco (turnover threshold of 5 per cent in each case), energy production or other use of fossil fuels (excluding gas) or nuclear power (turnover threshold of 10 per cent in each case).

● ***What is the minimum rate by which the size of the investments considered before applying this investment strategy is reduced?***

There is no reduction in investments against this background.

● ***How are the good governance practices of the companies invested in assessed?***

The assessment of a company's good corporate governance is based on unconditional compliance with all 10 principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the International Labour Organisation (ILO) list of criteria. Compliance is checked using data from a renowned ESG data provider. Investments are only made in securities that meet the corresponding criteria of the ESG data provider in order to receive a "pass" rating.

**Good governance** practices include sound **management** structures, employee relations, employee compensation and tax compliance.



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

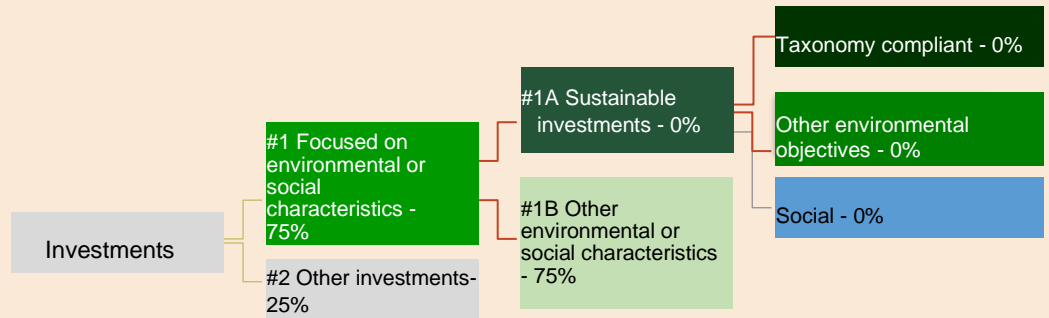
The **asset allocation** indicates the respective share of investments in specific assets.

Taxonomy-compliant activities expressed by the share of:

**Revenues that** reflect the share of revenues from environmentally friendly activities of the companies in which investments are made.

**Capital expenditure** (CapEx), which shows the green investments of the companies invested in, e.g. for the transition to a green economy

**Operating expenses** (OpEx) that reflect the environmentally friendly operational activities of the companies in which investments are made.



**#1 Geared towards environmental or social features** includes investments of the financial product made to achieve the advertised environmental or social features.

**#2 Other investments** includes the other investments of the financial product that are neither focused on environmental or social characteristics nor classified as sustainable investments.

Category **#1 Aligned with environmental or social characteristics** includes the following sub-categories:

– Subcategory **#1A Sustainable Investments** includes sustainable investments with environmental or social objectives.

– Subcategory **#1B Other environmental or social characteristics** includes investments that focus on environmental or social characteristics but are not classified as sustainable investments.

### ● To what extent are the environmental or social characteristics advertised with the financial product achieved through the use of derivatives?

No environmental or social characteristics are achieved in this fund through the use of derivatives.



### To what minimum extent are sustainable investments with an environmental objective compliant with EU taxonomy?

The investments underlying this financial product do not seek to make sustainable investments within the meaning of the Taxonomy and Disclosure Ordinance.

**Does the financial product invest in activities related to fossil gases and/or nuclear energy that comply with the EU taxonomy<sup>1</sup>**

Yes,

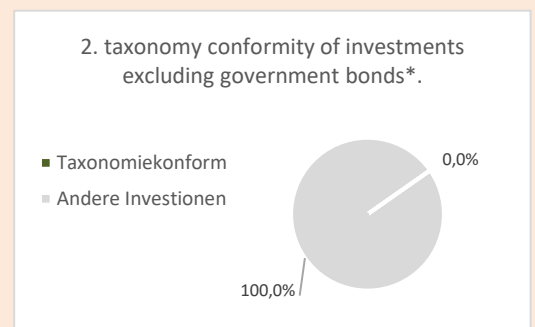
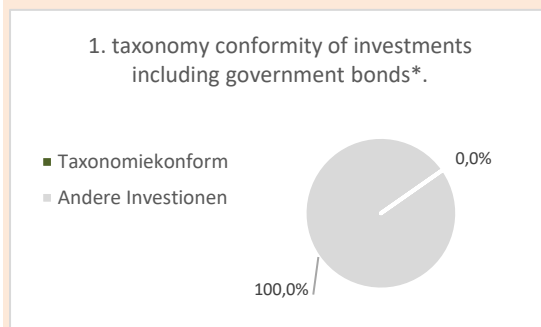
In fossil gas

In nuclear energy

No

The fund does not aim to make taxonomy-compliant investments in the area of fossil gas and/or nuclear energy. Nevertheless, it may also invest in companies that are in any case also active in these areas as part of the investment strategy. Further information on such investments, where relevant, will be disclosed in the annual report.

***In the two charts below, the minimum percentage of investments that are compliant with the EU taxonomy is shown in green. As there is no appropriate method to determine the taxonomy compliance of government bonds\*, the first chart shows the taxonomy compliance in relation to all investments of the financial product including government bonds, while the second chart shows the taxonomy compliance only in relation to the investments of the financial product that do not include government bonds.***



**\* For the purposes of these charts, the term "government bonds" includes all risk positions vis-à-vis sovereigns.**

***As the level of investment in government bonds in the Fund is not limited in the Terms and Conditions and is therefore subject to change, it is not possible to specify a minimum percentage for taxonomy-compliant investments excluding government bonds. The Fund may invest more than 35 per cent of the total portfolio in government bonds according to the investment conditions. There is as yet no recognised method for determining the proportion of taxonomy-compliant activity in government bond investments. To calculate the share of taxonomy-compliant investments, data provided directly by issuers or by external data providers are (also) used. The data is third-party audited in accordance with the taxonomy.***

<sup>1</sup> Fossil gas and/or nuclear activities only comply with the EU taxonomy if they contribute to climate change mitigation ("climate change mitigation") and do not significantly affect any of the objectives of the EU taxonomy - see explanation in the left margin. The full criteria for fossil gas and nuclear activities that comply with the EU taxonomy are set out in Commission Delegated Regulation (EU) 2022/1214.

**Enabling activities** have a direct enabling effect on other activities making a significant contribution to environmental objectives.

**Transition activities** are activities for which low-carbon alternatives are not yet available and which, among other things, have greenhouse gas emission levels that correspond to best performance.

To comply with the EU taxonomy, the criteria for **fossil gas** include limits on emissions and conversion to renewable energy or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management requirements.

● **What is the minimum percentage of investment in transitional and enabling activities?**

No minimum percentage of investment in transitional and enabling activities has been set for this fund.



are sustainable investments with an environmental objective that do **not take into account the criteria** for environmentally sustainable economic activities according to the EU taxonomy.



**What is the minimum percentage of sustainable investments with an environmental objective that are not compliant with the EU taxonomy?**

The investments underlying this financial product do not seek to make sustainable investments within the meaning of the Taxonomy and Disclosure Ordinance.



**What is the minimum percentage of socially sustainable investments?**

No minimum percentage of socially sustainable investments has been set for this fund.



### **Which investments fall under "#2 Other investments", what is their investment purpose and is there a minimum environmental or social protection?**

Investments for which there is insufficient data for valuation and cash for liquidity management may be included under "#2 Other investments". It is not ruled out that investments are also made here that have negative ESG characteristics at the time of investment, but which can be expected to fulfil the fund's investment objectives within a defined period of time from the time of investment. The exclusion criteria ensure a minimum level of environmental and social protection.



### **Has an index been determined as a reference value to determine whether this financial product is aligned with the advertised environmental and/or social characteristics?**

No index has been determined for this financial product as a reference value for the advertised environmental and/or social characteristics.

The **benchmarks** are indices that measure whether the financial product achieves the advertised environmental or social characteristics.



### **Where can I find more product-specific information on the Internet?**

Further product-specific information is available at [www.monega.de/nachhaltigkeit](http://www.monega.de/nachhaltigkeit) and at [www.monega.de/fondsueberblick](http://www.monega.de/fondsueberblick).