



**WARBURG INVEST**

## **SALES PROSPECTUS**

including Investment Conditions - as at: May 2017

### **EII Global Sustainable Property Fund**



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## NOTE ON THE SALES PROSPECTUS

The purchase and sale of units in the investment fund shall be based on the Sales Prospectus, the Key Investor Information Document and the General Investment Conditions in conjunction with the Special Investment Conditions in their latest applicable versions. The General Investment Conditions and the Special Investment Conditions are included at the end of this Sales Prospectus.

The Sales Prospectus, along with the most recently published annual report and (where applicable) the subsequently published semi-annual report shall be made available, on request and free of charge, to parties interested in the purchase of units in the investment fund and any investor in the fund. In addition the Key Investor Information must be provided free of charge to parties interested in acquiring a unit in the investment fund as soon as possible prior to entering into a contract.

It is not permitted to issue any information or statements that deviate from the Sales Prospectus. Any purchases of units based on information or statements not contained in the Sales Prospectus or in the Key Investor Information Document shall be made at the exclusive risk of the investor. The Sales Prospectus is supplemented by the most recent annual report and (where applicable) the subsequently published semi-annual report.

### Sales restriction

It shall only be permitted to offer units issued from the fund for sale or purchase in countries where an offer or sale of this kind is permitted. Unless the Company or another entity commissioned by it has applied for and holds a permit from the supervisory authorities to sell to the public, this Sales Prospectus does not comprise a public offer for sale of the investment units and this Sales Prospectus must not be used for the purpose of making such a public offer.

This Sales Prospectus may only be used for sales purposes by individuals who have express written permission from the management company (directly or indirectly via correspondingly mandated sales agents). No statements or assurances by third parties which are not included in this Sales Prospectus or in the documentation have been authorised by the Company. The documents are publicly available at the head offices of the Custodian or the Company.

## INVESTMENT RESTRICTIONS FOR U.S. PERSONS

WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH and/or this Fund have not and will not be registered in accordance with the United States Investment Company Act of 1940 in its latest applicable version. The units in the Fund have not been registered, nor will they be registered in accordance with the United States Investment Company Act of 1933 in its latest applicable version or under the Securities Act of any state in the United States of America. It is not permitted for units in the Fund to be offered or sold in the United States or to a US person or on their behalf. On acquisition of units, interested parties must, where applicable, state that they are not U.S. persons, that they are not purchasing units on behalf of U.S. persons and that they will not resell the units to U.S. persons. U.S. persons include natural persons who are resident in the United States. US persons may also be partnerships or joint stock companies incorporated under the laws of the USA and/or a US state, territory or possession.

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## **MOST SIGNIFICANT LEGAL CONSEQUENCES OF THE CONTRACTUAL RELATIONSHIP**

By purchasing units, the investor becomes co-owner of the assets held by the Fund in proportion to their number of units. Investors do not have the right of disposal over the assets. No voting rights are associated with the units.

All publications and publicity materials shall be written in German or shall be provided with a German translation. WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH shall also conduct all communications with its investors in German.

### **Enforcement of rights**

The legal relationship between WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH and the investor and the pre-contractual relations shall be governed by German law. The registered office of WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH shall be the place of jurisdiction for disputes arising from the contractual relationship. Investors who are consumers (see definition below) and reside in another EU country may also take legal action in a competent court in their place of residence. The enforcement of legal rulings are governed by civil procedures or the legislation on compulsory sale and receivership and/or the insolvency code. As WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH is subject to domestic law, recognition of domestic judgements prior to enforcement is not required.

The address of WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH is:  
Ferdinandstraße 75  
20095 Hamburg

In order to enforce their rights, investors may pursue legal recourse in the ordinary courts if such is available and also instigate proceedings for alternative dispute resolution.

In cases of disputes in connection with provisions of the German Investment Code (Kapitalanlagegesetzbuch - hereinafter: KAGB), consumers may invoke the Investment Fund Ombudsman (Ombudsstelle für Investmentfonds) of BVI Bundesverband Investment und Asset Management e.V. WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH also takes part in the resolution of disputes at this Conflict Resolution Office.

The contact details of the Investment Fund Ombudsman of BVI Bundesverband Investment und Asset Management e.V. are:

Büro der Ombudsstelle  
BVI Bundesverband Investment und Asset Management e.V.  
Unter den Linden 42  
10117 Berlin  
Telephone: +49 30 6449046-0  
Fax: +49 30 6449046-29  
email: info@ombudsstelle-investmentfonds.de  
www.ombudsstelle-investmentfonds.de

Consumers are natural persons who invest in the funds for a purpose that cannot be primarily ascribed to their commercial or their independent professional activity, who are therefore acting for privately.

Should any dispute arise in relation to the application of the provisions of the German Civil Code about distance contracts for financial services, affected parties may also contact the Conflict Resolution Office of the German central bank.

The contact details are as follows:

Conflict Resolution Office of the German Bundesbank  
Postfach 11 12 32  
60047 Frankfurt  
Germany  
Phone: +49 69 2388-1907 or -1906  
Fax: +49 69 2388-1919  
Email: schlichtung@bundesbank.de

This shall apply without prejudice to the right to institute proceedings in the courts.

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### **Right of cancellation outside the permanent business premises**

If units are purchased in an open-ended investment fund based on verbal negotiations outside the regular business premises of the party selling or brokering the sale of the units, then the buyer shall have the right to cancel the purchase order in writing, without the need to give a reason, within a period of two weeks. The cancellation period shall not begin until the buyer has been given a copy of the application form, or has been sent a statement of purchase advising the buyer of the cancellation rights in compliance with the requirements of Article 246(3) sentences 2 and 3 of the Introductory Act to the German Civil Code (Bürgerliches Gesetzbuch - BGB). The timely dispatch of the cancellation shall be deemed sufficient for compliance with the deadline. If the beginning of the period is disputed, the seller shall bear the burden of proof. The right of cancellation still applies even if the party selling or brokering the sale of the units does not have regular business premises. There shall be no right of cancellation if the seller proves that (i) either the buyer is not a natural person who is conducting the legal transaction for a purpose that cannot be ascribed to their professional activity (consumer), or (ii) it was negotiated at the initiative of the buyer, i.e., the buyer consulted it for the negotiations due to a prior order by the buyer. No right of cancellation applies to contracts that are made exclusively via telecommunications (e.g. letter, telephone, email) (distance contracts).



**STATE STREET®**

## **SALES PROSPECTUS**

including Investment Conditions - as at: May 2017

## **EII Global Sustainable Property Fund**

(ISIN DE000A0RHE36 // WKN A0RHE3)

WARBURG INVEST  
KAPITALANLAGEGESELLSCHAFT MBH,  
Hamburg

Custodian:  
State Street Bank International GmbH,  
Munich

WARBURG INVEST  
KAPITALANLAGEGESELLSCHAFT MBH,  
Ferdinandstraße 75, 20095 Hamburg  
Information on the Management Board: see page 102  
Hamburg District Court: HRB 114 623



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# GENERAL PART

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**This Sales Prospectus consists of a General Part and a Special Part, as well as the Investment Conditions. The General Part contains general rules concerning the fund featured in this Sales Prospectus. The Special Part also gives additional, different or specific rules. Both parts contain the information stipulated in § 165 of the German Investment Code (*Kapitalanlagegesetzbuch* - KAGB), which is of significant importance when purchasing units in the Fund. Following this are the Investment Conditions and the Special Investment Conditions applicable to the Fund.**

## **Basic principles**

### ***The Investment Fund (the “Fund”)***

The Fund is an undertaking for collective investment that combines capital from a number of investors and invests this capital to the benefit of these investors in accordance with a predefined investment strategy (hereinafter: “Investment Fund”). The Fund is an investment fund in accordance with Directive 2009/65/EC of the European Parliament and 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: “UCITS”) within the meaning of the German Investment Code (hereinafter: “KAGB”). It shall be managed by WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH (hereinafter: the “Company”, the “AMC” or the “Asset Management Company”).

The business objective of the Fund is limited to investment in accordance with a predefined investment strategy within the framework of collective asset management by means of capital invested in it. Operational activity and active entrepreneurial management of the assets held are not permitted.

The Company shall invest the capital deposited with it in its own name and on the collective behalf of the investors. This capital shall be invested separately from its own capital, namely in the form of investment funds, in the assets permitted under the KAGB and in accordance with the principle of risk diversification.

The specific assets in which the Company is permitted to invest the investors' capital, and the conditions to be observed in this process, are determined by the KAGB, the relevant regulations, the German Investment Tax Act (hereinafter: “InvStG”) and the Investment Conditions governing the legal relationship between the investors and the Company. The Investment Conditions include a general part and a special part (“General Investment Conditions” and “Special Investment Conditions”). The investment conditions for an investment fund must be approved by the German Federal Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht - hereinafter: “BaFin”). The Fund is not part of the Company's insolvency assets.

### ***Sales documents and disclosure of information***

The Sales Prospectus, the Key Investor Information Document, the Investment Conditions and the latest annual and semi-annual reports shall be available free of charge from the Company or the Custodian. They are also available online at [www.warburg-fonds.com](http://www.warburg-fonds.com).

Additional information concerning the investment limits used in managing risk for this investment fund, the risk management procedures and the latest risk and yield trends of the major asset classes are available electronically or in written form from the Company.

### ***Investment Conditions and amendments***

The Investment Conditions can be found after this Sales Prospectus.

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The Investment Conditions may be amended by the Company. Amendments to the Investment Conditions shall require the approval of BaFin. Amendments to the investment principles for the Fund shall also require the approval of the Supervisory Board of the Company. Amendments to the current investment principles for the Fund shall only be permitted on the condition that the Company either offers to repurchase the units from investors at no additional charge before entry into force of the amendments or offers to exchange their units free of charge for units in investment funds with comparable investment principles, provided funds of this kind are managed by the Company or another company in its group.

The intended amendments shall be announced in the German Federal Gazette (Bundesanzeiger) and on the [www.warburg-fonds.com](http://www.warburg-fonds.com) website. If the changes relate to remunerations and reimbursements of expenses that are to be deducted from the Fund, or if the changes relate to the investment principles of the Fund or significant investor rights, the investors shall also be informed by their depositaries using a medium on which the information can be saved, viewed and reproduced unchanged for an appropriate period for information purposes, for example, in written or electronic form (known as “permanent data carriers”). This information includes the principal contents of the planned changes, the background factors, the rights of the investor in connection with the changes as well as an indication of where and how to obtain further information.

The amendments shall enter into force on the day after their announcement at the earliest. Changes to rules regarding fees and the reimbursement of expenses shall come into force at the earliest three months after announcement, unless an earlier date is set with the consent of BaFin. Amendments to the current investment principles of the Fund shall not take effect until at least three months after their announcement.

**Management company**

*Name, legal form  
and registered office*

The Company is an asset management company within the meaning of the KAGB; it was formed on 20 August 1987 as a limited liability company (GmbH). The name of the Company is WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH. The Company's registered offices are in Hamburg.

The Company is authorised under the KAGB as a UCITS asset management company and as an AIF asset management company. In a letter dated 19 January 2015, the German Federal Financial Supervisory Authority (BaFin) granted permission to the Company:

1. for the AIF asset management company activity.

The authorisation is restricted to the management of the following types of domestic investment portfolios:

- mixed investment funds in accordance with §§ 218 et seq. KAGB;
- other investment funds in accordance with §§ 220 et seq. KAGB;
- domestic open-ended specialised AIF with fixed investment terms in accordance with § 284 KAGB, which invest in the following assets: assets referred to in § 284(1) and (2) KAGB with the exception of those in § 284 (2) e), f) and h) KAGB;
- domestic general open-ended specialised AIFs in accordance with § 282 KAGB, including hedge funds in accordance with § 283 KAGB, which invest in the following assets: assets referred to in § 284(1) and (2) KAGB with the exception of those in § 284 (2) e), f) and h) KAGB;

2. For the management of assets invested in individual financial instruments within the meaning of § 1(11) of the German Banking Act (KWG) for other external investment funds with discretion in decision-making, including portfolio management, with the proviso that financial instruments with derivatives are excluded if their underlying assets are commodities or precious metals (financial portfolio management in accordance with § 20 (3)(2) KAGB).

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***Board of Directors/  
Management Board  
and Supervisory  
Board***

Further information on the Management Board and the composition of the Supervisory Board is provided at the end of this Sales Prospectus.

***Equity capital  
and other capital  
resources***

The Company has EUR 5,600,000.00 in registered capital.

The Company's paid-up capital amounts to EUR 5,600,000.00. The Company has covered its professional liability risks, which arise from the management of funds that are not in accordance with the UCITS Directive, known as "Alternative Investment Funds" (hereinafter: "AIFs"), and which are attributable to professional negligence on the part of its bodies or employees, with its own capital resources in the amount of at least 0.01 per cent of the value of the portfolio of all managed AIFs, and this amount shall be audited and adjusted annually. This equity capital is part of the paid-up capital.

***Custodian  
Duties of the  
Custodian***

The KAGB stipulates the separate management and custody of investment funds.

The Custodian keeps the assets in blocked securities accounts and/or blocked accounts. In the case of assets which cannot be held in custody, the Custodian shall verify whether the management company has acquired ownership of such assets. It shall monitor whether the Company's disposition to the assets complies with the provisions of the KAGB and the Investment Conditions. It shall only be permitted to invest in bank deposits at another credit institution and access these bank deposits with the approval of the Custodian. The Custodian must grant its approval if the investment and/or access in accordance with the Investment Conditions and the provisions of the KAGB.

In addition to this, the Custodian shall have the following specific duties:

- issue and redeem units in the Fund;
- ensure that the issue and redemption of units, as well as unit value calculation is in accordance with the provisions of the KAGB and the Investment Conditions;
- ensure that the sums corresponding to transactions made on the collective behalf of investors end up in its possession within the customary timeframe;
- ensure that the Fund's returns are used in accordance with provisions of the KAGB and the Investment Conditions;
- monitor borrowing by the Company on behalf of the Fund and, where applicable, grant approval for borrowing;
- ensure that collateral for securities lending is arranged in accordance with the law and are available at all times.

***Identity of the  
Custodian***

The Custodian to this Fund is State Street Bank International GmbH, Munich.

The Custodian is a credit institution under German law.

***Conflicts of interest  
concerning the  
Custodian***

The acceptance of the custodian function does not give rise to any conflicts of interest.

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**Sub-custodians**

The Custodian has transferred the safekeeping of the assets in Germany to Clearstream Banking AG, Frankfurt and in all other countries to State Street Bank & Trust Company, Boston. State Street Bank & Trust Company, Boston has transferred the safekeeping of the assets to the following sub-custodians in these countries:

<b>Country</b>	<b>Subcustodian</b>	<b>Depository</b>
<b>Albania</b>	Raiffeisen Bank sh.a	Bank of Albania
<b>Argentina</b>	Citibank, N.A.	Caja de Valores S.A.
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Ltd.	Austraclear Limited
<b>Austria</b>	Deutsche Bank AG UniCredit Bank Austria AG	OeKB Central Securities Depository GmbH
<b>Bahrain</b>	HSBC Bank Middle East Limited	Clearing, Settlement, Depository and Registry System of the Bahrain Bourse
<b>Bangladesh</b>	Standard Chartered Bank	Central Depository Bangladesh Limited Bangladesh Bank
<b>Belgium</b>	Deutsche Bank AG, Netherlands (acting via the Amsterdam branch with support from its Brussels branch)	Euroclear Belgium National Bank of Belgium
<b>Benin</b>	via Standard Chartered Bank Côte d'Ivoire S.A.	Dépositaire Central — Banque de Règlement Banque Centrale des Etats d'Afrique de l'Ouest
<b>Bermuda</b>	HSBC Bank Bermuda Limited	Bermuda Securities Depository
<b>Bosnia and Herzegovina (Federation)</b>	UniCredit Bank d.d.	Registar vrijednosnih papira u, Federaciji Bosne i Hercegovine, d.d.
<b>Botswana</b>	Standard Chartered Bank Botswana Ltd.	Central Securities Depository Company of Botswana Ltd. Bank of Botswana
<b>Brazil</b>	Citibank, N.A.	Companhia Brasileira de Liquidação e Custódia Sistema Especial de Liquidação e de Custódia Central de Custódia e de Liquidação Financeira de Titulos Privados
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch UniCredit Bulbank AD	Central Depository AD Bulgarian National Bank

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<b>Country</b>	<b>Subcustodian</b>	<b>Depository</b>
<b>Burkina Faso</b>	via Standard Chartered Bank Côte d'Ivoire S.A.	Dépositaire Central — Banque de Règlement Banque Centrale des Etats d'Afrique de l'Ouest
<b>Canada</b>	State Street Trust Company Canada	The Canadian Depository for Securities Limited
<b>Chile</b>	Itaú CorpBanca S. A.	Depósito Central de Valores S.A.
<b>Columbia</b>	Cititrust Colombia S.A. Sociedad Fiduciaria	Deposito Centralizado de Valores de Colombia S.A. Depósito Central de Valores
<b>Costa Rica</b>	Banco BCT S.A.	Interclear Central de Valores S.A.
<b>Croatia</b>	Privredna banka Zagreb d.d. Zagrebacka Banka d.d.	Središnje klirinško depozitarno društvo d.d.
<b>Cyprus</b>	BNP Paribas Securities Services, S.C.A.,	Central Depository and Central Registry
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (publ) Nordea Bank AB (publ)	VP Securities A/S
<b>Ecuador</b>	Banco de la Producción S.A. PRODUBANCO	Depósito Centralizado de Valores de Ecuador (DECEVALE)
<b>Egypt</b>	HSBC Bank Egypt S.A.E.	Misr for Central Clearing, Depository and Registry S.A.E. Central Bank of Egypt
<b>Estonia</b>	AS SEB Pank	AS Eesti Väärtpaberikeskus
<b>Finland</b>	Skandinaviska Enskilda Banken AB (publ) Nordea Bank AB (publ)	Euroclear Finland
<b>France</b>	Deutsche Bank A.G. acting through the Paris branch)	Euroclear France
<b>Germany</b>	State Street Bank International GmbH	Clearstream Banking AG
<b>Ghana</b>	Standard Chartered Bank Ghana Limited	Central Securities Depository (Ghana) Ltd. GSE Securities Depository Company Ltd.
<b>Greece</b>	BNP Paribas Securities Services, S.C.A.	Hellenic Central Securities Depository Bank of Greece, System for Monitoring Transactions in Securities in Book-Entry Form

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<b>Country</b>	<b>Subcustodian</b>	<b>Depository</b>
<b>Guinea Bissau</b>	via Standard Chartered Bank Côte d'Ivoire S.A.	Dépositaire Central — Banque de Règlement Banque Centrale des Etats d'Afrique de l'Ouest
<b>Hong Kong</b>	Standard Chartered Bank (Hong Kong) Ltd.	Hong Kong Securities Clearing Company Limited Central Moneymarkets Unit
<b>Hungary</b>	UniCredit Bank Hungary Zrt. Citibank Europe plc Magyarországi Fióktelepe	KELER Központi Értéktár Zrt.
<b>Iceland</b>	Landsbankinn hf.	Nasdaq verðbréfamistöð hf.
<b>India</b>	Deutsche Bank AG The Hongkong and Shanghai Banking Corporation Limited	National Securities Depository Ltd. Reserve Bank of India Central Depository Services (India) Limited
<b>Indonesia</b>	Deutsche Bank AG	Bank Indonesia PT Kustodian Sentral Efek Indonesia
<b>Ireland</b>	State Street Bank and Trust Company, United Kingdom branch	
<b>Israel</b>	Bank Hapoalim B.M.	Tel Aviv Stock Exchange Clearing House Ltd.
<b>Italy</b>	Deutsche Bank S.p.A. Intesa Sanpaolo S.p.A.	Monte Titoli S.p.A.
<b>Ivory Coast</b>	Standard Chartered Bank Côte d'Ivoire S.A.	Dépositaire Central — Banque de Règlement Banque Centrale des Etats d'Afrique de l'Ouest
<b>Jamaica</b>	Scotia Investments Jamaica Limited	Jamaica Central Securities Depository
<b>Japan</b>	Mizuho Bank, Limited The Hongkong and Shanghai Banking Corporation Limited	Bank of Japan - Financial Network System Japan Securities Depository Center (JASDEC) Incorporated
<b>Jordan</b>	Standard Chartered Bank	Securities Depository Center Central Bank of Jordan
<b>Kazakhstan</b>	JSC Citibank Kazakhstan	Central Securities Depository
<b>Kenya</b>	Standard Chartered Bank Kenya Limited	Central Bank of Kenya Central Depository and Settlement Corporation Limited
<b>Kuwait</b>	HSBC Bank Middle East Limited	Kuwait Clearing Company
<b>Latvia</b>	AS SEB banka	Latvijas Centrālais Depozitārijs

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<b>Country</b>	<b>Subcustodian</b>	<b>Depository</b>
<b>Lebanon</b>	HSBC Bank Middle East Limited	Custodian and Clearing Center of Financial Instruments for Lebanon and the Middle East (Midclear) S.A.L. Banque du Liban
<b>Lithuania</b>	AB SEB bankas	Lietuvos Centrinis Vertybiniu Popieriu Depozitoriumas
<b>Malawi</b>	Standard Bank Limited	Reserve Bank of Malawi
<b>Malaysia</b>	Deutsche Bank (Malaysia) Berhad Standard Chartered Bank Malaysia Berhad	Bursa Malaysia Depository Sdn. Bhd. Bank Negara Malaysia
<b>Mali</b>	via Standard Chartered Bank Côte d'Ivoire S.A.	Dépositaire Central — Banque de Règlement Banque Centrale des Etats d'Afrique de l'Ouest
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	Central Depository and Settlement Co. Ltd. Bank of Mauritius
<b>Mexico</b>	Banco Nacional de México S.A.	S.D. INDEVAL, S.A. de C.V.
<b>Morocco</b>	Citibank Maghreb	Maroclear
<b>Namibia</b>	Standard Bank Namibia Limited	Bank of Namibia
<b>Netherlands</b>	Deutsche Bank AG	Euroclear Nederland
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Ltd.	New Zealand Central Securities Depository Limited
<b>Niger</b>	via Standard Chartered Bank Côte d'Ivoire S.A.	Dépositaire Central — Banque de Règlement Banque Centrale des Etats d'Afrique de l'Ouest
<b>Nigeria</b>	Stanbic IBTC Bank Plc.	Central Securities Clearing System Limited Central Bank of Nigeria
<b>Norway</b>	Skandinaviska Enskilda Banken AB (publ) Nordea Bank AB (publ)	Verdipapirsentralen
<b>Oman</b>	HSBC Bank Oman S.A.O.G.	Muscat Clearing & Depository Co. S.A.O.G.
<b>Pakistan</b>	Deutsche Bank AG	Central Depository Company of Pakistan Limited State Bank of Pakistan
<b>Panama</b>	Citibank, N.A.	Central Latinoamericana de Valores

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<b>Country</b>	<b>Subcustodian</b>	<b>Depository</b>
<b>People's Republic of China</b>	HSBC Bank (China) Company Limited China Construction Bank Corporation The Hongkong and Shanghai Banking Corporation Limited Citibank N.A. Standard Chartered Bank (Hong Kong) Limited	China Securities Depository and Clearing Corporation Limited, Shanghai Branch  China Securities Depository and Clearing Corporation Limited, Shenzhen Branch  China Central Depository and Clearing Co., Ltd.
<b>Peru</b>	Citibank del Perú, S.A.	CAVALI S.A. Institución de Compensación y Liquidación de Valores
<b>Philippines</b>	Deutsche Bank AG	Philippine Depository & Trust Corporation  Registry of Scripless Securities of the Bureau of Treasury (ROSS)
<b>Poland</b>	Bank Handlowy w Warszawie S.A. Bank Polska Kasa Opieki S.A.	Krajowy Depozyt Papierów Wartościowych S.A.  Rejestr Papierów Wartościowych
<b>Portugal</b>	Deutsche Bank AG	INTERBOLSA-Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.
<b>Puerto Rico.</b>	Citibank, N.A.	see U.S. sub-custodians
<b>Qatar</b>	HSBC Bank Middle East Limited	Central Clearing and Registration (CCR), a department of the Qatar Exchange
<b>Republic of Czechia</b>	Československá obchodní banka, a.s. UniCredit Bank Czech Republic, a.s.	Centralny depozitař cenných papírů, a.s. česká národní banka
<b>Republic of Georgia</b>	JSC Bank of Georgia	Georgian Central Securities Depository  National Bank of Georgia
<b>Republic of Korea</b>	Deutsche Bank AG The Hongkong and Shanghai Banking Corporation Limited	Korea Securities Depository
<b>Republic of Serbian Krajina</b>	UniCredit Bank d.d.	Centralni registar hartija od vrijednosti a.d.
<b>Republika Srpska</b>	UniCredit Bank d.d.	Centralni registar hartija od vrijednosti a.d.
<b>Romania</b>	Citibank Europe plc, Dublin - Romania Branch	S.C. Depozitarul Central S.A. National Bank of Romania
<b>Russia</b>	Limited Liability Company Deutsche Bank	National Settlement Depository

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<b>Country</b>	<b>Subcustodian</b>	<b>Depository</b>
<b>Saudi Arabia</b>	HSBC Saudi Arabia Limited	Tadawul Central Securities Depository Saudi Arabian Monetary Authority
<b>Senegal</b>	via Standard Chartered Bank Côte d'Ivoire S.A.	Dépositaire Central — Banque de Règlement Banque Centrale des Etats d'Afrique de l'Ouest
<b>Serbia</b>	UniCredit Bank Serbia JSC	Centralni registar, depo i kliring hartija od vrednosti
<b>Singapore</b>	Citibank N.A. United Overseas Bank Ltd.	The Central Depository (Pte) Ltd. Monetary Authority of Singapore
<b>Slovakia</b>	UniCredit Bank Czech Republic and Slovakia, a.s.	Centralny depozitar cennych papierov SR, a.s.
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	KDD Centralna klirinsko depotna druzba d.d.
<b>South Africa</b>	FirstRand Bank Limited Standard Bank of South Africa Ltd.	Strate (Pty) Ltd.
<b>Spain</b>	Deutsche Bank S.A.E.	IBERCLEAR
<b>Sri Lanka</b>	The Hongkong and Shanghai Banking Corporation Limited	Central Bank of Sri Lanka Central Depository Systems (Pvt) Limited
<b>Swaziland</b>	Standard Bank Swaziland	Central Bank of Swaziland
<b>Sweden</b>	Skandinaviska Enskilda Banken AB (publ) Nordea Bank AB (publ)	Euroclear Sweden
<b>Switzerland</b>	UBS Switzerland AG Credit (Switzerland) Limited	SIX SIS AG
<b>Taiwan - R.O.C.</b>	Deutsche Bank AG Standard Chartered Bank (Taiwan) Limited	Central Bank of the Republic of China (Taiwan) Taiwan Depository and Clearing Corporation
<b>Tanzania</b>	Standard Chartered Bank (Tanzania) Limited	Central Depository System, a department of the Dar es Salaam Stock Exchange
<b>Thailand</b>	Standard Chartered Bank (Thai) Public Company Limited	Thailand Securities Depository Company Limited
<b>Togo</b>	via Standard Chartered Bank Côte d'Ivoire S.A.	Dépositaire Central — Banque de Règlement Banque Centrale des Etats d'Afrique de l'Ouest
<b>Transnational</b>		Euroclear Bank S.A./N.V Clearstream Banking, S.A.
<b>Tunisia</b>	Banque Internationale Arabe de Tunisie	Tunisie Clearing

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<b>Country</b>	<b>Subcustodian</b>	<b>Depository</b>
<b>Turkey</b>	Citibank, A.Ş.	Central Registry Agency
	Deutsche Bank, A. Ş.	Central Bank of Turkey
<b>Uganda</b>	Standard Chartered Bank Uganda Limited	Central Securities Depository (operated by the Bank of Uganda) Securities Central Depository
<b>Ukraine</b>	PJSC Citibank	National Depository of Ukraine
<b>United Arab Emirates - ADX</b>	HSBC Bank Middle East Limited	Clearing, Settlement, Depository and Registry Department of the Abu Dhabi Securities Exchange
<b>United Arab Emirates - DFM</b>	HSBC Bank Middle East Limited	Clearing and Depository System a department of the Dubai Financial Market
<b>United Arab Emirates - DIFC</b>	HSBC Bank Middle East Limited	Central Securities Depository, owned and operated by the NASDAQ Dubai Limited
<b>United Kingdom</b>	State Street Bank and Trust Company, United Kingdom branch	Euroclear UK & Ireland Limited
<b>Uruguay</b>	Banco Itaú Uruguay S.A.	Banco Central del Uruguay
<b>USA</b>	State Street Bank and Trust Company	Depository Trust & Clearing Corporation Federal Reserve Bank
<b>Venezuela</b>	Citibank, N.A.	Banco Central de Venezuela Caja Venezolana de Valores
<b>Vietnam</b>	HSBC Bank (Vietnam) Ltd.	Vietnam Securities Depository
<b>Zambia</b>	Standard Chartered Bank Zambia Plc.	Bank of Zambia LuSE Central Shares Depository Limited
<b>Zimbabwe</b>	Stanbic Bank Zimbabwe Limited	Chengetedzai Depository Company Limited Reserve Bank of Zimbabwe

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In addition to actual custodian services for foreign securities with the foreign sub-custodians, which follow the customs and legal stipulations of the respective country of custody, the foreign sub-custodians are also responsible for the cashing of interest, profit and income certificates and the redemption of securities on maturity.

In addition, the sub-custodians circulate information on the corporate actions of the foreign securities held in custody.

All conceivable conflicts of interest in relation to our Global Custodian State Street Bank & Trust Company are eliminated in accordance with legal stipulations. Please note the following explanations regarding this.

A summary of the organisational precautions, specifically from the KAGB perspective, taken by State Street Bank International GmbH to handle conflicts of interest are as follows:

- The Compliance Division is appointed to the function of “independent body” required by § 70 (2) sentence 4 KAGB or § 85 (2) sentence 4 KAGB.
- The business allocation plan and the organisational structure of State Street Bank International GmbH meet the legal and supervisory requirements, and take into particular consideration the requirement to avoid conflicts of interest. The functions of “back office/control lending and trading” are completely separate from the functions of “settlement/control lending and trading” and naturally from the “trading market segment and “lending market segment” up to the level of chief executive. In addition the operational custodian bank and depositary business is completely separate from the “Collateral Management Services” and “KVG Backoffice Insourcing” divisions. The divisional separation in accordance with BaFin circular 08/2015 (WA)/custodian circular or BaFin circular 5/2010 (WA) Inv- MaRisk is implemented as regards spacial, personal, functional and hierarchical segregation.
- The Conflicts of Interest Policy of State Street Bank International GmbH covers the themes of conflicts of interest both from the perspective of the German Securities Trading Act (WpHG) and from the perspective of the custodian bank or depositary and provides for the usage of various methods to avoid conflicts of interests as shown in the following bullet points:
  - a. Control of information flow:
    - i. Stipulations concerning Chinese walls and their operation.
      - Disclosure of information within the company subject to the strict observance of the need-to-know principle.
      - Right of access to information and physical access rights to company departments. For example the provision of the services of “KVG Backoffice Insourcing” is currently completely technically separate from the custodian and depositary business.
    - ii. Stipulations on wall crossing.
  - b. Separate monitoring of relevant persons.
  - c. No harmful dependencies in the remuneration policy.
  - d. Avoidance of exertion of harmful influence by an employee on other employees.
  - e. Avoidance of allocation of responsibilities to one employee for various activities which could give rise to conflicts of interest if exercised simultaneously.
  - f. The notification of insufficiently avoidable or controllable conflicts of interest to the affected customers is stipulated as a last resort.

The conflicts of interest policy is solely for internal use by State Street Bank International GmbH and may not therefore be published. The compliance officer is, however, able to answer any questions. Furthermore, pursuant to banking and business secrecy rules, State Street Bank International GmbH is unable to make parts of the audit report available.

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The information given in this section was provided to the Company by the Custodian. The Company has simply checked the information for plausibility. However, it must rely on the information provided by the Custodian and cannot check the details for accuracy or completeness.

***Liability of the Custodian***

In principle, the Custodian shall be responsible for all assets kept by it or by other parties with its approval. In the event of loss of these assets, the Custodian shall be liable to the Fund and its investors, unless the loss is attributable to events beyond the Custodian's control. In principle, the Custodian shall only be responsible for damages not consisting in the loss of an asset, if it fails in a negligent manner to meet its minimum obligations under the provisions of the KAGB.

***Additional information***

On request the Company shall provide the investors with the latest information on the Custodian and its obligations, on sub-custodians as well on possible conflicts of interest in connection with the custodian or the sub-custodian activity.

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**Risk information**

Before deciding to purchase units in the Fund, investors should carefully read through the following risk information, along with the other information given in the Sales Prospectus, and take these into account their investment decision. The materialisation of one or more of these risks may, in and of itself or in combination with other circumstances, adversely impact the performance of the Fund and/or the assets of the Fund, and thus also the unit value.

If an investor sells units in the Fund at a time when the value of the assets in the Fund has decreased since the time of unit purchase, he will not receive the full amount of the capital he invested in the Fund. The investor may lose some or even all of the capital invested in the Fund. Growth in value cannot be guaranteed. The investor's risk is limited to the amount invested. There is no additional funding obligation concerning the capital invested.

In addition to the risks and uncertainties described below or in other parts of the Prospectus, the performance of the Fund may be affected by other risks and uncertainties which are not currently known. The order in which the following risks appear is neither an indication of the likelihood of occurrence, nor of the scope or significance of the individual risks.

***Risks of investment  
in funds***

Below is a description of the risks typically associated with investing in a UCITS. These risks may adversely impact the unit value, the capital invested by the investor and the investor's planned holding time for the fund investment.

***Fluctuations in the fund unit value***

The fund unit value is calculated by dividing the value of the Fund by the number of units in circulation. The value of the Fund, in turn, is equal to the sum of the market values of all assets in the Fund, less the sum of the market values of all liabilities of the Fund. The fund unit value is therefore dependent on the value of the assets held by the Fund and the amount of the liabilities in the Fund. If the value of these assets decreases or if the value of the liabilities increases, then the unit value of the Fund will decline.

***Effect of taxation issues on individual results***

The treatment of capital gains for taxation purposes depends on the individual circumstances of the investor in question and may be subject to future changes. For specific questions – especially with regard to an individual's tax situation – investors should consult their personal tax advisor.

***Amendment of the investment policy or the Investment Conditions***

The Company may amend the Investment Conditions with the approval of BaFin. The rights of the investors may also be affected by this. Amendment of the Investment Conditions may also affect provisions pertaining to the investor. By amending the Investment Conditions, the Company may adjust the investment policy of the Fund or increase the fees charged for the Fund to a certain degree. In addition, the Company may also amend the investment policy within the legally and contractually permissible range of assets without amending the Investment Conditions or acquiring approval from BaFin. In this way, the risk associated with the Fund may be altered.

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

The Company shall be permitted to temporarily suspend the redemption of units in the event of extraordinary circumstances which appear to make suspension necessary in the interests of the investors. Extraordinary circumstances in this sense may be, for instance, political or economic crises, redemption requests in exceptionally high volumes, as well as closure of exchanges or markets, trading restrictions or other factors affecting the calculation of the unit value. In addition, the BaFin may instruct the Company to suspend the redemption of units if this is deemed necessary in the interests of the investors or the general public. Investors shall not be permitted to redeem their units during these periods. In cases of suspension of unit redemption, it is also possible for the unit value to decline, e.g. if the Company is forced to sell assets below market value during the suspension of unit redemption. The unit value after resumption of unit redemption may be less than the value before suspension of redemption. A suspension may be directly followed by a dissolution of the investment fund without further resumption of the redemption of the units, e.g. if the Company gives notice to the fund management in order to dissolve the Fund. Investors may then be subject to the risk that they will not be able to achieve their planned holding period and that substantial portions of the invested capital may be unavailable for an indefinite period or completely lost.

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

The Company shall be entitled to terminate management of the Fund. The Company may completely dissolve the Fund after the termination of management. The right of disposal over the Fund shall be transferred to the Custodian after a notice period of six months. This means that the investors incur the risk of being unable to complete their planned holding period. On transfer of the Fund to the Custodian, the Fund may become subject to taxes other than German income tax. If the Fund units are transferred from the account of the investor after the end of the liquidation proceedings, then the investor may be liable for income tax.

### ***Transfer of all assets in the Fund to a different open-ended public investment fund (merger)***

The Company may transfer all assets in the Fund to a different UCITS. In such cases, investors may (i) redeem their units (ii) or retain them with the consequence that they will become investors in the absorbing UCITS or (iii) exchange them for units in an open-ended public investment fund with comparable investment principles, provided that the Company or an affiliated company manages an investment fund of this kind with comparable investment principles. This applies in the same way if the Company transfers all assets of a different open-ended public investment fund to the Fund. Therefore, within the framework of the transfer, the investor must make a new investment decision in advance. The redemption of units may be subject to income tax. In the event of an exchange for units in an investment fund with comparable investment principles, the investor may be subject to taxation, such as if the value of the units received is greater than the value of the old units at the time of purchase.

### ***Transfer of the fund to another asset management company***

The Company may transfer the Fund to another asset management company. The Fund and the position of the investor shall remain unchanged as a result of this. Investors must, however, decide at the time of the transfer whether they consider the new asset management company to be as suitable as the former. If they do not wish to remain invested in the new fund under management, they must redeem their units. They may in this case be subject to income tax.

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

It cannot be guaranteed that investors will achieve their desired investment objectives. The unit value of the Fund may decrease, resulting in losses for the investor. Neither the Company nor any third parties guarantee a minimum payment on redemption or a specific return from investing in the Fund. Investors may receive a sum that is less than the sum originally invested. A front-end load applied when units are purchased or a redemption fee applied when units are sold may also result in total or partial consumption of unit returns, especially in cases of short holding periods.

***Risks of negative Fund performance (market risk)*** Market risk is the risk of loss for an investment fund due to fluctuations in the market value of positions in the Investment Fund's portfolio attributable to changes in market variables such as interest rates, exchange rates, share prices, commodities prices or the credit rating of an issuer.

Below is a description of the risks associated with investment in specific assets by the Fund. These risks may affect the performance of the Fund and/or the assets held by the Fund and thus also may adversely impact the unit value and the capital invested by the investor.

#### ***Risk of change in value***

The assets in which the Company invests on behalf of the Fund are subject to risks. Losses may occur when the market value of the assets decreases with respect to the cost price or if the cash and forward prices develop differently.

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

The price or market development of financial products depends in particular on the development of the capital markets which is influenced by the general world economic position and the economic and political conditions in the relevant countries. The general development of securities prices, especially on a stock exchange, may also be affected by irrational factors, such as sentiment, opinions and rumours. Fluctuations in the price and market value may also come as a result of changes in interest rates, exchange rates or the credit rating of an issuer.

#### ***Risk of price changes for shares***

Experience has shown that shares are subject strong price fluctuations and therefore also the risk of price decreases. These price fluctuations are influenced, in particular, by the development of the profits of an issuing company, as well as the development of the sector and the overall economic conditions. The confidence of market participants in a company may also influence the price. This applies in particular to companies, whose shares have only been admitted on the exchange or another organised market for a short period of time. In connection with these, even minor adjustments in projections may result in major price changes. For a share, if the portion of freely tradable shares in the possession of multiple shareholders (known as the "free float") is low, then even small purchase and sale orders may have a major impact on the market price, in turn resulting in greater price fluctuations.

#### ***Risk of interest rate changes***

Investing in fixed-interest securities entails a risk that the current interest rate at the time of issuance of a security could change. If the current interest rate increases with respect to the interest at the time of issue, fixed-interest securities will generally decrease in value. If, on the other hand, market interest rates fall, then price of fixed-interest securities will rise. This price trend means that the current return on a fixed-interest security is roughly equivalent to the current market interest rate. However such fluctuations can vary considerably, depending on the (residual) maturity of the fixed-interest securities. Fixed-interest securities with shorter maturities generally have lower price risks than fixed-interest securities with longer maturities. However, fixed-interest securities with shorter maturities generally have lower returns compared to fixed-interest securities with longer maturities. Money market instruments tend to involve lower price risks due to their short terms, with a maximum of 397 days. In addition to this, the interest rates of different interest-related financial instruments denominated in the same currency with the same residual maturities may develop differently.

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

The Company places liquid funds with the Custodian or other banks on behalf of the Fund. In some cases an interest rate is agreed for these bank balances which is equal to the Interbank Offered Rate (Euribor) less a specific margin. If the Euribor falls to below the agreed margin, this will lead to negative interest on the corresponding account. Depending on the interest rate policy of the European Central Bank, short-term, medium-term and even long-term bank deposits may produce negative interest.

### ***Risk of change in prices of convertible and warrant bonds***

Convertible and warrant bonds carry the right to exchange the bond for shares or to purchase shares. The development of the value of convertible and warrant bonds therefore depends on the price trend of the share as an underlying asset. Therefore, the performance risks of the underlying shares may also impact the performance of the convertible and warrant bonds. Warrant bonds, which grant the issuer the right to offer the investor a predefined number of shares instead of repayment of a nominal sum (reverse convertibles), are highly dependent on the corresponding share price.

### ***Risks associated with derivatives trading***

The Company shall be permitted to make derivatives transactions for the Fund. The purchase and sale of options, as well as the conclusion of futures contracts or swaps, entail the following risks:

- Losses may arise from the use of derivatives that cannot be predicted and may even exceed the amount employed for the derivative transaction.
- Price changes in the underlying asset may reduce the value of an option or future. If the value falls 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 an asset underlying a swap.
- A liquid secondary market may not be available for a particular instrument at a given time. In such cases, under certain circumstances, it may not be possible to neutralise (close) a derivatives position.
- The leverage effect of options may result in greater impact on the value of the fund assets than would be the case with a direct investment in the underlying assets. It may not be possible to determine the risk of loss when making a trade.
- The purchase of options carries the risk that the option will not be exercised because the prices of underlying assets do not progress as expected, resulting in forfeit of the option premium paid by the Fund. The sale of options entails a risk that the Fund will be obligated to accept assets at a market price that is higher than the current one or to deliver assets at a market price that is lower than the current one. In such cases, the Fund would suffer a loss amounting to the difference in price minus the option premium received.
- For futures, there exists a risk that the Company will be obligated, on behalf of the Fund, to cover the difference between the underlying price on conclusion and the market price at the time of offsetting and/or maturity of the trade. This would result in losses for the Fund. The risk of loss cannot be determined on conclusion of a futures contract.
- If it is necessary to conclude a back-to-back transaction (offset), this is associated with costs.
- The forecasts issued by the Company for the future development of the underlying assets, interest rates, prices and currency markets may prove to be incorrect in retrospect.
- It may not be possible to buy or sell the assets underlying the derivatives at a convenient time or they may have to be bought or sold at an inconvenient time.



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In the event of Over-The-Counter (OTC) transactions, the following risks may occur:

- An organised market may be unavailable, so the Company may have difficulty selling or unable to sell financial instruments purchased on the OTC market on behalf of the Fund.
- Based on the individual agreement, the conclusion of a back-to-back transaction (closing-out) may be difficult or impossible, or may involve considerable costs.

***Risks associated with securities lending transactions***

If the Company grants a loan on behalf of the Fund in the form of securities, then it shall transfer these to a borrower who shall transfer securities of the same type, quantity and quality after the end of the transaction (securities loan). During the transaction term, the Company shall not have any ability to access to the securities. If the security decreases in value over the term of the transaction and the Company wants to sell off the security completely, it must terminate the loan transaction and then wait for the customary settlement cycle, which may result in a risk of loss for the Fund.

***Risks associated with repurchase transactions***

If the Company sells securities under repurchase agreements, it shall be obligated to repurchase them at the end of the term with a surcharge. The repurchase price to be paid by the seller at the end of the term plus surcharge shall be defined on conclusion of the transaction. If the securities sold under repurchase agreements lose value over the transaction term and the Company wishes to sell them to limit the loss in value, this shall only be possible by exercising the right of premature termination. The premature termination of the transaction may entail financial losses for the Fund. In addition to this, the surcharge to be paid at the end of the term may be greater than the returns obtained by the Company by reinvesting the liquid assets received as the sale price.

If the Company purchases securities under a repurchase agreement, then it shall purchase these and be obligated to resell them at the end of a term. The repurchase price plus a surcharge shall be defined on conclusion of the transaction. The securities purchased with resale agreements shall serve as collateral for the provision of the liquidity to the contractual partner. Any increase in value of the securities will not benefit the Fund.

***Risks associated with receiving collateral***

The Company shall receive collateral for derivative transactions, securities lending and repurchase transactions. Derivatives, loaned securities and securities sold under repurchase agreements may increase in value. In such cases, the collateral received may no longer cover the full amount of the Company's claim for delivery/re-transfer against the contracting party. The Company may invest cash collateral in blocked accounts, high-quality government bonds or money market funds with a short maturity structure. However, the credit institution holding the bank deposit may nevertheless default. Government bonds and money market funds may experience negative growth. On termination of the transaction, the collateral deposited may no longer be available in the same amount, even though they must be repaid by the Company for the Fund in their original amount. The Fund would then have to incur the losses suffered on the collateral.

***Risk associated with securitisation positions without retention***

The Fund shall only be permitted to purchase securitised claims (securitisation positions) that were issued after 1 January 2011 if the debtor retains at least 5 per cent of the volume of the securitisation as a retention and observes additional guidelines. The Company shall therefore be required to implement immediate corrective measures in the interests of investors if the Fund's assets contain securitisations which do not meet these EU standards. Within the framework of these corrective measures, the Company may be forced to sell these securitisation positions. Due to legal requirements for banks, mutual funds and also for insurance providers, the risk exists that the Company might be unable to sell such securitisation positions, or will only be able to do so at significantly discounted prices and/or after considerable delays.

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### ***Risk of inflation***

Inflation carries the risk of devaluation for all assets. This also applies to the assets held by the Fund. The inflation rate may be greater than the growth in value of the Fund.

### ***Currency risk***

Assets in the Fund may be invested in currencies other than the fund currency. The Fund receives the returns, repayments and proceeds from these investments in the other currency. If the value of this currency decreases with respect to the fund currency, then the value of these investments, and thus also the fund assets, will also decrease.

### ***Concentration risk***

If the investments become concentrated in particular assets or markets, then the performance of the Fund will be highly dependent on the performance of these assets or markets.

### ***Risks related to investing in fund units***

The risks from units in other investment funds purchased by the Fund (known as “target funds”) are closely related to the risks of the assets held in these target funds and/or the investment strategies applied by these target funds. Due to the fact that the managers of the individual target funds act independently of one another, it may also occur that multiple target funds apply the same or conflicting investment strategies. This means that existing risks may accumulate and potential opportunities may offset each other. The Company is not normally in a position to monitor the management of target funds. Their investment decisions need not necessarily comply with the assessments or expectations of the Company. Frequently, the Company will not know the real-time composition of the target funds. If the composition does not match its assumptions or expectations, it may react with considerable delay, by redeeming target fund units.

Open-ended investment funds in which the Fund purchases units may also temporarily suspend redemption of units. In such cases, the Company will be prevented from selling the units of the target fund by returning these to the target fund management company or Custodian against payment of the redemption price.

### ***Risks of limited or increased liquidity of the Fund and risks in connection with excess subscriptions or redemptions (liquidity risk)***

Below is a description of the risks that can affect the liquidity of the Fund. This may result in the Fund being temporarily or permanently unable to meet its payment obligations and/or in the Company being temporarily or permanently unable to comply with requests for redemption from investors. Investors may be unable to complete their planned holding period and may not have access to the investment capital or parts thereof for an indefinite period of time. The materialisation of liquidity risks may also reduce the value of the Fund and therefore its unit value, such as if the Company is forced, where permitted by law, to sell assets for the Fund at below market value. If the Company is unable to meet the redemption orders of the investors, this may also lead to the suspension of redemptions and in extreme cases the final liquidation of the Fund.

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

It is also permitted to purchase assets for the Fund that are not admitted to or included on a stock exchange or other organised market. It may only be possible to resell these assets at high price reductions or after delays, or it may even be impossible to resell these at all. Depending on the market situation, volumes, timeframes and projected costs, it may also occur that exchange-listed assets cannot be sold or only sold at highly discounted prices. Even though it is only permitted to purchase assets for the Fund which, in principle, can be liquidated at any time, it cannot be ruled out that temporarily or indefinitely it might only be possible to resell these at a loss.

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***Risk associated with taking out loans***

The Company may take out loans on behalf of the Fund. Loans with variable interest rates may have a negative effect on the Fund's assets if interest rates rise. If the Company is required to repay a loan and is unable to do so from follow-up financing or cash available in the Fund, it will possibly be forced to dispose of assets at an early stage or at less advantageous terms than planned.

***Risks arising from increased redemptions or subscriptions***

Through purchase and sale orders from investors, liquidity flows into and out of the Fund. After balancing the inflows and outflows there may be a net inflow or net outflow of liquid assets for the Fund. This net inflow or net outflow may prompt the fund manager to purchase or sell assets, which would give rise to transaction fees. This applies in particular if the inflows/outflows cause a liquid asset ratio set by the Company for the Fund to be exceeded or not reached. The resulting transaction fees are charged to the Fund and may reduce the Fund's performance. In cases of inflows, increased Fund liquidity may adversely impact the Fund's performance if the Company is unable to invest the assets (promptly) at reasonable terms.

***Risk arising from public holidays in specific regions/countries***

According to the investment strategy, investments for the Fund should be made in specific regions/countries. Local public holidays in these regions/countries may result in differences between trading days on exchanges in these regions/countries and Fund valuation days. It may occur that the Fund cannot react to market developments in these regions/countries on a day that is not a valuation day or that it cannot trade on the markets there on a valuation day that is not a trading day in these regions/countries. This may prevent the Fund from selling assets within the required timeframe. This may impair the Fund's ability to comply with requests for redemption or other payment obligations.

***Counterparty risk  
including credit and  
receivables risk***

Below is a description of the risks which may apply to the Fund within the framework of a business relationship with another party (known as the "counterparty"). There is also a risk that the contractual partner may no longer be able to meet its agreed obligations. This may affect the performance of the Fund and thus also may reduce the unit value and the capital invested by the investor.

***Risk of default and counterparty risks (excluding central counterparties)***

The default of an issuer (hereinafter: "issuer") or a contracting partner (hereinafter: "counterparty") against whom the Fund has claims may result in losses for the Fund. The issuer risk refers to the influence of particular developments concerning a given issuer, which also affect the price of a security (along with the general trends on the capital markets). Even if securities are carefully selected, losses owing to a decline in the assets of issuers cannot be ruled out. The party to an agreement concluded on behalf of the Fund may default in whole or in part (counterparty risk). This applies to all contracts that are concluded on behalf of the Fund.

***Risk associated with central counterparties***

A central counterparty –CCP acts as an intermediary on behalf of the Fund in certain transactions, particularly for derivative financial instruments. In this case, it acts as purchaser with respect to the seller and as seller with respect to the purchaser. A CCP provides a guarantee against the risk that a business partner is unable to meet the agreed payments through a range of protective mechanisms which enable it at all times to offset losses on the transactions concluded (e.g. in the form of collateral). Despite these protective mechanisms, it is still possible for a CCP to become over-indebted and to default on its obligations, which may also affect the Company's claims for the Fund. As a result the Fund may incur losses.

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***Risk of default on repurchase transactions***

If the Company submits securities on behalf of the Fund as part of a repurchase transaction, then it must obtain adequate collateral against default by the contractual partner. In cases of default on the part of the contractual partner during the term of the repurchase transaction, the Company shall have right of sale over the collateral. A risk of loss for the Fund may result if the collateral provided no longer covers the full amount of the re-transfer claim of the Company, for example, due to an increase in the price of the repurchase securities.

***Risk of default on securities lending transactions***

If the Company grants a loan on a behalf of the Fund in securities, then it must acquire adequate collateral against default on the part of the contractual partner. The amount of the collateral payment shall at least correspond to the price of the securities transferred as securities loans. The borrower must provide additional collateral if the value of the securities borrowed rises, the quality of the collateral provided decreases or if its economic conditions deteriorate and the collateral already provided is no longer adequate. If the borrower cannot meet this additional payment obligation, this creates a risk that the re-transfer claim will not be fully hedged in the event of default on the part of the contractual partner. If the collateral is kept at an institution other than the Custodian of the Fund, this creates an additional risk that in the event of default on the part of the borrower, it may not be possible to utilise it immediately or in its full amount.

***Operational and other risks of the Fund***

Below is a description of the risks which may arise, for instance, from inadequate internal processes, as well as from human error or system failure at the Company or outside third-parties. These risks may affect the performance of the Fund and thus may also adversely impact the unit value and the capital invested by the investor.

***Risks from criminal activity, abuse or natural disasters***

The Fund may fall victim to fraud or other criminal activities. It may suffer losses due to misunderstandings or errors on the part of employees of the Company or third parties, or be damaged by external events, such as natural disasters.

***Country or transfer risk***

There is the risk that despite being solvent, a foreign debtor may be unable to make its payments on time, in the intended currency or at all due to the inability to transfer the currency or due to the unwillingness of the country of domicile to make transfers, or for similar reasons. In this way, e.g., payments to which the Company has a claim on behalf of the Fund may go unpaid, may be made in a currency which is not convertible due to currency restrictions or may be made in a different currency. If the debtor pays in a different currency, then this position will be subject to the aforementioned currency risk.

***Legal and political risks***

The Fund is permitted to invest in regions with legal systems not governed by German law and/or whose court of jurisdiction in the event of a dispute is outside Germany. The resulting rights and obligations of the Company on behalf of the Fund may deviate from those in Germany to the detriment of the Fund and/or investor. Political and legal developments including amendments to legal framework conditions in these legal systems may be detected by the Company too late, or not at all, or may result in restrictions on purchasable or previously purchased assets. These consequences may also arise in cases of amendments to the legal framework conditions for the Company and/or the management of the Fund in Germany.

***Changes to the taxation framework conditions, taxation risk***

The summary of the taxation requirements in this Sales Prospectus describe the current legal position. They pertain to persons with unlimited income or corporate tax liability in Germany. However, there is no guarantee that the current tax assessment will not change due to amendments to legislation, court judgments or decisions of the tax authority.

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A change to the Fund's taxation basis that was incorrectly established for previous financial years (for example, as a result of external tax audits) may, in the event of a tax correction which is negative for the investor, result in the investor having to bear the tax burden ensuing from the correction for previous financial years, even if they were not invested in the Fund at that time. Conversely, investors may no longer be entitled to a positive correction made for the current and previous financial years in which they were invested in the Fund, because they redeemed or sold their units before that correction was applied.

A correction in the tax data may also mean that taxable earnings or benefits are actually assessed for tax purposes in a different assessment period than the applicable one, and this may have negative effects for the individual investor.

#### ***Key person risk***

If the investment returns from the Fund are very positive for a specific period, this success may be due to the aptitude of the traders and also because management has made the right decisions. However, the membership of the fund management staff is subject to change. New decision-makers may potentially be less successful.

#### ***Custody risk***

The custody of assets, particularly abroad, is associated with the risk of loss, which may result from insolvency, breach of duty of care on the part of the Custodian or an event of force majeure.

In particular, the following custody risks may exist:

- Political and economic risks (e.g. nationalisation, expropriation, restrictive requirements on the banking and securities sector and other governmental measures which may restrict or prevent the tradability of securities).
- The legal position of holders of assets that can be deposited and held in custody is governed differently depending on the legal system. In particular, many legal systems do not feature a legal concept that is equivalent in form or substance to the German concept of ownership. Statutory provisions are not enacted in all countries, and are not always enacted in accordance with the constitutional protections considered to be inalienable here (e.g. the prohibition on retroactive legalisation). Furthermore, in some countries, application of the law does not always meet the standards expected in Germany (e.g. the precept that the law be applied in a standardised, uniform and consistent manner, setting regulations on interpretation without adequate legal grounds). The administration of justice in many countries does not offer any guarantee of effective protection of the legal position of the holder of assets that can be deposited and held in custody. These deficiencies may lie, for instance, in the area of the court system (e.g. slow processing times, susceptibility of judges to corruption), as well as in the administration of justice against other powers (e.g. lack of independence of the judiciary, potential for political influence over court rulings).
- Financial market and currency risks (e.g. national insolvency, currency restrictions, extraordinary devaluations and economic fluctuations, which may result in total or partial loss of value);
- Market and performance risks (e.g. rights of the securities holder are not completely protected, delays in the registration of securities, lack of reliable price sources, difficulties in pricing/valuation, lack of market organisation);
- Performance and counterparty risk (e.g. restriction of sub-custodians, low credit rating of the sub-custodian and the counterparties, which may result in payment default by the counterparty, without provision of equivalent compensation);
- Accounting conventions (e.g. the accounting or reporting systems may not meet international standards);

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- Auditing systems do not meet international standards;
  - Taxation risks (e.g. a tax law and/or convention has not yet been established, the current interpretation of a (tax) law or a current practice may change without warning or announcement, retroactive changes to laws without prior announcement).

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

When settling securities transactions there is a risk that one of the contractual parties may pay late or not in accordance with agreements or may not deliver the securities on time. This settlement risk also applies to trading in other assets for the Fund.

**Explanatory notes  
on the Fund's risk  
profile**

The risk profile of the Fund is geared towards the investment objectives and investment principles described in the Special Part of this Sales Prospectus.

The Fund is subject to general and special market risks. The value of the Fund's assets, and thus also the value of each individual fund unit, may rise or fall compared to the issue price. As a result, the investor may not receive back the full amount of the original investment when disposing of the units.

The performance of the Fund is affected by the following factors in particular, which present opportunities and risks:

- Development on the international equity markets
- Company-specific developments
- Changes in the rates of exchange of currencies against the euro
- Changes in the trends of yields or stock prices on the bond markets
- Concentration of the investment in particular assets, market segments, sectors or countries
- Reductions in value due to lack of liquidity of the assets
- Loss of value due to insolvency or downgrading of contractual partners and securities issuers
- Risks in connection with the functionality of markets and settlement mechanisms, particularly in emerging countries
- Loss of value due to fraudulent or criminal activity
- Special risks related to the assets of the target funds in which the Fund may invest

**Increased volatility**

**The Fund exhibits increased volatility due to its composition, i.e. the unit prices may be subject to sharp upward and downward fluctuations even within short periods of time.**

**Profile of the typical  
investor**

Investment in this Fund is only suitable for experienced investors who are in a position to assess the risks and the value of the investment. Investors must be prepared and able to accept substantial fluctuations in the value of the units as well as possibly suffering considerable loss of capital. The investment horizon should be at least five years.

**Investment funds,  
investment objectives  
and investment strategy**

These topics are covered in the Special Part of this Sales Prospectus.

**NO GUARANTEE CAN BE GIVEN THAT THE OBJECTIVES OF THE  
INVESTMENT POLICY WILL IN FACT BE ACHIEVED.**

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## Assets

Below is a description of the assets generally purchasable for the Fund and the generally applicable investment limits. The Special Part of this Sales Prospectus describes additional and/or special regulations for the Fund.

## *Securities*

The Company may purchase securities from domestic and foreign issuers on behalf of the Fund:

1. If they are admitted to trading on a stock exchange or admitted to or included on another organised market in a Member State of the European Union (“EU”) or another State party to the Agreement on the European Economic Area (“EEA”);
2. If they are exclusively admitted for trading on an exchange outside EU Member States or outside other States which are party to the agreement on the EEA or are admitted to or included on another organised market in one of these states, where the selection of these exchanges or organised markets has been approved by BaFin.

Newly issued securities may be acquired provided their issue conditions contain the requirement that the listing or inclusion on one of the stock exchanges or organised markets specified under items 1 or 2 must be applied for and that the listing or inclusion is made within one year of issue.

The following are also defined as securities in this sense:

- Units in closed funds in contract or corporate form that are subject to inspection by the unitholders (“management control”), i.e. the unitholders must have voting rights in fundamental decisions, as well as the right to check the investment policy using appropriate mechanisms. The Fund must also be managed by a legal entity that is subject to the investor protection regulations unless the Fund is set up in corporate form and the asset management duties are not performed by a different legal entity.
- Financial instruments collateralised with other assets or which are linked to the performance of other assets. If components of derivatives are embedded in these financial instruments, then additional requirements shall apply in order for the Company to be permitted to purchase them as securities.

It is only permitted to purchase the securities under the following conditions:

- The potential loss that the Fund could incur may not exceed the purchase price. An additional payment obligation may not arise.
  - The lack of liquidity of the transferable security acquired by the Fund must not lead to the Fund becoming unable to fulfil the statutory requirements for the redemption of units. This shall apply taking into account the legal option, in exceptional cases, to suspend unit redemption (cf. the Section entitled “Issue and redemption of units – Suspension of unit redemptions”).
  - A reliable valuation of the securities by way of exact, reliable and current prices must be possible. These must be either market prices or prices calculated by a valuation system that is independent of the issuer of the securities.
  - Adequate information must be available on the security in the form of either regular, precise and comprehensive market information for the security or any related portfolio in which the security is contained.
  - The security must be tradable.
  - The purchase of the security must be in accordance with the investment objectives and/or the investment strategy of the Fund.
  - The securities risks must be covered in an adequate manner by the risk management of the Fund.
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***Money market instruments***

It is also permitted to purchase securities in the following form:

- Shares to which the Fund is entitled in the case of a capital increase from corporate funds.
- Securities purchased during the exercise of purchase options belonging to the Fund.

It is also permitted for the Fund to purchase options as securities in this sense, to the extent that the Fund may contain securities giving rise to purchase options.

On behalf of the Fund, the Company is permitted to invest in money market instruments that are normally traded on the money market, as well as in interest-bearing securities, which either:

- have a maturity or residual maturity of no more than 397 days at the time of their purchase for the Fund;
- have a maturity or residual maturity of over 397 days at the time of their purchase for the Fund, but whose interest rate must be adjusted regularly (and at least once every 397 days) pursuant to the issue conditions and in line with market conditions;
- have a risk profile that matches the risk profile of securities that meet the residual maturity criterion or the interest adjustment criterion.

It is permitted to purchase money market instruments for the Fund if they:

1. are admitted for trading on an exchange in a Member State of the EU or in another State which is party to the agreement on the EEA or are admitted to or included on another organised market in these states;
2. are only admitted for trading on an exchange outside of the Member States of the EU or outside of the other states which are party to the agreement on the EEA or are admitted to included on another organised market in these states, where the selection of these exchanges or markets has been approved by BaFin;
3. are issued or guaranteed by the EU, the Federal Republic of Germany, an investment fund of the Federal Republic of Germany, a state of the Federal Republic of Germany, another Member State or other federal, regional or local authority or the central bank of an EU Member State, the European Central Bank or the European Investment Bank, a third country, or if it is a federal state, then a constituent state of that federal state or of an international institution under public law to which at least one EU Member State belongs;
4. are issued by an undertaking whose securities are traded on a market specified under subsections (1) or (2);
5. are issued or guaranteed by a credit institution subject to supervision in accordance with the criteria set out by EU law or a credit institution subject to and acting in compliance with supervision requirements which are equivalent to those of Community law in the opinion of BaFin, or
6. are issued by other issuers that are:
  - a) undertakings with at least EUR 10 million in equity, which prepare and publish their annual accounts in accordance with the European Directive on the annual accounts of companies with limited liability; or
  - b) legal entities responsible for the financing of a company group including one or more exchange-listed companies; or
  - c) legal entities that issue money market instruments based on liabilities by using a credit line granted by a bank. These are products in which bank receivables are securitised (known as “asset-backed securities”).



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It is only permitted to purchase the aforementioned money market instruments if they are liquid and if their values can be determined precisely at all times. Money market instruments are liquid if they can be sold within an adequately short period of time at limited costs. Here, it is necessary to take into account the obligation on the Company to redeem units in the Fund at the request of investors and for this, to be in a position to sell these money market instruments within a correspondingly short period of time. The money market instruments must also have a precise and reliable system of valuation in order to determine the net asset value of the money market instrument which is based on market data or valuation models, including systems based on amortised cost. The liquidity criterion is considered to be met by a money market instrument if it is admitted or included on an organised market within the EEA, or outside the EEA provided that BaFin has approved the selection of this market. However this does not apply if the Company has information indicating that the money market instrument may not be sufficiently liquid.

For money market instruments not listed on an exchange or admitted for trading on a regulated market (see above under subsections (3) to (6)), the issue or the issuer of these instruments must be subject to regulations on investment and investor protection. For instance, information must be available for these money market instruments that enables the proper valuation of the credit risks associated with the instruments and the money market instruments must be freely transferable. The credit risks can be evaluated, for instance, by a credit rating from a ratings agency.

The following requirements also apply to these money market instruments unless they are issued or guaranteed by the European Central Bank or the Central Bank of a member state of European Union:

- If they are issued or guaranteed by the following institutions (listed above under subsection (3)):
  - The EU
  - The Federal Republic of Germany
  - A special fund of the Federal Republic of Germany
  - A state of the Federal Republic of Germany
  - Another member state
  - Another federal authority
  - The European Investment Bank
  - A third country or, if it is a federal state, a constituent state in this federal state
  - An international institution under public law to which at least one EU member state belongs,

Then adequate information must be available on the issue and/or the issue programme or on the legal and financial situation of the issuer before the issue of the money market instrument.

- If it is issued or guaranteed by a credit institution supervised in the EEA (see above under subsection (5)), then adequate information must be available on the issue and/or the issue programme or on the legal and financial situation of the issuer before issue of the money market instrument, which must also be updated at regular intervals and after significant events. In addition to this, data must be available on the issue and/or the issue programme that enable(s) adequate evaluation of the credit risks associated with the investment.
- If these data are issued by a credit institution that is subject to supervision requirements outside the EEA, which, in the opinion of BaFin, are equivalent to the requirements within the EEA, then one of the following conditions must be met:
  - The credit institution shall maintain registered offices in an OECD country that is a member of what is known as the “G10” (group of the most powerful industrialised countries).
  - The credit institute must at least have a rating designated as “investment grade”.

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- It is possible to demonstrate, by way of a thorough analysis of the issuer, that the supervision requirements applicable to the credit institution are at least as strong as those under EU law.
  - For the other money market instruments, which are not listed on an exchange or approved for trading on a regulated market (see above under subsections (4) and (6) as well as those mentioned under subsection (3)), adequate information must be available on the issue and/or the issue programme and must also be updated at regular intervals and after significant events and verified by qualified third parties independent on the issuer's control. In addition to this, data must be available on the issue and/or the issue programme that enable(s) adequate evaluation of the credit risks associated with the investment.

***Bank deposits***

The Company is only permitted to hold bank deposits, on behalf of the Fund, that have a term of no more than twelve months. These deposits shall be kept on blocked accounts at credit institutions with registered offices in the EU or EEA. They may also be kept at credit institutions with registered offices in a third country whose supervision requirements are equivalent to those of EU law in the opinion of BaFin.

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

The Company is permitted to invest up to a total of 10 per cent of the value of the Fund in the following other assets:

- Securities that are not approved for trading on an exchange or other organised market or that are not included on these, but which, in principle, nevertheless meet the criteria for securities. Unlike with traded/admitted securities, the reliable valuation for these securities must be available in the form of a valuation at regular intervals which is based on information from the issuer or from a competent financial analysis. Appropriate information must be provided on securities which are not traded/included or, where applicable, the related, i.e. securitised portfolio in the security for the Fund in the form of regular and accurate information.
- Money market instruments from issuers that do not meet the requirements given above if they are liquid and if their value can be precisely determined at any time. Money market instruments are liquid if they can be sold within an adequately short period of time at limited costs. Here it is necessary to take into account the obligation of the Company to redeem units in the Fund at the request of investors and to be in a position to sell these money market instruments within a correspondingly short period of time. The money market instruments must also have a precise and reliable system of valuation in order to determine the net asset value of the money market instrument that is based on market data or valuation models, including systems based on amortised cost. The liquidity criterion is considered to be met by a money market instrument if it is admitted or included on an organised market within the EEA, or outside the EEA provided that BaFin has approved the selection of this market.
- Shares from new issues if, according to their issue conditions
  - it is necessary to apply for their admission for trading on an exchange in a Member State of the EU or in another state party to the agreement on the EEA or their admission or inclusion on an organised market in a Member State of the EU or in another state party to the agreement on the EEA according to the issue conditions, or
  - it is necessary to apply for their admission to trading on an exchange or their admission or inclusion on an organised market outside the Member States of the EU and other states party to the agreement on the EEA provided that the selection of this exchange or organised market has been approved by BaFin,

If the admission or inclusion is completed within one year of issue.

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- Note loans, which can be transferred at least twice after purchase for the Fund and are granted by one of the following institutions:
    - a) the German federal government, a German federal government investment fund, a German federal state, the EU or an OECD Member State,
    - b) another domestic authority or a regional government or local authority of another Member State of the EU or another state party to the agreement on the EEA, provided that the claims as per the Regulation on supervisory requirements for credit institutions and investment firms can be treated the same as a claim on the central government in whose territory the regional government or authority is based,
    - c) other corporate bodies or incorporated public-law institutions domiciled in Germany or another EU Member State or a member state of the European Economic Area Agreement,
    - d) Undertakings which have issued securities admitted for trading on an organised market in the EEA or that have been admitted for trading on another regulated market within the meaning of the Directive on markets in financial instruments in its currently applicable version, or
    - e) other debtors, provided one of the bodies named under items a) to c) above has guaranteed interest and repayment.

***Investment limits for securities and money market instruments, including with the use of derivatives***

***General investment limits***

The Company is permitted to invest up to 10 per cent of the value of the Fund in securities and money market instruments from the same issuer (debtor). Here, the total value of the securities and money market instruments of this issuer (debtor) may not exceed 40 per cent of the value of the Fund. Repurchase securities are counted towards this investment limit.

The Company is only permitted to invest up to 20 per cent of the value of the Fund in bank deposits at a particular credit institution.

***Investment limits for bonds with special cover funds***

The Company is permitted to invest up to 25 per cent of the value of the Fund in mortgage bonds, public sector bonds and note loans issued by a credit institution with its registered office in the EU or EEA. This is conditional upon the funds received from the note loans being invested in such a way that they cover the liabilities of the note loans over their entire term and are prioritised for redemption and interest in the event of default of the issuer of the note loans. For bonds of this kind, if over 5 per cent of the value of the Fund is invested in the same issuer, then the total value of these bonds must not exceed 80 per cent of the value of the Fund. Repurchase securities are counted towards this investment limit.

***Investment limits for public issuers***

The Company is permitted to invest up to 35 per cent of the value of the Fund in bonds, note loans and money market instruments of particular national and supranational public issuers. These public issuers include the Federal Republic of Germany, the federal states of Germany, Member States of the EU or their authorities, third countries and supranational public institutions to which at least one EU Member State belongs.

***Combination of investment limits***

The Company is permitted to invest up to 20 per cent of the value of the Fund in a combination of the following assets:

- Securities or money market instruments issued by the same institution
- Investments in this institution, i.e. bank deposits
- The eligible capital for covering the counterparty risk for transactions made with this institution in derivatives, securities loans and repurchase transactions

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For particular public issuers (see the Section “Assets - Investment limits for securities and money market instruments including with the use of derivatives and bank deposits”), a combination of the aforementioned assets must not exceed 35 per cent of the value of the Fund.

The relevant individual upper limits shall remain in effect.

***Investment limits with the use of derivatives***

The contributions from securities and money market instruments from an issuer that are counted towards the aforementioned limits may be reduced by using hedging derivatives with securities or money market instruments of the same issuer as their underlying assets. Therefore, on behalf of the Fund, securities and money market instruments of an issuer may be purchased in excess of the aforementioned limits if the resulting increase in issuer risk is offset by hedging.

***Investment units and the related investment limits***

The Company is permitted to invest in units of other open-ended domestic and foreign investment funds (hereinafter: “target funds”).

Target funds must be allowed to invest no more than 10 per cent in units of other open-ended investment funds according to their investment conditions or their articles of association. For non-UCITS units, known as “alternative investment funds” (hereinafter: “AIFs”), the following requirements also apply:

- The target fund must be authorised under laws that subject it to effective public supervision for the protection of investors, and an adequate guarantee must be in place of satisfactory cooperation between BaFin and the supervisory authorities of the target funds.
- The investor protection level must be equivalent to the investor protection level in a domestic UCITS, particularly with regard to separation of the management and custodian functions for the assets, for lending and for short-selling of securities and money market instruments.
- The business activities of the target fund must be the subject of semi-annual and annual reports which allow investors to assess the assets and liabilities and income and transactions in the reporting period.
- The target fund must be a public fund, with no numerical limitation on the number of units, and the investors must have a right to redemption of units.

It is only permitted to invest up to 20 per cent of the value of the Fund in units in the same target fund. It is only permitted to invest a total of up to 30 per cent of the value of the Fund in AIFs.

The Company is not permitted to purchase more than 25 per cent of the issued units in a target fund on behalf of the Fund.

The target fund may temporarily suspend redemption of units within the framework of the law. In such cases, the Company will be unable to redeem units in the target fund at the redemption price with the management company or custodian of the other target fund (see also Section “Risk information – Risks related to investing in fund units”). The Company website, [www.warburg-fonds.com](http://www.warburg-fonds.com), gives information on whether and if so, in what amounts the Fund holds units in target funds with unit redemption suspensions currently in effect.

***Derivatives***

**The Company may trade in derivatives as part of its investment strategy. This includes trading in derivatives for efficient portfolio management and to achieve additional returns, i.e. including for speculative purposes. As a result, the risk of loss for the Fund may increase at least temporarily.**

A derivative is an instrument price of which depends on the price fluctuations or valuations of other assets (the “underlying assets”). The remarks below pertain both to derivatives and to financial instruments with derivative components (hereinafter collectively referred to as: “derivatives”).

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As a maximum limit, it is permitted for the market risk of the Fund to double due to the use of derivatives (“market risk limit”). Market risk is the risk of loss resulting from fluctuations in the market value of assets held in the Fund, attributable to changes in variable prices and/or rates on markets such as interest rates, exchange rates, equity prices, commodities prices or changes in the credit rating of an issuer. The Company must observe the market risk limit at all times. The utilisation of market risk limit capacity must be calculated daily as per the statutory provisions of the German Ordinance on risk management and risk measurement for the use of derivatives, securities loans and repurchase transactions in investment funds pursuant to the KAGB (the “Derivatives ordinance”).

To determine the utilisation of market risk limit capacity, the Company uses what is known as the “qualified approach” pursuant to the Derivatives ordinance. In this, the Company compares the market risk of the Fund with the market risk of a virtual benchmark asset that does not contain any derivatives.

The derivative-free benchmark asset is a virtual portfolio, the value of which always precisely matches the current value of the Fund, but without the increases or hedging of the market risk from the derivatives. The composition of the benchmark asset must otherwise match the investment objectives and the investment policy applicable to the Fund. The derivative-free benchmark asset for the Fund is described in the Special Part.

**As a result of the use of derivatives, the risk amount for the market risk of the Fund is never permitted to exceed twice the risk amount for the market risk of the corresponding derivative-free benchmark asset.**

The market risk of the Fund and of the derivative-free benchmark asset is always calculated using a suitable individual risk model (known as the “value-at-risk method”). Here, the Company uses the variance-covariance analysis/Monte Carlo simulation as a modelling procedure. This modelling procedure is essentially based on a parametric approach and, in particular, features the simulation of general and specific market price risks, interest rate change risks, credit rating risks and exchange rate risks. This also takes into account interrelations between the different risk factors. In this, the Company determines the market price risks from all transactions. It uses the risk model to quantify the change in value of the assets held in the Fund over time. The value at risk gives a limit, expressed in currency units, of potential losses for a portfolio between two given points in time. This change in value is determined by chance events, such as the future market price trend, and therefore cannot be predicted with any certainty. The market risk to be determined can only be estimated with a sufficiently high probability.

The Company is permitted to invest in any derivatives on behalf of the Fund provided a suitable risk management system is in place. One precondition for this is that the derivatives be derived from assets that it is permitted to purchase on behalf of the Fund or be derived from the following underlying assets:

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

This includes, in particular, options, financial futures contracts and swaps, as well as combinations thereof.

### ***Futures***

Futures contracts are unconditionally binding agreements for both contracting parties to buy or sell a specified amount of a specified underlying asset at a specified time, the maturity date, or within a specific period, and at a price agreed in advance. On behalf of the Fund and within the framework of the investment principles, the Company is permitted to conclude futures contracts on securities and money market instruments purchasable by the Fund, interest rates, exchange rates or currencies as well as qualified financial indices.

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### ***Options transactions***

Options transactions grant a third party the right against payment (option premium) to request the delivery or purchase of assets or the payment of a differential amount or also to acquire the corresponding option rights at a predetermined price (exercise price) during or at the end of a certain period of time.

The Company is permitted to engage in options trading on behalf of the Fund and within the framework of the investment principles.

### ***Swaps***

Swaps are barter agreements to exchange the assets or risks underlying the transaction between the contractual partners. The Company is permitted to conclude interest rate swaps, currency swaps, interest-currency swaps and variance swaps on behalf of the Fund and within the framework of the investment principles.

### ***Swaptions***

Swaptions are options on swaps. A swaption is the right, but not the obligation, to enter into a specified swap on precisely fixed terms at a certain date or within a certain period of time. In other respects, the principles presented in connection with option dealing will be valid. On behalf of the Fund, the Company is only permitted to purchase swaptions composed of the options and swaps described above.

### ***Credit default swaps***

Credit default swaps are credit derivatives which enable a potential credit default volume to be passed on to third parties. The seller of the risk pays a premium to its counterparty as consideration for the takeover of the credit default risk. Moreover, the specifications for swaps shall apply accordingly.

### ***Total return swaps***

Total return swaps are credit derivatives for which all income and fluctuations in value of an underlying asset are exchanged for an agreed fixed interest payment. A contractual partner, the collateral buyer, therefore transfers the entire credit and market risk of the underlying asset to the contractual partner, the collateral provider. In return the collateral receiver pays a premium to the collateral provider.

At present the Fund does not have any total return swaps.

### ***Securitised financial instruments***

On behalf of the Fund, the Company may also purchase the financial instruments described above if they are securitised. However, transactions with underlying financial instruments may also be only partially included in securities (e.g. warrant bonds). The statements concerning risks and opportunities apply to such securitised financial instruments accordingly, provided the risk of loss of such securitised financial instruments is limited to the value of the relevant security.

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### *OTC derivative transactions*

On behalf of the Fund, the Company may conclude derivatives transactions approved for trading on an exchange or an organised market or included on these, as well as “over-the-counter” (OTC) transactions. The Company is only permitted to conclude derivatives transactions not admitted or included for trading on an exchange or an organised market with suitable credit institutions or financial services institutions based on standard framework agreements. For over-the-counter derivatives, the counterparty risk for a contractual partner is limited to 5 per cent of the value of the Fund. If the contractual partner is a credit institution with its registered office in the EU, the EEA or a third country with an equivalent level of supervision, then the counterparty risk may be up to 10 per cent of the value of the Fund. OTC derivative transactions conducted with a central clearing house of a stock exchange or another organised market as the contractual partner are not counted in the counterparty limits if the derivatives are subject to a daily valuation at market prices with a daily margin adjustment. Claims by the Fund against an intermediary dealer are, however, counted in the limits even if the derivative is traded on a stock exchange or another organised market.

The contractual partner for any total return swaps or other OTC derivatives used is in principle the Custodian, State Street Bank International GmbH, Munich. For further information on the Custodian see the “Custodian” section.

In the event of unreasonable price differences, other suitable partners will be selected in line with the “Principles for execution of transactions”.

### *Securities lending transactions*

It is permitted to transfer the securities, money market instruments and investment units held by the Fund to third parties by way of a loan in exchange for fees in line with market conditions. In this case it is permitted to transfer all securities, money market instruments and investment units holdings of the Fund to third parties as a securities loan for an indefinite period of time only. The Company does not expect the Fund units to be used in lending transactions under normal circumstances. However this is merely an estimated figure which may in individual cases be exceeded. The Company shall have the option to terminate the loan transaction at any time. It must be contractually agreed that after the end of the lending transaction, securities, money market instruments and investment units of the same type, quality and quantity shall be transferred back to the Fund within the customary settlement time frame. The transfer by way of a loan requires the granting of sufficient collateral to the Fund. Deposits may be transferred and/or securities or money market instruments may be transferred for this purpose. The Fund shall be entitled to the returns from investing the securities.

Repurchase transactions are conducted exclusively with credit institutions. Normally the current custodian will be chosen as the contractual partner for cost and efficiency reasons. In the event of unreasonable price differences, other suitable partners will be selected in line with the “Principles for execution of transactions”.

The borrower shall also be required to pay the interest due on the securities, money market instruments or investment units received by way of loan on maturity to the Custodian on behalf of the Fund. The total securities, money market instruments or investment units transferred to a single borrower must not exceed 10 per cent of the value of the Fund.

The Company must ensure that the borrower observes the applicable investment legislation for the custodianship of the borrowed assets. This means that the assets must be held separately in custody such that the investment fund is at all times protected in accordance with KAGB stipulations. In addition, the borrowed assets must also be returned in accordance with the applicable investment legislation. This means that either the borrowed assets are directly transferred back or that there must be a transfer of assets of the same type, quantity and quality. The custody therefore is governed by the aforementioned stipulations and is not at the discretion of the borrower.



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The Company may use an organised system for the brokering and settlement of securities lending transactions. If the securities lending transactions are brokered and settled using the organised system, the provision of collateral may be waived, since the requirements of this system guarantee the protection of the interests of investors. When securities lending transactions are settled using organised systems, the securities lent to borrowers may exceed 10% of the Fund's assets.

The lending transactions described here are carried out in order to achieve additional income in the form of a lending fee.

The Company performs securities lending transactions itself and does not use external service providers.

The Company is not permitted to grant third parties monetary loans on behalf of the Fund.

### ***Repurchase transactions***

On behalf of the Fund, the Company is permitted to conclude repurchase transactions with credit institutions and financial services institutions with a maximum term of twelve months. In addition, it is permitted to transfer the Fund's securities, money market instruments and investment units in exchange for payment under a repurchase agreement to a purchaser (simple repurchase transaction) and also to purchase securities with resale agreements within the framework of the applicable investment limits (reverse repurchase transaction). All the Fund's securities, money market instruments and investment units may be transferred to third parties by way of a repurchase transaction. The Company does not expect the Fund units to be used in repurchase transactions under normal circumstances. However this is merely an estimated figure which may in individual cases be exceeded. The Company shall have the option to cancel the repurchase transaction at any time. This shall not apply to repurchase agreements with terms of up to one week. On cancellation of a simple repurchase transaction, the Company shall be entitled to reclaim the securities, money market instruments and investment units transferred under a repurchase agreement. Cancellation of a reverse repurchase agreement may result in recovery either of the full cash sum or of the accumulated cash sum in the amount of the current market value. Repurchase agreements must be concluded in the form of real repurchase agreements. The purchaser thereby assumes the obligation to return the securities, money market instruments and investment units at a specified time or at a time specified by the seller or repay the cash sum including interest.

Repurchase transactions are conducted exclusively with credit institutions. Normally the current custodian will be chosen as the contractual partner for cost and efficiency reasons. In the event of unreasonable price differences, other suitable partners will be selected in line with the "Principles for execution of transactions".

The Company must ensure that the buyer of the repurchase agreement observes the applicable investment regulations for the assets acquired under a repurchase agreement. This means that the assets must be held separately in custody such that the investment fund is at all times protected in accordance with KAGB stipulations. In addition the assets must also be returned in accordance with the applicable investment legislation provisions. This means that either the assets acquired under a repurchase agreement are directly transferred back or that there must be a transfer of assets of the same type, quantity and quality. The custody therefore is governed by the aforementioned stipulations and is not at the discretion of the buyer of the repurchase agreement.

Repurchase transactions are carried out in order to achieve additional income for the Fund (reverse repurchase agreement) or to create temporary additional liquidity in the Fund (simple repurchase agreement).

The Company performs repurchase transactions itself and does not use external service providers.

### **Collateral strategy**

For derivatives transactions, securities loans transactions and repurchase transactions, the Company shall acquire collateral on behalf of the Fund. The collateral shall serve to minimise the risk of default on the part of the contractual partners for these transactions.



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***Types of collateral permitted***

For derivatives transactions, securities loans transactions and repurchase transactions, the Company accepts assets as collateral that meet the requirements of § 200(2) KAGB and § 27(7) of the German Derivatives Ordinance.

Pursuant to these, the following types of collateral are eligible:

- Cash payments
- Deposits
- Securities
- Money market instruments

All collateral provided by a contractual partner:

1. must consist of assets that are permitted to be purchased for the Investment Fund pursuant to the KAGB,
2. must be highly liquid; assets that are not cash resources are considered to be highly liquid if they can be sold at short notice and at close to the price underlying the valuation and are traded on a liquid market with transparent pricing,
3. must be valued at least once on every trading day,
4. must be issued by issuers with a high credit rating, and further haircuts must be applied if the highest rating is not held and the prices are volatile,
5. cannot be issued by an issuer that is itself the contractual partner or a company in the same group pursuant to § 290 of the German Commercial Code,
6. must be adequately diversified in terms of risk with respect to countries, markets and issuers,
7. cannot be subject to any significant operational risks or legal risks with regard to its management or custody,
8. must be held by a custodian subject to effective public supervision and that is independent of the collateral provider or is legally protected from default on the part of participants if they were not transferred,
9. must be available for inspection by the asset management company without permission from the collateral provider,
10. must be available for immediate valuation for the investment fund, and
11. must be subject to legal precautions in the event of insolvency of the collateral provider.

If the collateral for the transferred securities is provided by way of a deposit by the securities borrower, then the deposit must be kept in a blocked account as per § 200(2) sentence 3 (1) KAGB. Alternatively, the Company may opt to invest this deposit, in the currency of the deposit, in the following assets:

- a) in bonds of high quality issued by the Federal Republic of Germany, a state in the Federal Republic of Germany, the European Union, a Member State of the European Union or its authorities, another state party to the agreement on the European Economic Area or a third country,
- b) in money market funds with short maturity structures in accordance with guidelines issued by the supervisory authority based on § 4(2) or
- c) by way of a repurchase transaction with a credit institution that guarantees that the accumulated deposit can be reclaimed at any time.

If several contractual partners provide collateral of the same issuer these shall be aggregated. If the value of the collateral of the same issuer provided by one or several contractual partners does not exceed 20 per cent of the value of the Fund, the diversification is considered to be appropriate. The diversification is also considered to be appropriate even if this limit is exceeded in the event that the Fund is granted exclusively securities or money market instruments of the following issuers or guarantors as collateral:

- Federal Republic of Germany,
- German Federal States,

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- Member States of the European Union or its local authorities,
  - States party to the agreement on the European Economic Area or regional authorities of such States,
  - Non-Member States
  - International organisations that belong to the Federal government, another Member State of the European Union or another state party to the Agreement on the European Economic Area.

If all the collateral granted is in the form of securities or money market instruments of such an issuer or guarantor, the collateral must be from at least six different issues. The value of securities or money market instruments issued in the same issue may not exceed 30 per cent of the value of the asset fund.

***Scope of collateralisation***

The securities loan transactions shall be fully collateralised. The value of the securities transferred by way of a loan, along with the corresponding returns, comprises the collateral value. The payment of the collateral by the borrower is not permitted to be less than the collateral value plus a surcharge in line with market conditions.

Moreover, derivatives transactions, securities loans and repurchase transactions must be sufficiently collateralised to ensure that the sum for calculation of the default risk of the relevant contractual partner does not exceed five per cent of the value of the Fund. If the contractual partner is a credit institution with its registered office in an EU Member State, another State party to the agreement on the EEA or another country in which equivalent supervision requirements apply, then the sum for calculation of the default risk is permitted to be equal to ten per cent of the value of the Fund.

***Valuation of collateral and strategy for valuation deductions (haircut strategy)***

The collateral received is valued every trading day applying the available market prices and a reasonable haircut defined by the Company for all asset types in the Fund based on the Company haircut strategy. This strategy takes into account several factors according to the collateral received, such as credit rating of the counterparty, maturity, currency and price volatility of the assets. In principle, a haircut is not applied to cash deposits received.

***Investment of cash collateral***

Cash deposits in the form of bank deposits are permitted to be held on blocked accounts at the Custodian of the Fund or, with the Custodian's approval, at another credit institution. Reinvestment is only permitted in high-quality government bonds or money market funds with a short maturity structure. In addition, it is permitted to invest cash deposits with a credit institution by way of reserve repurchase transactions if it is guaranteed that the accumulated deposit can be reclaimed at any time.

***Custody of securities offered as collateral***

The Company may receive securities on behalf of the Fund as collateral in connection with derivatives, securities lending and repurchase agreements. If the securities were transferred as collateral, they must be held in custody with the Custodian. If the Company receives pledged securities in connection with derivative transactions as collateral, they may also be held with another agent that is subject to effective public supervision and that is independent of the collateral provider. It is not permitted to re-use the securities.

***Borrowing***

Taking out short-term loans on the collective behalf of investors is permitted for up to 10 per cent of the value of the Fund, provided that the conditions and loans are in line with market conditions and the custodian of the loan approves.

***Leverage***

Leverage is the ratio between the risk of the Fund and its net asset value. Any method whereby the Company raises the investment ratio of the Fund (leverage effect) shall affect the leverage. Such methods are, in particular, entering into securities lending and repurchase transactions as well as the acquisition of derivatives with embedded leverage. The rules on using derivatives and on conducting securities lending and repurchase transactions are shown under the section "Investment objective and strategy", "Assets – Derivatives" and/or "securities lending and repurchase transactions". The rules on taking out loans are stated under the Sections entitled "Investment objectives and strategy" and "Borrowing".

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The market risk due to the use of derivatives is permitted to double at the most (cf. Section entitled “Investment objective and strategy” and “Assets — Derivatives”). The Fund's leverage is calculated using the gross method. This describes the sum of the absolute values of all positions in the Fund which are valued in accordance with the legal requirements. Also it is not permitted to offset individual derivative transactions or securities positions against each other (i.e. netting and hedging agreements are not taken into consideration). Any effects associated with the reinvestment of collateral from securities loans and repurchase agreements shall be taken into account. Short-term loans, which are permitted exclusively in line with the Fund's investment strategy, must be excluded when calculating the leverage. The Company expects that the Fund's leverage calculated using the gross method will not exceed more than 1.5 times the net asset value. However, depending on market conditions, the leverage may fluctuate in such a way that despite constant monitoring by the Company, it exceeds the targets.

## Valuation

### General rules for the valuation of assets

#### *Assets admitted on an exchange/traded on an organised market*

Assets that have been admitted or included for trading on an exchange or other organised market as well as subscription rights for the Fund are valued at the last available trading price that can guarantee a reliable valuation unless indicated otherwise under “Special rules for valuation of individual assets”.

#### *Assets not listed on an exchange or traded on an organised market without trading prices*

Assets that are admitted for trading neither on an exchange nor an organised market and that are not included on these and for which a trading price is not available shall be valued at their current fair market value by a careful estimate using proper valuation models and taking into account current market conditions unless indicated otherwise below under “Special rules for valuation of individual assets”.

### Specific rules for the valuation of individual assets

#### *Unlisted bonds and note loans*

For valuation of bonds not admitted or included for trading on an exchange or organised market (e.g. unlisted loans, commercial papers and certificates of deposit) and for the valuation of note loans, the prices agreed for comparable bonds and note loans and any market values of loans from comparable issuers with corresponding terms and interest shall be used, where necessary with a deduction to offset limited saleability.

#### *Options and futures contracts*

The options and liabilities from options granted by third parties belonging to the Fund that are admitted for trading on an exchange or admitted or included on another organised market shall be valued at the latest available trading price that can guarantee a reliable valuation.

The same applies to receivables and liabilities from futures contracts sold on behalf of the Fund. The initial margins charged to the Fund are added to the value of the Fund, including the valuation gains and valuation losses calculated on the trading day.

#### *Cash deposits, time deposits, investment units and loans*

Cash deposits shall, in principle, be valued at their face value plus interest.

Time deposits shall be valued at market value if the time deposit can be cancelled at any time and the repayment on cancellation is not the nominal value plus interest.

Investment units are in principle included at their latest redemption price or at their latest available trade price which allows a reliable valuation. If these values are not available, the investment units shall be valued at the current market price deemed appropriate upon diligent estimates based on suitable valuation models, giving consideration to current market conditions.

Concerning the return claims resulting from securities lending transactions, the relevant price of the assets transferred in the lending process shall be applied.

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<b><i>Assets denominated in foreign currencies</i></b>	Assets denominated in foreign currency are converted on the basis of the 10 a.m. snapshot exchange rate of the currency by Thomson Reuters (Markets) Deutschland GmbH into euros on the same day.
<b>Issue and redemption of units</b>	In principle, the number of units issued is not limited. Units can be purchased from WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH, Hamburg, from the Custodian or via a third party. They are issued by the Custodian at the issue price, which is equal to the net asset value per unit (“unit value”) plus a front-end load fee. In addition to this, purchase via third parties is also possible, but may involve additional fees. The Company reserves the right to temporarily or permanently suspend the issue of units.
<b><i>Issue of units</i></b>	
<b><i>Redemption of units</i></b>	Regardless of the minimum investment amount (where a minimum investment amount applies), investors may request the redemption of units on any valuation day unless the Company has temporarily suspended unit redemption (see below under “Suspension of the redemption of units”). Redemption orders must be placed with the Custodian or the Company itself. The Company is required to redeem the units at the redemption price applicable on the settlement date, which is equal to the unit value calculated on this day – where applicable minus a redemption fee. Redemption via third parties is also possible, but may involve additional fees.
<b><i>Settlement on issue and redemption of units</i></b>	<p>The Company follows a policy of equal treatment of investors by ensuring that no investor is able to gain an advantage through the sale or purchase of units at previously known unit values. It therefore applies a daily order acceptance cut-off time. Settlement issue and redemption orders received by the order cut-off time by the Custodian or Company shall occur by no later than the first valuation day (= clearing day) after receipt of the order, at the unit value determined at that time. Orders received after the cut-off by the Custodian or Company will not be cleared until the second following valuation day (= clearing day). The order cut-off time for this Fund is published on the Company's website at <a href="http://www.warburg-fonds.com">www.warburg-fonds.com</a>. It can be altered by the Company at any time.</p> <p>In addition to this, third parties, such as the depository, may broker the issue/redemption of units. This may result in long clearing times. The Company has no control over the various clearing procedures of depositories.</p>
<b><i>Suspension of unit redemptions</i></b>	<p>The Company may temporarily suspend the redemption of units in the event of extraordinary circumstances which make the suspension appear appropriate, taking into account the interests of investors. Some examples of extraordinary circumstances of this kind include if an exchange on which a significant portion of the Fund securities are traded is unexpectedly closed or if the assets in the Fund cannot be valued. In addition, BaFin may instruct the Company to suspend the redemption of units if this is deemed necessary in the interests of the investors or the general public.</p> <p>The Company reserves the right to only redeem or exchange the units at the price applicable at that time after it has sold assets in the Fund without delay, but in the interests of the investor. A temporary suspension may be immediately followed by the liquidation of the investment fund, without the resumption of unit redemption (for more details, refer to the section “Liquidation, transfer and merger of the Fund”).</p> <p>The Company shall inform investors of the suspension and resumption of unit redemption by publication in the German Federal Gazette as well as in a financial or daily newspaper with a sufficiently wide readership or online at <a href="http://www.warburg-fonds.com">www.warburg-fonds.com</a>. Investors shall also be informed by their securities account provider in written or electronic form.</p>

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**Liquidity  
management**

The Company has defined principles and procedures for the Fund in writing that enable it to monitor the liquidity risk of the Fund and guarantee that the liquidity profile of the Fund investments with the underlying liabilities of the Fund is covered. The Fund liquidity profile, which is defined taking into account the investment strategy set out in Section “Investment objective and strategy”, is described in the Special Part of this Sales Prospectus. The principles and procedures include:

- The Company monitors the liquidity risks which may arise at the level of the Fund or the assets. For this, it makes an estimate of the liquidity of the assets held in the Fund in relation to the fund assets and defines a liquidity ratio for this. The liquidity assessment includes, for instance, an analysis of the trade volume, the complexity of the asset, the number of trading days needed to sell the asset without impacting the market price. In this, the Company also monitors the investments in target funds and their redemption principles and any resulting impact on the Fund liquidity.
- The Company monitors the liquidity risks which may arise due to increased redemption requests from investors. Here, expectations are formed on net fund fluctuations taking into account the available information on the investment structure and experience-based values from historical net flow fluctuations. This factors in the impact of call risk and other risks (e.g. reputation risks).
- The Company has set adequate limits on liquidity risks for the Fund. It monitors for compliance with these limits and has set procedures in the event of failure to meet these limits.
- The procedures put in place by the Company guarantee consistency between the liquidity ratio, the liquidity risk limits and the expected net flow fluctuations.

The Company monitors these principles regularly and updates them accordingly.

The Company conducts stress tests regularly, at least once a month, which it can use to evaluate the Fund liquidity risks. The Company conducts these stress tests based on reliable and up-to-date quantitative information, or where this is not adequate, qualitative information. This includes investment strategy, redemption timeframes, payment obligations and the timeframes within which the assets can be sold as well as information related to general investor behaviour and market developments. Where applicable, the stress tests simulate illiquidity of assets in the Fund as well as atypical redemption demand both in terms of quantity and scope. They hedge against market risks and their consequences, including on margin calls and calls on collateral or credit lines. They take valuation sensitivities into account under stress conditions. They are conducted taking into account the investment strategy, the liquidity profile and the redemption principles of the Fund in an appropriate frequency for the fund type.

Rights to redemption under normal and extraordinary circumstances and suspension of redemption are covered in the Section “Issue and redemption of units – Suspension of unit redemptions”. The associated risks are explained under “Risk information – Risks of investing in the fund – Suspension of the redemption of units” and “Risks of limited fund liquidity (liquidity risk)”.

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<b>Stock exchanges and markets</b>	<p>The Company may admit the units in the Fund on an exchange or organised market. So far, the Company has not made use of this option.</p> <p>The possibility cannot be ruled out that the units will be traded on other markets without the Company's consent. A third party may allow units to be put into free circulation or to be included on another off-exchange trade without the consent of the Company.</p> <p>The market price forming the basis for stock market dealings or trading on other markets is not determined exclusively by the value of the assets held in the Fund but also by supply and demand. For this reason, the market price may deviate from the unit price quoted by the Company and/or Custodian.</p>
<b>Fair treatment of investors</b>	<p>The Company shall treat investors in the Fund fairly. Within the framework of managing the liquidity risk and the redemption of units, it is not permitted to favour the interests of one investor or group of investors over the interests of another investor or group of investors.</p> <p>The procedures used by the Company to guarantee fair treatment of investors are described in the Sections "Settlement on issue and redemption of units" and "Liquidity management".</p>
<b>Issue and redemption prices</b>	<p>In order to calculate the issue and redemption prices for the units, the Company determines the value of the assets held by the Fund minus the liabilities of the Fund (the "net asset value") every valuation day under the supervision of the Custodian. The net asset value divided by the number of unit certificates issued gives us the "unit value".</p> <p>The value of the Fund's units is calculated on every stock exchange trading day. The Custodian and the Company may refrain from calculating the value on statutory public holidays within the area of application of the KAGB that are stock exchange days and on 24 and 31 December. Unit price calculations are not currently performed on New Year's day, Good Friday, Easter Monday, May Day, Ascension Day, Whit Monday, German Unity Day, Christmas Eve, Christmas Day, Boxing Day or New Year's Eve.</p>
<b>Suspension of the calculation of the issue/redemption prices</b>	<p>The Company may temporarily suspend the calculation of the issue and redemption prices under the same conditions that apply to the redemption of units. These are further detailed in the Section "Issue and redemption of units – Suspension of unit redemptions".</p>
<b>Front-end load</b>	<p>When the issue price is determined, a sales charge (front-end load) is added to the unit value. This front-end load may reduce or even outweigh any performance gains, particularly for short-term investments. The front-end load is essentially a fee for the sale of the units in the Fund. The Company may pass on the front-end load to intermediaries to compensate them for their sales services.</p> <p>The front-end load for the Fund is stated in the Special Part.</p>
<b>Redemption fee</b>	<p>When setting the redemption price, a redemption fee may be deducted from the unit value. In this case, this redemption fee may reduce performance or even offset it completely, especially in cases of short investment terms. The redemption fee can go to the Company or the Fund.</p> <p>The Special Part describes any applicable redemption fees.</p>
<b>Publication of the issue/redemption prices</b>	<p>The issue/redemption prices are published regularly in a daily or financial periodical of adequate readership and/or on the Company website at <a href="http://www.warburg-fonds.com">www.warburg-fonds.com</a>.</p>

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<b>Fees for issue and redemption of units</b>	<p>The issue and redemption of units by the Company and/or the Custodian shall be at the issue price (unit value/unit value plus front-end load) and/or the redemption price (unit value/unit value minus redemption fee) with no additional charges.</p> <p>If the investor purchases units through third parties, this may involve charges exceeding the front-end load. If investors redeem units through third parties, these third parties may charge their own fees for redemption of units.</p>
<b><i>Charges paid by the Fund</i></b>	<p>The Special Part of the Sales Prospectus gives details on the remunerations and reimbursements for expenses that can be charged to the Fund.</p>
<b>Dissolution, transfer and merger of the Fund</b>	<p>The investors are not entitled to request dissolution of the Fund. The Company may terminate its right to manage the Fund with a period of notice of at least six months by announcement in the German Federal Gazette and also in the annual or semi-annual report. Investors shall also be informed of termination by their depositaries by permanent data carrier, in written or electronic form. When the termination takes effect, the right of the Company to manage the Fund shall expire.</p> <p>In addition, the right of management of the Company shall also expire if insolvency proceedings are opened on its assets or by the legal force of a court ruling rejecting the petition to open insolvency proceedings owing to lack of assets.</p> <p>On termination of the right of management of the Company, the right of disposal over the Fund shall be transferred to the Custodian, which shall liquidate the Fund and distribute any proceeds amongst the investors or, with the approval of BaFin, transfer management to a different company.</p>
<b><i>Preconditions on Fund dissolution</i></b>	
<b><i>Procedure for liquidation of the Fund</i></b>	<p>On transfer of the right of disposal over the Fund to the Custodian, the issue and redemption of units shall be ended and the Fund liquidated.</p> <p>The proceeds from the sale of assets in the Fund, minus the charges incurred by the Fund and the costs incurred due to dissolution, shall be distributed amongst the investors, who shall be entitled to disbursement of liquidation proceeds according to the amount of their units in the Fund.</p> <p>The Company shall prepare a liquidation report which meets the requirements of an annual report on the day on which the right of management of the Company expires. The liquidation report shall be published in the German Federal Gazette no later than three months after the Fund liquidation date. While the Custodian is liquidating the Fund, it shall prepare a report, both annually and on the liquidation completion date, that meets the requirements of an annual report. These reports shall also be published in the German Federal Gazette no later than three months after the effective date.</p>
<b><i>Transfer of the Fund</i></b>	<p>The Company may transfer the right to manage and to have disposal of the investment fund to another asset management company. The transfer must be approved beforehand by the BaFin. The approved transfer shall be announced in the German Federal Gazette and also in the Fund's annual or semi-annual report. Investors shall also be informed of the planned transfer by their depositaries by permanent data carrier, in written or electronic form. The point at which the transfer become effective is determined by the contractual agreement between the Company and the acquiring asset management company. The transfer shall not be effective, however, until three months after announcement in the German Federal Gazette. All rights and obligations of the Company in relation to the Fund shall then pass to the acquiring asset management company.</p>
<b><i>Conditions for merger of the Fund</i></b>	<p>With the approval of BaFin, it is permitted to transfer all assets in this Fund to another investment fund that already exists or is newly founded by the merger, which must meet the requirements of a UCITS issued in Germany or another EU or EEA country.</p> <p>The transfer shall take effect at the end of the financial year (transfer date) unless a different transfer date is specified.</p>

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***Rights of investors in the event of a merger of the Fund***

Investors shall have up to five working days before the scheduled transfer date to either redeem their units at no further cost, except for charges to cover dissolution of the Fund, or to exchange their units for units in another publicly traded investment fund that is also managed by the Company or by another company in its group with investment principles comparable to those of the Fund.

The Company shall also inform the Fund investors of the reasons for the merger, the potential effects on the investors and their rights in connection with the merger as well as the procedural aspects prior to the planned transfer date by permanent data carrier, in written or electronic form. Investors shall also receive the Key Investor Information Document on the investment fund to which the Fund assets will be transferred. Investors must receive the aforementioned information at least 30 days before the date of redemption or exchange of their units.

On the transfer date, the net asset values of the Fund and the beneficiary investment fund shall be calculated, the exchange ratio determined and the entire exchange procedure reviewed by the auditor. The exchange ratio is determined by taking the ratio of the net asset value per unit of the Fund to the net asset value per unit of the beneficiary fund at the time of transfer. The investor shall receive the number of units in the beneficiary investment fund corresponding to the value of its units in the Fund.

To the extent that investors do not make use of their redemption or exchange rights, they shall become investors in the beneficiary investment fund on the transfer date. Where applicable, the Company is also permitted to reach an agreement, with the management company of the beneficiary investment fund, specifying that the investors in the Fund will be paid up to 10 per cent of the value of their units in cash. On transfer of all of the assets, the Fund shall be dissolved. If the transfer takes place during the current financial year of the Fund, then the Company must prepare a report, on the transfer date, that meets the requirements of an annual report.

The Company shall announce, in the German Federal Gazette and in addition to this, in a financial or daily periodical of adequate readership or on the Company website at [www.warburg-fonds.com](http://www.warburg-fonds.com), that the Fund was merged into a different investment fund managed by the Company and the merger has taken effect. If the Fund is merged into another investment fund that is not managed by the Company, then the management company of the beneficiary or newly created investment fund shall take on responsibility for announcement of the entry into force of the merger.

**Summary of tax requirements**

The information provided on tax requirements only applies to investors with unlimited income tax liability in Germany. Before purchasing units in the Fund described in this Sales Prospectus, we recommend that foreign investors contact their tax advisors to clarify any tax consequences in their home country of purchasing units.

**Description of the legal position until 31 December 2017**

As a special purpose fund, the Fund is in principle exempt from corporation and trade tax. However, where applicable, there may be a final capital gains tax charge of 15% on German dividends and German equity capital equivalent participation certificates if it is not possible to meet specific provisions of the Income Tax Act. However, as capital income, the taxable Fund proceeds are subject to income tax for private investors if, combined with other capital gains, they exceed the saver's allowance of EUR 801 (for single people or married people filing separately) or EUR 1,602 (for married people filing jointly).

In principle, capital income is subject to a tax deduction of 25 per cent (plus solidarity contribution and any church tax). Capital income also includes the proceeds distributed from the Fund, the distribution-equivalent income, the unrealised profit and the profit from the purchase and sale of Fund units purchased after 31 December 2008.

In general, for the private investor, the withholding tax acts as a final payment (known as the final withholding tax) so that, as a rule, income from capital assets need not be declared in the income tax return. In principle, on application of the tax deduction, the depositary has already offset any losses and factored in any foreign deductions at source.



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The withholding tax does not act as a final payment, however, if the investor's personal tax rate is lower than the final withholding tax of 25%. In this case, capital income can be declared on the income tax declaration. In such cases, the tax authority takes the lower personal tax rate and applies the tax deduction that was made to the personal tax liabilities (what is known as the "most favourable treatment" or "*Gunstigerprüfung*").

If capital income has not been subject to any tax deductions (for instance, because profits from the sale of Fund units are realised in a foreign custody account), then it must be declared on the tax declaration. In such cases, for the purposes of assessment, the capital income is also subject to the flat-rate limit of 25 per cent or the lower personal tax rate.

If the units are held in business assets, then the proceeds are taxed as operating revenues. Tax law requires differentiated treatment of income components in reporting the income subject to tax and/or capital gains tax.

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

#### ***Profits from the sale of securities, profits from futures and proceeds from option premiums***

Profits from the sale of equities, units in investment funds, equity-equivalent profit-participation rights and profits from futures contracts as well as proceeds from option premiums acquired at the Fund level are not taxed for the investor unless they are distributed. In addition to this, the profits from the sale of the following capital receivables (so-called "good capital receivables") are not taxed for the investor unless they are distributed:

- a) Capital receivables with an issue yield
- b) "Normal" loans and non-securitised receivables with a fixed coupon as well as down-rating loans, floaters and reverse floaters
- c) Risk certificates that reflect the price of a share or a public index for multiple shares with a 1:1 ratio
- d) Reverse convertible bonds, exchangeable bonds and convertible bonds
- e) Income bonds traded flat (without accrued interest) and external capital profit-participation rights, and
- f) Cum warrants.

If profits from the sale of the aforementioned securities/capital receivables, profits from futures contracts or proceeds from option premiums are distributed, then, in principle, they are subject to tax and are subject to the 25% tax deduction on units held in Germany (plus solidarity contribution and any church tax). Distributed profits from the sales of securities and profits from futures contracts are however tax-exempt if the securities, at the Fund level, were purchased before 1 January 2009 or if the futures contracts were concluded before 1 January 2009.

Proceeds from the sale of capital receivables not appearing in the above list are treated as interest for tax purposes (see below).

#### ***Interest, dividends and other proceeds***

In principle, interest, dividends and other proceeds are taxable for the investor. This applies regardless of whether these returns are accumulated or disbursed. In principle, they are subject to a tax deduction of 25 per cent (plus solidarity contribution and any church tax).

The tax deduction does not apply if the investor is a resident taxpayer and submits an exemption order provided that the taxable income components do not exceed EUR 801 for single filers or EUR 1,602 for married joint filers.

The same applies in the case of submission of a certificate for people not expected to be assessed for income tax (what is known as a "non-assessment certificate", hereinafter: "NA certificate").

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If the resident investor keeps the units in a fund that is a distributing fund for tax purposes in a domestic custody account then the depository, as paying agent, does not apply the tax deduction if, before the set distribution date, it has received an exemption order for an adequate amount based on the official template or an NA certificate granted by the tax authority for a period of up to three years. In such cases, the investor shall be credited for the whole distribution without deductions.

For the tax deduction for an investment fund that does not disburse proceeds, the Fund provides the depositories with the capital gains tax plus the maximum applicable annex taxes (solidarity contribution and church tax). The depositories apply the tax deduction in the same way as for distributions, taking into account the personal circumstances so, for instance, any applicable church tax can be deducted. If the Fund makes any sums available to depositories that do not need to be deducted, then a reimbursement shall be applied.

If the units are held in domestic custody account, then investors who submit an exemption order issued in an adequate amount or an NA certificate to their depositories before the end of the financial year of the Fund shall have the amount that was made available to the depository credited to their account.

If the exemption order or NA certificate is not submitted on time, then the investor shall receive, from the depository, a tax certificate for the tax deduction and the solidarity contribution withheld and paid to the tax authority. In such cases, investors shall have the option to have the tax deduction counted within the framework of their income tax assessment for their personal tax liabilities.

If units in distributing funds are not kept in a custody account and income coupons are submitted to a domestic credit institution (self-custody), then the tax deduction shall be applied in the amount of 25 per cent plus solidarity contribution.

***Negative taxable income***

If negative income remains after offsetting against positive income of the same type at the Fund level, then this is carried forward for tax purposes at the Fund level. This can be offset at the Fund level against future positive taxable income of the same type in the subsequent year. Direct attribution of the negative taxable income to the investor is not possible. Here, these negative sums do not affect the investor's income tax until the assessment period (taxation year) in which Fund's financial year ends, and/or in which the distribution, for which the negative taxable income at the Fund level is being offset, is made for the financial year of the Fund. It is not possible to apply this to the investor's income tax at an earlier time.

***Distributions of non-income assets***

Distributions of non-income assets are not subject to taxation. Distributions of non-income assets received by the investor during the holding period are, however, attributable to the taxable income from the sale of Fund units, i.e. they increase the taxable profit.

***Capital gains at the investor level***

If a private investor sells units in the Fund purchased after 31 December 2008, then these capital gains are subject to the flat-rate tax of 25 per cent. If the units are kept in a domestic deposit, then the depository applies the tax deduction. The tax deduction of 25 per cent (plus solidarity contribution and any church tax) can be avoided by submitting an adequate exemption order and/or an NA certificate. If these units are sold by the private investor at a loss, then the loss can be offset against other positive capital income. If the units are kept in a domestic custody account and positive capital income is acquired in the same calendar year at the same depository, then the depository shall apply the loss offset.

If the Fund units acquired before 1 January 2009 are sold, the profit is tax-free for private investors.

In determining the capital gains, the unrealised profit at the time of acquisition shall be deducted from the acquisition costs and the unrealised profit at the time of the sale shall be deducted from the sales costs to prevent the possibility of double taxation of unrealised profits (see below). In addition to this, the accumulated returns on which the investor has already paid taxes shall be deducted from the sales price so this does not result in double taxation.

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The profit from the sale of Fund units purchased after 31 December 2008 is tax exempt insofar as it is attributable to the tax-exempt income as per the double taxation agreement (hereinafter: “DTA”) arising during the holding period in the Fund and not yet taxed at the investor level (what is known as “real estate profit in proportion to holding time” (“*besitzzeitanteiliger Immobiliengewinn*”)).

The Company shall publish the real estate profit every valuation day as a percentage of the unit value of the Fund.

If a minimum investment sum of EUR 100,000 or more is required in order to invest in the Fund or if participation by natural persons depends on the expertise of the investors (in case of share classes, related to a particular unit class), then the following shall apply to the sale or redemption of units purchased after 9 November 2007 and before 1 January 2009: Profits from the sale or redemption of such units are normally subject to a flat-rate withholding tax of 25 per cent. The taxable capital gains from the sale or redemption of units is, however, in this case limited to the amount of the accumulated gains from the disposal at Fund level of the securities acquired after 31 December 2008 and the accumulated gains at Fund level from futures transactions entered after 31 December 2008. This restriction of taxable capital gains requires proof of the corresponding amount.

The units are classified as sold on 31 December 2017. The disposal price shall be set at the last redemption price established in the 2017 calendar year. The gains are in principle tax-free in accordance with the above-mentioned rules if the units were acquired before 1 January 2009. In other cases the gains are in principle subject to tax and shall be determined in accordance with the above-mentioned laws. However they are not taken into consideration until the units have actually been sold.

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

##### ***Profits from the sale of securities, profits from futures and proceeds from option premiums***

Profits from the sale of equities, units in investment funds, equity-equivalent profit-participation rights and profits from futures contracts as well as proceeds from option premiums acquired at the Fund level are not taxed for the investor unless they are distributed. In addition to this, the profits from the sale of the following capital receivables (so-called “good capital receivables”) are not taxed for the investor unless they are distributed:

- a) Capital receivables with an issue yield
- b) “Normal” loans and non-securitised receivables with a fixed coupon as well as down-rating loans, floaters and reverse floaters
- c) Risk certificates that reflect the price of a share or a public index for multiple shares with a 1:1 ratio
- d) Reverse convertible bonds, exchangeable bonds and convertible bonds
- e) Income bonds traded flat (without accrued interest) and external capital profit-participation rights, and
- f) Cum warrants.

If these profits are distributed, then they must be counted at the investor level for tax purposes. Here, capital gains from shares are entirely tax-exempt (for investors that are corporations) or 40% tax-exempt (for other business investors, such as sole proprietors) (partial income procedure). On the other hand, capital gains from bonds/capital receivables, profits from futures contracts and proceeds from option premiums are taxable in full.

Proceeds from the sale of capital receivables not appearing in the above list are treated as interest for tax purposes (see below).

Distributed profits from the sale of securities, distributed futures profits and distributed proceeds from option premiums are normally subject to the tax deduction (capital gains tax of 25 per cent plus solidarity contribution). This does not apply to profit from the sale of securities purchased before 1 January 2009 or profits from futures contracts concluded before 1 January 2009. However, in this particular case, the paying agent will not withhold any tax deduction if the investor is a corporation with unlimited tax liability or if these capital gains are operating revenue from a domestic company and the creditor for the capital gains declares such to the paying agent using the officially prescribed form.

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***Interest and interest-like income***

In principle, interest and interest-like income are taxable for the investor. This applies regardless of whether these returns are accumulated or disbursed.

The depositary shall forgo or reimburse the tax deduction if a corresponding NA certificate is submitted. Further, the investor shall receive a tax certificate attesting to the withholding of the tax deduction.

***Domestic and foreign dividends***

Dividends of domestic and foreign companies accrued or deemed to have been accrued to the Fund before 1 March 2013 and that have been distributed on or reinvested in units held as business assets are, in principle, tax-free for corporations with listed units, with the exception of dividends pursuant to the German Real-Estate Investment Trusts Act (hereinafter: REITG). Due to the new regulations on taxation of free-float dividends, dividends in foreign and domestic joint-stock companies received by direct investment or considered to have been received by the Fund after 28 February 2013 are taxable. With the exception of dividends under the REITG, dividends paid to sole proprietorships are taxable at 60% (partial income method).

Domestic dividends are subject to the tax deduction (capital gains tax of 25 per cent plus solidarity contribution).

Foreign dividends are subject to the tax deduction (capital gains tax of 25 per cent plus solidarity contribution). However, in this particular case, the paying agent will not withhold any tax deduction if the investor is a corporation with unlimited tax liability or if the foreign dividends are operating revenue from a domestic company and the creditor for the capital gains declares such to the paying agent using the officially prescribed form. For certain corporations, the paying agent requires a certificate from the competent tax authority as proof of the unlimited tax liability. These are organisations, institutions, institutes and other special purpose funds under private law or legal entities under private law that lack legal capacity and that are not corporate entities, cooperatives or mutual insurance or pension companies.

For investors subject to trade tax, the partially income/corporate tax-exempt dividend income must be counted again when determining the trade earnings, but not reduced again. In the view of the tax authorities, dividends of foreign corporations can, as inter-company dividends, only be tax-free if the investor is a (joint stock) corporation within the meaning of the DBA and if a sufficient share of the (inter-company) dividend calculated is allotted to it. DBAs ist und auf ihn durchgerechnet eine genügend hohe (Schachtel-) Beteiligung entfällt.

***Negative taxable income***

If negative income remains after offsetting against positive income of the same type at the Fund level, then this is carried forward for tax purposes at the Fund level. This can be offset at the Fund level against future positive taxable income of the same type in the subsequent year. Direct attribution of the negative taxable income to the investor is not possible. Here, these negative sums do not affect the investor's income/corporation tax until the assessment period (taxation year) in which Fund's financial year ends, and/or in which the distribution for which the negative taxable income at the Fund level is being offset is made for the financial year of the Fund. It is not possible to apply this to the investor's income/corporation tax at an earlier time.

***Distributions of non-income assets***

Distributions of non-income assets are not taxable. For investors with balance-sheet accounting, this means that distributions of non-income assets must be recorded as earnings on the trade balance sheet, and an offsetting liability must be recorded as expenses on the tax balance sheet, thus effectively reducing historical acquisition costs in a tax-neutral manner. Alternatively, the proportional amount of the distribution of non-income assets can be deducted from the continued acquisition costs.

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***Capital gains at the investor level***

Profits from the sale of units in business assets are normally tax-exempt for corporations provided that the profits come from dividends not yet received or not yet considered to have been received and from realised and unrealised profits of the Fund from domestic and foreign shares and provided that these dividends and profits are tax-exempt on allocation to the investor (what is known as share gains). These capital gains are taxed at 60% for sole proprietorships. The Company publishes the share profit (since 1 March 2013, due to the aforementioned change in the law, two share profits separated for corporations and sole proprietors – where applicable, the separated publication will appear subsequently) every valuation day as a percentage of the unit value of the Fund.

The profit from the sale of units is also tax-exempt insofar as it is attributable to the tax-exempt income as per the DTA arising during the holding period in the Fund and not yet taxed at the investor level (what is known as “real estate profit in proportion to holding time” (“*besitzzeitanteiliger Immobiliengewinn*”)).

The Company shall publish the real estate profit every valuation day as a percentage of the unit value of the Fund.

The units are classified as sold on 31 December 2017. The disposal price shall be set at the last redemption price established in the 2017 calendar year. The gains are in principle subject to tax and shall be determined in accordance with the above-mentioned laws. However they are not taken into consideration until the units have actually been sold.

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*Summary for normal groups of corporate investors*

Accumulated or distributed	interest, profits from the sale of bad capital claims and other income	German dividends	Foreign dividends
<b>Domestic investors</b>			
Sole proprietorships	<u>Capital gains tax:</u> 25%		<u>Capital gains tax:</u> Not applicable
	<u>material taxation:</u> Income and trade tax; trade tax is offset against the income tax, or foreign withholding taxes may be offset or deducted	<u>material taxation:</u> Trade tax on 100% of the dividends; income tax on 60% of the dividends provided these are not REIT dividends or dividends of low-tax investment companies; trade tax will be offset against income tax	
Companies subject to standard taxation (“Regelbesteuerung”) (typically industrial companies; banks, provided units are not part of the trading portfolio; property insurance companies)	<u>Capital gains tax:</u> Not applicable to banks, 25% in other cases	<u>Capital gains tax:</u> 25%	<u>Capital gains tax:</u> Not applicable
	<u>material taxation:</u> Corporation and trade taxes; foreign withholding taxes may, where applicable, be offset or deducted	<u>material taxation:</u> Corporation tax and trade tax	<u>material taxation:</u> Corporation tax and income tax: foreign withholding tax may be offset at the maximum DTA rate or deducted on calculation of the income
Life and health insurance companies and pension funds in which the fund units are attributable to the capital investments	<u>Capital gains tax:</u> Not applicable		
	<u>material taxation:</u> Corporation and trade tax, if no provision is made for refunding of premiums in the financial accounts, which also must be recognised for taxation purposes; foreign withholding taxes may be offset or deducted where applicable		

Accumulated or distributed	interest, profits from the sale of bad capital claims and other income	German dividends	Foreign dividends
<b>Domestic investors</b>			
Banks which hold units of the fund in the trading portfolio	<u>Capital gains tax:</u> Not applicable	<u>Capital gains tax:</u> 25%	<u>Capital gains tax:</u> Not applicable
	<u>material taxation:</u> Corporation and trade taxes; foreign withholding taxes may, where applicable, be offset or deducted		<u>material taxation:</u> Corporation tax and income tax; foreign withholding tax may be offset at the maximum DTA rate or deducted on calculation of the income
Tax-exempt charitable, benevolent or church investors (in particular churches and charitable foundations)	<u>Capital gains tax:</u> Not applicable		
	<u>material taxation:</u> Tax-free		
Other tax-exempt investors (in particular pension funds, death benefit funds and provident funds provided they meet the conditions of corporation tax law).	<u>Capital gains tax:</u> Not applicable	<u>Capital gains tax:</u> 15%	<u>Capital gains tax:</u> Not applicable
	<u>material taxation:</u> Tax-free	<u>material taxation:</u> Tax deduction definitely applies	<u>material taxation:</u> Tax-free
Commercial partnerships	<u>Capital gains tax:</u> 25%		<u>Capital gains tax:</u> Not applicable
	<u>material taxation:</u> Trade tax does in some cases apply to partnerships. Where applicable, trade tax is not in principle charged at the partner level. For the purpose of income or corporation tax, the income of the partnership is calculated uniformly and separately. The partners are required to pay tax on this income in accordance with the rules which would apply if they held a direct stake in the fund. In the case of partnerships which are not subject to corporation tax law, the proportionate trade tax applicable to the partners is offset against income tax.		

Accumulated or distributed	interest, profits from the sale of bad capital claims and other income	German dividends	Foreign dividends
<b>Domestic investors</b>			
Asset management partnerships	<u>Capital gains tax:</u> 25%		
	<u>material taxation:</u> Trade tax does not apply to partnerships. Income from partnerships is subject to income or corporation tax and, where applicable, trade tax at the level of the investor and the same taxation consequences exist as if the partner were directly investing in the Fund.		
<b>Foreign investors</b>	<u>Capital gains tax:</u> Not applicable	<u>Capital gains tax:</u> 25%; where applicable, relief on the DTA maximum rate possible when applying for refund of withholding tax to the Federal Central Tax Office; if no withholding tax is refunded tax deduction is final.	<u>Capital gains tax:</u> Not applicable
<u>material taxation:</u> The investor is subject to limited taxation on the German dividends and revenues from the sale of German real estate within the 10-year period. By submitting a tax return in Germany, the investor may receive a refund of the capital gains tax on German rental income and profits from the sale of German real estate (the capital gains tax is treated as a prepayment; the corporation tax rate in Germany is only 15%). In other cases material taxation is governed by the investor's country of residence.			



Distributed	Profits from the sale of good capital claims and futures transactions	Gains on the sale of shares
<b>Domestic investors</b>		
Sole proprietorships	<u>Capital gains tax:</u> Not applicable	
	<u>material taxation:</u> Income and trade tax; trade tax is offset against the income tax	<u>material taxation:</u> income tax of 60% of capital gains except for gains from the sale of REIT shares or from the sale of low-tax investment companies; trade tax does not apply
Companies subject to standard taxation (“Regelbesteuerung”) (typically industrial companies; banks, provided units are not part of the trading portfolio; property insurance companies)	<u>Capital gains tax:</u> Not applicable	
	<u>material taxation:</u> Corporation and trade taxes; foreign withholding taxes may, where applicable, be offset or deducted	<u>material taxation:</u> tax-free except for gains from the sale of REIT shares or from the sale of low-tax investment companies; for corporation tax purposes 5% of tax-free gains are counted as non-deductible operating expenses.
Life and health insurance companies and pension funds in which the fund units are attributable to the capital investments	<u>Capital gains tax:</u> Not applicable	
	<u>material taxation:</u> Corporation and trade tax, if no provision is made for refunding of premiums in the financial accounts, which also must be recognised for taxation purposes; foreign withholding taxes may be offset or deducted where applicable	
Banks, which hold units of the fund in the trading portfolio	<u>Capital gains tax:</u> Not applicable	
	<u>material taxation:</u> Corporation and trade taxes; foreign withholding taxes may, where applicable, be offset or deducted	
Tax-exempt charitable, benevolent or church investors (in particular churches and charitable foundations)	<u>Capital gains tax:</u> Not applicable	
	<u>material taxation:</u> Tax-free	

Distributed	Profits from the sale of good capital claims and futures transactions	Gains on the sale of shares
<b>Domestic investors</b>		
Other tax-exempt investors (in particular pension funds, death benefit funds and provident funds provided they meet the conditions of corporation tax law).	<u>Capital gains tax:</u> Not applicable	
	<u>material taxation:</u> Tax-free	
Commercial partnerships	<u>Capital gains tax:</u> Not applicable	
	<u>material taxation:</u> Trade tax does in some cases apply to partnerships. Where applicable, trade tax is not in principle charged at the partner level. For the purpose of income or corporation tax, the revenues of partnerships are established uniformly and separately. The partners are required to pay tax on this income in accordance with the rules which would apply if they held a direct stake in the fund. In the case of partnerships which are not subject to corporation tax law, the proportionate trade tax applicable to the partners is offset against income tax.	
Asset management partnerships	<u>Capital gains tax:</u> 25%	
	<u>material taxation:</u> Trade tax does not apply to partnerships. Income from partnerships are subject to income or corporation tax and, where applicable, trade tax at the level of the investor and the same taxation consequences exist as if the partner were directly investing in the fund.	
Foreign investors	<u>Capital gains tax:</u> Not applicable	
	<u>material taxation:</u> Material taxation is governed by the rules in the investor's country of residence.	

This is subject to being held in a domestic custody account. A solidarity contribution is charged in addition to the capital gains tax, income tax and corporation tax as an additional deduction. Allowable foreign withholding taxes may be deducted at the level of the investment fund as income-related costs, in which case offset at investor level is not possible. It may be necessary for non-assessment certificates to be presented to the custodian on time in order to avoid deduction of capital gains tax.

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**Non-resident taxpayers**

The following applies to distributing funds and unit classes:

If a non-resident taxpayer keeps Fund units in a custody account at a domestic depository, then tax deductions shall not apply to interest, interest-like income, capital gains on securities, futures earnings and foreign dividends if it provides proof of non-resident taxpayer status. If the non-resident status is not reported/demonstrated to the depository in a timely manner, then the foreign investor will be forced to apply for reimbursement of the tax deduction as per the German Fiscal Code. The responsible party is the tax authority responsible for the depository.

The following applies to distributing funds and unit classes:

If a foreign investor holds Fund units in a custody account at a domestic depository, then after submission of proof of its non-resident taxpayer status, no taxes will be withheld except for cases of domestic dividends. If the proof is not submitted on time – such as in the case of untimely demonstration of non-resident status for distributing funds – it is possible to apply for reimbursement under the German Fiscal Code even after the accumulation time.

The extent to which the tax deduction on domestic dividends can be charged or reimbursed for foreign investors depends on the DTA concluded between the country of residence of the investor and the Federal Republic of Germany. A DTA reimbursement of capital gains tax on domestic dividends is handled through the German Federal Central Tax Office in Bonn (the “BZSt”).

**Solidarity contribution**

The tax deduction to be withheld from disbursements or accumulations is subject to a solidarity contribution of 5.5 per cent. The solidarity contribution is counted for the purposes of income and corporation tax.

If a tax deduction does not apply or if the tax deduction is reimbursed in the case of accumulation, then no solidarity contribution is deducted or the withheld solidarity contribution is reimbursed for an accumulation, respectively.

**Church tax**

If the tax deduction has already been applied to the income tax by a domestic depository (withholding agent), then the church tax applicable to this is always withheld as an additional tax deduction at the church tax rate for the religious community to which the party liable for church tax belongs. The deductibility of the church tax as a special expense is already recognised as a reduction in the tax deduction.

**Foreign withholding tax**

Withholding tax on the Fund's foreign income is retained in some cases in the country of origin. The Company may deduct the chargeable withholding tax at the Fund level as income-related expenses. In such cases, the foreign withholding tax is neither chargeable nor deductible at the investor level. If the Company does not make use of its option to deduct foreign withholding tax at the Fund level, then the chargeable withholding tax is directly recognised as a reduction in the tax deduction.

**Income adjustment**

If the income adjustment procedure is used for the Fund, then, for tax purposes, components of the issue price, for the issued units that can be applied for disbursement, that are allotted to income (income adjustment procedure) must be treated the same as the income to which these components of the issue price are allotted.

**Separate determination of tax bases and external audit**

The tax bases determined at the Fund level must be calculated separately. For this, the Company must issue a notice of assessment to the responsible tax authority. Changes in the notices of assessment, such as during an external audit by the tax authority, will take effect in the financial year in which the amended assessment has become incontestable. The tax imputation from this amended assessment will take effect for the investor at the end of this financial year and/or on the distribution date for the distribution for this financial year.

Thus, adjustments for errors will financially impact investors that were participating in the Fund at the time the error was corrected. The tax impact may be either positive or negative.

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**Taxation of unrealised profits**

Unrealised profits are the fees contained in the issue or redemption price for collected or accrued interest as well as profits from the sale of non-good capital receivables that have not yet been disbursed or accumulated by the Fund and consequently have not yet become subject to tax for the investor (e.g. comparable to accrued interest from fixed-interest securities). The unrealised profits achieved by the Fund become subject to income tax on redemption or sale of units by a resident taxpayer. The tax deduction on the unrealised profits comes to 25 per cent (plus solidarity contribution and any church tax).

The unrealised profits paid on purchase of units can be deducted as negative income in the payment year for private investors for income tax purposes if an income adjustment procedure is carried out and if this is indicated both in the publication of the unrealised profits and within the framework of the tax figures confirmed by professionals. It is already recognised as a reduction in the tax deduction. If the unrealised profit is not published, then, annually, 6 per cent of the fees for redemption or sale of investment units will be regarded as unrealised profits. For corporate investors, the paid unrealised profits are a dependent part of the acquisition costs that are not to be corrected. On redemption or sale of Fund units, the unrealised profit received comprises a dependent part of the proceeds from sales. A correction should not be applied.

The unrealised profits are regularly available from the account statements and earnings statements from banks.

**Consequences of the merger of investment funds**

In the case of a merger of a domestic investment fund with another domestic investment fund, a disclosure of hidden funds will not ensue, either at the investor level or at the level of the relevant investment fund, i.e. this process is tax-neutral. The same applies to the transfer of all assets of a domestic investment fund to a domestic open-ended investment company or a subfund of a domestic open-ended investment company. If the investors of the transferring fund receive a cash payment specified in a merger plan, then this shall be treated as a distribution of other income. Income earned by the transferring fund and not yet distributed shall, for tax purposes, be attributed to the investor on the transfer date as what is known as “distribution-equivalent income”.

**Transparent, semitransparent and non-transparent tax as an investment fund**

The aforementioned tax principles (known as transparent taxation for investment funds within the meaning of the German Investment Tax Act (hereinafter: the “InvStG”)) only apply if the Fund falls under the grandfather clause of the InvStG. For this to be the case, the Fund must have been launched before 24 December 2013 and must comply with the investment regulations and borrowing restrictions of the former InvG. Alternatively, the Fund must meet the investment tax provisions of the InvStG (these are the principles under which the Fund is permitted to invest) in order to be treated as an investment fund for tax purposes. In both cases, all tax bases under the tax disclosure requirement as set out in § 5(1) InvStG must be disclosed. Alternatively it is also possible for the investor to provide proof of the taxation bases. If the Fund has acquired units in other investment funds, the above-mentioned taxation principles only apply if (i) the respective target fund either comes under the grandfather clause of the InvStG or meets the fiscal investment stipulations in accordance with the InvStG and (ii) the management company has fulfilled the tax notification requirements for these target funds.

The Company has endeavoured to meet the investment tax conditions or, in the case of the grandfather clause, the investment conditions and borrowing limits under the German Investment Act and disclosed all tax bases available to it. However, the required disclosure cannot be guaranteed, in particular, if the Fund has purchased units in investment funds and the relevant management company has not met the tax disclosure requirements. In such cases, the distributions and unrealised profits and 70 per cent of the increase in value over the last calendar year with respect to the relevant units in the investment fund (but at least 6 per cent of the redemption price) shall be regarded as taxable income at the Fund level (known as flat-rate taxation). Flat-rate taxation can, however, be avoided if the investor provides proof. The Company also endeavours to disclose other tax bases outside of the requirements of § 5(1) InvStG (especially the share profit, the real estate profit and the unrealised profit).

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**Automatic exchange of tax information**

If the investment regulations and borrowing restrictions pursuant to the former InvG or fiscal investment regulations under the InvStG are not complied with, the Fund shall be treated as an investment company. Taxation is governed by the principles for investment companies.

At international level the importance of the automatic exchange of information to combat cross-border tax fraud and cross-border tax evasion has increased considerably in the past few years. In 2014 on behalf of the G20 the OECD therefore published a common reporting standard (hereinafter: "CRS") on the automatic exchange of information on financial accounts in tax matters. The CRS has been signed by more than 90 (participating) countries by way of a multilateral agreement. In addition at the end of 2014 it was integrated with Directive 2014/107/EU of the Council of 9 December 2014 into Directive 2011/16/EU regarding the obligation on automatic exchange of taxation information. The participating countries (all EU member states and many other states) in principle apply the CRS with effect from 2016 with reporting requirements with effect from 2017. Just a few states (e.g. Austria and Switzerland) are permitted to apply the CRS one year later. Germany transposed the CRS into German law in the Financial Accounts Information Exchange Act (Finanzkonten-Informationsaustauschgesetz) of 21 December 2015 and applied it from 2016.

Under the CRS, reporting financial institutions (mainly banks) are required to obtain certain information on their clients. If the clients (natural persons or legal entities) are subject to reporting requirements in other participating countries (this excludes, for example, listed corporations and financial institutions), their accounts and security deposits are classified as reportable accounts. The reporting financial institutions then submit certain information on all reportable accounts to their domestic tax authorities. The latter forwards the information to the client's domestic tax authorities.

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

In practical terms this consequently affects all reportable investors who have an account and/or securities account with a bank in a participating country. Therefore German banks will notify information on investors who are resident in other participating countries to the Federal tax authority, which forwards the information to the appropriate tax authorities in the investor's country of residence. Accordingly banks in other participating countries will notify information on investors resident in Germany to their appropriate domestic tax authorities, which will forward the information to the Federal tax authority. Ultimately it is conceivable that banks registered in other participating countries may notify information regarding investors who are resident in other participating countries to their domestic tax authorities, which will forward the information to the respective tax authorities of the country of residence of the investor.

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## Description of the legal position from 1 January 2018

As a special purpose fund, the Fund is in principle exempt from corporation and trade tax. However it is partly subject to corporation tax on its domestic investment income and other domestic revenues within the meaning of the limited income tax liability with the exception of gains from the sale of shares in companies. The taxation rate is 15 per cent. If the taxable income is charged in the form of a deduction on capital gains, the 15 per cent tax rate also includes the solidarity surcharge.

However, the investment income of the Investment Fund is taxable for the private investor as income from capital assets, which is subject to income tax, provided that it exceeds the saver's flat-rate annual allowance of EUR 801 (for single persons or spouses assessed separately) or EUR 1,602 (for spouses assessed jointly) together with the other investment income.

In principle, capital income is subject to a tax deduction of 25 per cent (plus solidarity contribution and any church tax). The income from capital assets also includes income from investment funds (investment income) i.e. distributions from the Fund, the pre-determined tax bases and the gains from the sale of units.

In general, for the private investor, the withholding tax acts as a final payment (known as the final withholding tax) so that, as a rule, income from capital assets need not be declared in the income tax return. In principle, on application of the tax deduction, the depositary has already offset any losses and factored in any foreign deductions at source from direct investments.

The withholding tax does not act as a final payment, however, if the investor's personal tax rate is lower than the final withholding tax of 25%. In this case, capital income can be declared on the income tax declaration. In such cases, the tax authority takes the lower personal tax rate and applies the tax deduction that was made to the personal tax liabilities (what is known as the "most favourable treatment" or "*Gunstigerprüfung*").

If capital income has not been subject to any tax deductions (for instance, because profits from the sale of Fund units are realised in a foreign custody account), then it must be declared on the tax declaration. In such cases, for the purposes of assessment, the capital income is also subject to the flat-rate limit of 25 per cent or the lower personal tax rate.

If the units are held in business assets, then the proceeds are taxed as operating revenues.

### Units held as private assets (resident taxpayers)

#### *Distributions*

Distributions made by the Fund are in principle taxable.

However if the Fund meets the taxation criteria of an equity fund, 30 per cent of the distributions shall be tax-free.

However if the Fund meets the taxation criteria of a mixed fund, 15 per cent of the distributions shall be tax-free.

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

The tax deduction does not apply if the investor is a resident taxpayer and submits an exemption order provided that the taxable income components do not exceed EUR 801 for single filers or EUR 1,602 for married joint filers.

The same applies in the case of submission of a certificate for people not expected to be assessed for income tax (what is known as a "non-assessment certificate", hereinafter: "NA certificate").

If a German investor holds units in a domestic securities account, the depositary will refrain, as paying agent, from applying the withholding tax if it is presented prior to the specified distribution date with an appropriate exemption request for a sufficient amount using the official form or a non-assessment certificate issued by the tax authorities for a maximum period of three years. In such cases, the investor shall be credited for the whole distribution without deductions.

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***Pre-determined  
tax bases***

The pre-determined tax base is the amount by which the distributions by the Fund falls short of the base income for a calendar year. The base income is calculated by multiplying the redemption price of the unit at the start of a calendar year by 70 per cent of the base interest rate derived from the long-term yields on public bonds. The base income is limited to the additional amount which results from the redemption price established between the first and last calendar year, plus the distributions during the calendar year. In the year the units were acquired, the pre-determined tax base is reduced by one twelfth for each full month preceding the month of acquisition. The pre-determined tax base is considered to be accrued from the first working day of the following calendar year.

Pre-determined tax bases are not in principle taxable.

However if the Fund meets the taxation criteria of an equity fund, 30 per cent of the distributions shall be tax-free.

However if the Fund meets the taxation criteria of a mixed fund, 15 per cent of the distributions shall be tax-free.

The taxable pre-determined tax bases are usually subject to the 25 per cent withholding tax (plus solidarity surcharge and, where applicable, church tax).

The tax deduction does not apply if the investor is a resident taxpayer and submits an exemption order provided that the taxable income components do not exceed EUR 801 for single filers or EUR 1,602 for married joint filers.

The same applies in the case of submission of a certificate for people not expected to be assessed for income tax (what is known as a “non-assessment certificate”, hereinafter: “NA certificate”).

If a German investor holds units in a domestic securities account, the depository will refrain, as paying agent, from applying the withholding tax if it is presented prior to the time of accrual with an appropriate exemption request for a sufficient amount using the official form or a non-assessment certificate issued by the tax authorities for a maximum period of three years. In this case no tax is deducted. In other cases the investor must make the amount of tax payable available to the depository. For this purpose, the depository may collect the amount of tax payable from an account held with it in the name of the investor without the consent of the investor. If the investor does not object before the accrual of the pre-determined tax base, the depository may to this extent collect the amount of the tax payable from an account held in the name of the investor as if a credit of the current account agreed with the investor had not been invoked for this account. If the investor fails to meet his obligation to make the amount of deductible tax available to the domestic depository, the depository must advise his competent tax office thereof. The investor must in this case state the pre-determined tax base in this respect in his income tax declaration.

***Capital gains at the  
investor level***

If units in the Fund are sold after 31 December 2017, the capital gains are subject to the withholding tax rate of 25%. This applies to units which were acquired prior to 1 January 2018 and which qualify as sold on 31 December 2017 and reacquired on 1 January 2018, and also to units acquired after 31 December 2017.

However if the Fund meets the taxation criteria of an equity fund, 30 per cent of the distributions shall be tax-free.

However if the Fund meets the taxation criteria of a mixed fund, 15 per cent of the distributions shall be tax-free.

In the case of gains from the sale of units which were acquired before 1 January 2018 and which qualify as sold on 31 December 2017 and reacquired on 1 January 2018, it should be noted that at the actual time of sale the gains from the deemed disposal on 31 December 2017 are taxable if the units were actually acquired after 31 December 2008.



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If the units are held in a domestic securities account, the depository will apply the withholding tax, taking into consideration any partial exemptions. The tax deduction of 25 per cent (plus solidarity contribution and any church tax) can be avoided by submitting an adequate exemption order and/or an NA certificate. If these units are sold by the private investor at a loss, then the loss can be offset against other positive capital income. If the units are kept in a domestic custody account and positive capital income is acquired in the same calendar year at the same depository, then the depository shall apply the loss offset.

The gains on Fund units acquired before 1 January 2009 and sold after 31 December 2017 occurring after 31 December 2017 are in principle tax-free for private investors up to an amount of EUR 100,000. This allowance can only be claimed if the profits are declared to the investor's tax office.

When calculating the capital gains, the pre-determined tax bases during the holding period are deducted from the gains.

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

#### ***Refund of Fund's corporation tax***

If the investor is a domestic corporation, association or estate which, in accordance with the articles of association, the act of foundation or other form of constitution, and is actually managed exclusively and directly for not-for-profit, charitable or church purposes, or is a trust under public law which is exclusively and directly for not-for-profit or charitable purposes, or a legal entity under public law which is exclusively and directly for church purposes, it will receive, on application from the Fund, a refund at Fund level of the corporation tax pro rata to the holding period. This does not apply if the units are held by a commercial business. The same applies to comparable foreign investors with their registered office and management in a foreign country which provides official collection assistance. The refund is conditional on the investor being the beneficial owner under civil law for at least three months before the receipt of the Fund income subject to corporation tax, without any obligation to transfer the units to another person. The refund is also conditional, with regard to corporation tax on German dividends and income from German equity-equivalent participation rights at Fund level, on German shares and German equity-equivalent participation rights being held by the Fund as the beneficial owner for 45 consecutive days during the 45 days prior to and following the due date of the capital income and the risks of change in the minimum value consecutively during these 45 days amounting to 70%.

Proof of the tax exemption and proof of the investment units held issued by the depository must be attached to the application. The proof of the investment units held is a certificate drawn up using an official model of the amount of the units held throughout the calendar year by the investor as well as the date and amount of units acquired and sold during the calendar year.

Due to the highly complex nature of the rule, it is advisable to contact a tax advisor.

#### ***Distributions***

Distributions made by the Fund are in principle subject to income/corporation and trade taxes.

If the Fund does, however, meet the taxation criteria of an equity fund, 60 per cent of the distributions are exempt from income tax and 30 per cent from trade tax if the units are held by natural persons as operating assets. For corporations liable to tax, in general 80 per cent of the distributions are exempt from corporation tax and 40 per cent from trade tax. For corporations which are life or health insurance companies and for which the units are attributable to the capital assets, or which are banks for which the units are attributable to the trading book or acquired by them with the objective of achieving short-term profit by own account trading, 30 per cent of the distributions are exempt from corporation tax and 15 per cent from trade tax.

If the Fund does, however, meet the taxation criteria of a mixed fund, 30 per cent of the distributions are exempt from income tax and 15 per cent from trade tax if the units are held by natural persons as operating assets. For corporations liable to tax, in general 40 per cent of the distributions are exempt from corporation tax and 20 per cent from trade tax. For corporations which are life or health insurance companies and for which the units are attributable to the capital assets, or which are banks for which the units are attributable to the trading book or acquired by them with the objective of achieving short-term profit by own account trading, 15 per cent of the distributions are exempt from corporation tax and 7.5 per cent from trade tax.

The distributions are usually subject to the 25 per cent withholding tax (plus solidarity surcharge).



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***Pre-determined tax bases*** If the Fund does, however, meet the taxation criteria of an equity fund, the partial exemption of 30 per cent will be taken into consideration in the tax deduction.

If the fund does, however, meet the taxation criteria of a mixed fund, the partial exemption of 15 per cent will be taken into consideration in the tax deduction.

The pre-determined tax base is the amount by which the distributions by the Fund falls short of the base income for a calendar year. The base income is calculated by multiplying the redemption price of the unit at the start of a calendar year by 70 per cent of the base interest rate derived from the long-term yields on public bonds. The base income is limited to the additional amount which results from the redemption price established between the first and last calendar year, plus the distributions during the calendar year. In the year the units were acquired, the pre-determined tax base is reduced by one twelfth for each full month preceding the month of acquisition. The pre-determined tax base is considered to be accrued from the first working day of the following calendar year.

Pre-determined tax bases made by the Fund are in principle subject to income/corporation and trade taxes.

If the fund does, however, meet the taxation criteria of an equity fund, 60 per cent of the pre-determined tax bases are exempt from income tax and 30 per cent from trade tax if the units are held by natural persons as operating assets. For corporations liable to tax, in general 80 per cent of the pre-determined tax bases are exempt from corporation tax and 40 per cent from trade tax. For corporations which are life or health insurance companies and for which the units are attributable to the capital assets, or which are banks for which the units are attributable to the trading book or acquired by them with the objective of achieving short-term profit by own account trading, 30 per cent of the pre-determined tax bases are exempt from corporation tax and 15 per cent from trade tax.

If the fund does, however, meet the taxation criteria of a mixed fund, 30 per cent of the pre-determined tax bases are exempt from income tax and 15 per cent from trade tax if the units are held by natural persons as operating assets. For corporations liable to tax, in general 40 per cent of the pre-determined tax bases are exempt from corporation tax and 20 per cent from trade tax. For corporations which are life or health insurance companies and for which the units are attributable to the capital assets, or which are banks for which the units are attributable to the trading book or acquired by them with the objective of achieving short-term profit by own account trading, 15 per cent of the pre-determined tax bases are exempt from corporation tax and 7.5 per cent from trade tax.

The pre-determined tax bases are usually subject to the 25 per cent withholding tax (plus solidarity surcharge).

If the Fund does, however, meet the taxation criteria of an equity fund, the partial exemption of 30 per cent will be taken into consideration in the tax deduction.

If the fund does, however, meet the taxation criteria of a mixed fund, the partial exemption of 15 per cent will be taken into consideration in the tax deduction.

***Capital gains at the investor level***

Gains from the sale of the units are in principle subject to income/corporation and trade tax. When calculating the capital gains, the pre-determined tax bases during the holding period are deducted from the gains.

If the fund does, however, meet the taxation criteria of an equity fund, 60 per cent of the capital gains are exempt from income tax and 30 per cent from trade tax if the units are held by natural persons as operating assets. For corporations liable to tax, in general 80 per cent of the capital gains are exempt from corporation tax and 40 per cent from trade tax. For corporations which are life or health insurance companies and for which the units are attributable to the capital assets, or which are banks for which the units are attributable to the trading book or acquired by them with the objective of achieving short-term profit by own account trading, 30 per cent of the capital gains are exempt from corporation tax and 15 per cent from trade tax.

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If the fund does, however, meet the taxation criteria of a mixed fund, 30 per cent of the capital gains are exempt from income tax and 15 per cent from trade tax if the units are held by natural persons as operating assets. For corporations liable to tax, in general 40 per cent of the capital gains are exempt from corporation tax and 20 per cent from trade tax. For corporations which are life or health insurance companies and for which the units are attributable to the capital assets, or which are banks for which the units are attributable to the trading book or acquired by them with the objective of achieving short-term profit by own account trading, 15 per cent of the capital gains are exempt from corporation tax and 7.5 per cent from trade tax.

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

***Negative taxable income*** Negative taxable income may not be allocated directly to investors.

***Taxation of liquidation*** Distributions are only classified as income during the liquidation of the Fund to the extent they contain an increase in value for a calendar year.

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*Summary of taxation applicable to common corporate investor groups*

	Distributions	Pre-determined tax bases	Capital gains
<b>Domestic investors</b>			
Sole proprietorships	<u>Capital gains tax:</u> 25% (partial redemption for equity funds of 30% or for mixed funds of 15% is applied)		Capital gains tax: Not applicable
	<u>material taxation:</u> Income and trade tax after partial exemptions, where applicable (equity funds 60% for income tax/30% for trade tax; mixed funds 30% for income tax/15% for trade tax)		
Companies subject to standard taxation (“Regelbesteuerung”) (typically industrial companies; banks, provided units are not part of the trading portfolio; property insurance companies)	<u>Capital gains tax:</u> Banks are exempt, otherwise 25% (partial exemption for equity funds of 30% or for mixed funds of 15% is applied)		Capital gains tax: Not applicable
	<u>material taxation:</u> Corporation and trade tax after partial exemptions, where applicable (equity funds 80% for corporation tax/40% for trade tax; mixed funds 40% for corporation tax/20% for corporation tax)		
Life and health insurance companies and pension funds in which the fund units are attributable to the capital investments	<u>Capital gains tax:</u> Not applicable		
	<u>material taxation:</u> Corporation tax and trade tax, provided there are no provisions for premium refunds in the financial balance sheet, which are also recognised for tax purposes; if applicable, after partial exemptions (equity funds 30% for corporation tax/15% for trade tax; mixed funds 15% for corporation tax/7.5% for trade tax)		
Banks which hold units of the Fund in the trading portfolio	<u>Capital gains tax:</u> Not applicable		
	<u>material taxation:</u> Corporation and trade tax after partial exemptions, where applicable (equity funds 30% for corporation tax/15% for trade tax; mixed funds 15% for corporation tax/7.5% for corporation tax)		
Other tax-exempt investors (in particular pension funds, death benefit funds and provident funds provided they meet the conditions of corporation tax law).	<u>Capital gains tax:</u> Not applicable		
	<u>material taxation:</u> Tax-free		

This is subject to being held in a domestic custody account. A solidarity contribution is charged in addition to the capital gains tax, income tax and corporation tax as an additional deduction. It may be necessary for certificates to be presented to the Custodian on time in order to avoid deduction of capital gains tax.

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<b>Non-resident taxpayers</b>	If a non-resident taxpayer keeps Fund units in a custody account at a domestic depository, then tax deductions shall not apply to distributions, pre-determined tax bases and gains from the sale of units provided it provides proof of non-resident taxpayer status. If the non-resident status is not reported/demonstrated to the depository in a timely manner, then the foreign investor will be forced to apply for reimbursement of the tax deduction as per the German Fiscal Code. The responsible party is the tax authority responsible for the depository.
<b>Solidarity contribution</b>	The tax deduction to be withheld from distributions, pre-determined tax bases and gains from the sale of units is subject to a solidarity contribution of 5.5 per cent. The solidarity contribution is counted for the purposes of income and corporation tax.
<b>Church tax</b>	If the tax deduction has already been applied to the income tax by a domestic depository (withholding agent), then the church tax applicable to this is always withheld as an additional tax deduction at the church tax rate for the religious community to which the party liable for church tax belongs. The deductibility of the church tax as a special expense is already recognised as a reduction in the tax deduction.
<b>Foreign withholding tax</b>	Withholding tax on the Fund's foreign income is retained in some cases in the country of origin. This withholding tax cannot be used by investors as a tax allowance.
<b>Consequences of the merger of investment funds</b>	In the case of a merger of a domestic investment fund with another domestic investment fund, a disclosure of hidden funds will not ensue, either at the investor level or at the level of the relevant investment fund, i.e. this process is tax-neutral. The same applies to the transfer of all assets of a domestic investment fund to a domestic open-ended investment company or a subfund of a domestic open-ended investment company. If the investors of the transferring fund receive a cash payment specified in a merger plan, then this shall be treated as a distribution.
<b>Automatic exchange of tax information</b>	<p>At international level the importance of the automatic exchange of information to combat cross-border tax fraud and cross-border tax evasion has increased considerably in the past few years. In 2014 on behalf of the G20 the OECD therefore published a common reporting standard (hereinafter: "CRS") on the automatic exchange of information on financial accounts in tax matters. The CRS has been signed by more than 90 (participating) countries by way of a multilateral agreement. In addition at the end of 2014 it was integrated with Directive 2014/107/EU of the Council of 9 December 2014 into Directive 2011/16/EU regarding the obligation on automatic exchange of taxation information. The participating countries (all EU Member States and many other states) in principle apply the CRS with effect from 2016 with reporting requirements with effect from 2017. Just a few states (e.g. Austria and Switzerland) are permitted to apply the CRS one year later. Germany transposed the CRS into German law in the Financial Accounts Information Exchange Act (Finanzkonten-Informationsaustauschgesetz) of 21 December 2015 and applied it from 2016.</p> <p>Under the CRS, reporting financial institutions (mainly banks) are required to obtain certain information on their clients. If the clients (natural persons or legal entities) are subject to reporting requirements in other participating countries (this excludes, for example, listed corporations and financial institutions), their accounts and security deposits are classified as reportable accounts. The reporting financial institutions then submit certain information on all reportable accounts to their domestic tax authorities. The latter forwards the information to the client's domestic tax authorities.</p> <p>The information to be submitted principally includes the personal data of the reportable client (name, address, tax identification number, date and place of birth (for natural persons); country of residence) as well as information on the accounts and securities account (e.g. account number, account balance or account value; total gross income from interest, dividends or distributions from investment funds); total gross proceeds from the disposal or redemption of financial assets (including fund units).</p>

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In practical terms this consequently affects all reportable investors who have an account and/or securities account with a bank in a participating country. Therefore German banks will notify information on investors who are resident in other participating countries to the Federal tax authority, which forwards the information to the appropriate tax authorities in the investor's country of residence. Accordingly banks in other participating countries will notify information on investors resident in Germany to their appropriate domestic tax authorities, which will forward the information to the Federal tax authority. Ultimately it is conceivable that banks registered in other participating countries may notify information regarding investors who are resident in other participating countries to their domestic tax authorities, which will forward the information to the respective tax authorities of the country of residence of the investor.

#### **Auditors**

The BDO auditing firm, Hamburg, Germany, has been contracted to audit the Fund and the annual report.

The auditors audit the annual report of the Fund. The auditors write up the results of the audit in a separate memorandum. The memorandum shall be reprinted verbatim in the annual report. During the audit, the auditors must also determine whether the fund is being managed in compliance with the provisions of the KAGB and the Investment Conditions. The auditor shall submit the audit report for the Fund to BaFin.

#### **Service providers**

The companies performing functions outsourced by the Company are described in the subsection on "Outsourcing".

The Company has also appointed the following service providers:

M.M.Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien, Ferdinandstraße 75, 20095 Hamburg is responsible for sales.

#### **Outsourcing**

The Company has outsourced the portfolio management of the Fund described in this Sales Prospectus to EII Capital Management Incorporated ("EII"), New York, NY, USA in accordance with the provisions of the law, in particular § 36 KAGB. EII is a privately-owned asset management company with over 20 years' experience in direct investment in real estate and real estate securities in North America, Europe and Asia. As at 31 August 2012, EII was managing assets totalling 10.4 billion USD, including 9.1 billion USD in global real estate securities in separately managed accounts and funds for institutions, asset managers and families in the US, Europa and Asia.

Within the framework of its duties, the portfolio manager is entitled to take decisions on the management of the Fund at its own discretion. Its obligations include, in particular, the purchase and sale of securities and possibly also the use of derivative financial instruments.

The portfolio manager is obligated to heed the principles of the investment policy and the investment restrictions in the performance of its duties.

In addition, certain infrastructure departments have been outsourced to M.M.Warburg &CO (AG & Co.) Kommanditgesellschaft auf Aktien, Hamburg, Germany. This covers the following areas:

- Internal auditing of the Company and the Fund
- Internal and external mailing
- Controlling for compliance with the minimum risk management requirements
- Performance of the compliance function pursuant to the German Securities Trading Act (WpHG),
- Providing and enabling the use of the document management system as an optical archive,
- Duties of the HR department, including in particular HR management, recruitment, counselling, training and further development and timekeeping,
- Duties of the Legal department,
- Duties of the IT department.

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The fund administration functions have been outsourced to WARBURG INVEST LUXEMBOURG S.A., Luxembourg. This includes the following activities in particular:

- Bookkeeping for the funds managed by the Company
- Valuing the Fund's investments and determining the net asset value of the units,
- Performance of checks of investment limits,
- Reporting, taxation and notification systems
- Balance sheet preparation and accounting

Development of the methods and procedures necessary to record and measure the market price and liquidity risks and preparation of the associated documentation and the associated automated calculation of key risk ratios have been outsourced to BHF Bank Aktiengesellschaft, Frankfurt am Main. The determination of data input and control of the procedures applied as well as processing of the output, in particular verification of the limits and interpretation of the results, are handled directly by the Company as before. The Company also still prepares the risk management guidelines.

The Company is entitled at all times to instruct the aforementioned entities with regard to the outsourced activities. It can also terminate their contracts and outsource the relevant tasks to other parties or perform them itself.

The following conflicts of interest may arise from outsourcing:

- M.M.Warburg & CO (AG & Co.) Kommanditgesellschaft auf Aktien and WARBURG INVEST LUXEMBOURG S.A. are affiliated with the Company.

The section “Conflicts of Interests” describes how the asset manager should proceed in the event of conflict of interests.

## **Conflicts of interest**

The following conflicts of interest may arise for the Company:

The interests of investors may conflict with the following interests:

- The interests of the Company and affiliated undertakings
- The interests of the employees of the Company, or
- The interests of other investors in this Fund or other funds

Some examples of circumstances or situations which may result in a conflict of interests are:

- Incentive systems for Company employees
- Employee transactions
- Benefits for Company employees
- Redeployment in the fund
- Improvements in fund performance for the closing date (window dressing),
- Transactions between the Company and the investment funds or individual portfolios it manages, and/or
- Transactions between investment funds and/or individual portfolios managed by the Company
- Combinations of multiple orders (“block trades”)
- Contracting of companies and persons with close ties
- Individual investments of considerable scope
- If a share issue is oversubscribed and the Company has subscribed shares for several investment assets or individual portfolios (IPO allocations),
- Transactions after closing time at the known closing price of the day (late trading).

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In connection with transactions on behalf of the Fund, the Company may receive monetary benefits (broker research, financial analyses, market and rate information systems) that are used in the interests of investors during investment decisions.

The Company does not receive any reimbursement for the compensation and expense reimbursements paid by the Fund to the Custodian or to third parties.

The Company grants brokers, e.g. credit institutions, recurring – typically annual – brokerage fees, a so-called “trial commission”. The amount of this commission is normally assessed as a factor of the brokered fund volume. Payment is made at the expense of the Asset Management Company so the trial commission does not create an additional cost burden on the investor.

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

- Existence of a compliance function which monitors compliance with laws and regulations, and to which any conflicts of interest must be reported.
- Disclosure obligations
- Organisational measures such as
  - the creation of confidentiality zones for individual departments in order to prevent the abuse of confidential information
  - The allocation of competences in order to prevent any improper exertion of influence
  - the separation of proprietary trading and customer trading
- rules of conduct for employees with respect to employee transactions, obligations of compliance with insider rules
- creation of suitable fee systems
- principles for taking account of customer interests, as well as the provision of investor-oriented and investment-related advisory services and/or compliance with the agreed investment guidelines
- principles for best execution in the purchase or sale of financial instruments or other assets, including principles for splitting partial executions
- Specification of times for order acceptance (cut-off times)

Furthermore the asset management company's policy for handling conflicts of interest can be found on the Company website - [www.warburg-fonds.com](http://www.warburg-fonds.com).

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

The appointment of the Custodian ensures that investors receive distributions and that the units are redeemed. The investment information mentioned in this Sales Prospectus is accessible in the manner described in the Section “Basic principles – Sales documents and disclosure of information”.

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**Other investment funds managed by the Company**

The Company also manages the following public investment funds which are not covered by this Sales Prospectus:

<b>Investment funds under the UCITS Directive</b>	<b>ISIN</b>
Advisor Global.....	DE0005547160
AES Rendite Selekt .....	DE000A0MS7K3
AES Selekt A1 .....	DE000A0MS7J5
AES Strategie Defensiv .....	DE000A111ZD6
AES Struktur Selekt.....	DE000A0LBS16
AFA GLOBAL WERTE STABILISIERUNGS - FONDS.....	DE000A0HGL63
AIRC BEST OF U.S.	
- Unit class USD.....	DE000A1W2BT1
- Unit class EUR.....	DE000A1W2BV7
AIRC EUROPE - FONDS .....	DE000A1W2BN4
Aktiv Strategie I.....	DE000A1WY1W0
Aktiv Strategie II .....	DE000A1WY1X8
Aktiv Strategie III.....	DE000A0HGL97
Aktiv Strategie IV.....	DE000A0NAU78
Banken Fokus Basel III.....	DE000A0RHEX1
BREMEN TRUST - WARBURG – FONDS.....	DE0008488990
Degussa Bank Portfolio Privat Aktiv.....	DE000A0MS7D8
Dirk Müller Premium Aktien.....	DE000A111ZF1
EII Global Sustainable Property Fund .....	DE000A0RHE36
G&W-BALANCED RETURN - FONDS	
- Unit class L.....	DE000A0HGMA5
- Unit class R.....	DE000A1W2BP9
Geneon Invest Airbag 5.7	
- Unit class A.....	DE000A1C61U4
- Unit class T .....	DE000A1C68C7
Geneon Invest Equity Select.....	DE000A0Q8HL1
Geneon Invest Rendite Select.....	DE000A1C68B9
Geneon Vermögensverwaltungsfonds .....	DE000A0Q8HF3
MPF Global Fonds-Warburg .....	DE0005153860
ÖKOBASIS Renten Plus UI	
- Unit class R.....	DE000A1W19J3
- Unit class S DE000A2AJGS	
RP Global Absolute Return Bond.....	DE000A0MS7N7
Steyler Fair und Nachhaltig - Aktien	
- Unit class I.....	DE000A1JUVM6
- Unit class R .....	DE000A1JUVL8
Steyler Fair und Nachhaltig - Renten	
- Unit class I.....	DE000A1WY1P4
- Unit class R .....	DE000A1WY1N9
Steyler Fair und Nachhaltig - Stiftungsfonds	
- Unit class I .....	DE000A111ZJ3
- Unit class R .....	DE000A111ZH7
Tresono - Aktien Europa.....	DE000A0HGMB3
Tresono - Renten International .....	DE000A1JUVP9
VermögensManagement-Fonds für Stiftungen	
- Unit class I.....	DE000A1W2BR5
- Unit class R .....	DE000A1W2BQ7
WARBURG - BUND TREND active short - FONDS	
- Unit class L.....	DE000A0RHEN2
- Unit class R.....	DE000A0RHEJ0
Warburg Classic Vermögensmanagement Fonds .....	DE0009765370
Warburg - Corporate Bonds Social Responsibility - Fund	
- Unit class I.....	DE000A111ZL9
- Unit class B .....	DE000A12BTT8



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WARBURG - DAXTREND – FONDS .....	DE0009765446V
WARBURG - DEFENSIV - FONDS	
- Unit class I.....	DE000A111ZE4
- Unit class R .....	DE0009765396
- Unit class A.....	DE000A2AJGR6
WARBURG - EURO RENTEN-TREND – FONDS.....	DE0009784801
Warburg Global ETFs-Strategie Stabilisierung .....	DE000A111ZG9
WARBURG - MULTI-ASSET SELECT - FONDS	
- Unit class R .....	DE0009765305
- Unit class P .....	DE000A2DJUZ4
WARBURG - MULTI-SMART-BETA AKTIEN EUROPA	
- Unit class I.....	DE000A12BTQ4
- Unit class R .....	DE000A12BTS0
WARBURG - ORDO – RENTENFONDS .....	DE0009765289
Warburg - Pax - Nachhaltig - Global - Fonds	
- Unit class I.....	DE000A12BTY8
- Unit class R .....	DE000A12BTX0
WARBURG - PAX-SUBSTANZ - FONDS.....	DE000A0RHEV5
Warburg Portfolio Dynamik	
- Unit class A .....	DE000A0NAVB5
- Unit class T .....	DE000A0NAUU7
- Unit class V .....	DE000A1WY1Q2
Warburg Portfolio Flexibel	
- Unit class A .....	DE000A0NAVA7
- Unit class T .....	DE000A0NAUV5
- Unit class V .....	DE000A0HGMD9
Warburg Portfolio Konservativ.....	DE000A12BTP6
WARBURG - PrivatConsult – FONDS .....	DE0005153613
WARBURG - RENTEN PLUS - FONDS	
- Unit class I.....	DE000A1W2BS3
- Unit class R .....	DE0009784736
WARBURG - Stiftungsfonds .....	DE000A0LGSH9
WARBURG - TREND ALLOCATION PLUS – FONDS .....	DE0006780380
WARBURG - WACHSTUM - STRATEGIEFONDS.....	DE0009784876
WARBURG - ZINSTREND - FONDS .....	DE000A0NAU45
Warburg Zukunftsmanagement	
- Unit class R .....	DE000A1W2BL8
- Unit class I.....	DE000A2DJUY
WARBURG - ZUKUNFT - STRATEGIEFONDS	
- Unit class A .....	DE0006780265
- Unit class B .....	DE000A0RHEE1
- Unit class I.....	DE000A2AJGW6
WI SELEKT C	
- Unit class A .....	DE000A0MS7F3
- Unit class B .....	DE000A0RHEK8
WI SELEKT D	
- Unit class A .....	DE000A0MS7H9
- Unit class B .....	DE000A0RHEL6
And the umbrella fund WARBURG -D- FONDS with the subfunds pursuant to the UCITS Directive	
WARBURG - D - FONDS SMALL&MIDCAPS DEUTSCHLAND	
- Unit class I.....	DE000A0LGSG1
- Unit class R .....	DE000A0RHE28
WARBURG - D - FONDS SMALL&MIDCAPS EUROPA	
- Unit class I.....	DE000A0MS7S6
- Unit class R .....	DE000A0LGS44

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### Alternative Investment Funds (AIFs)

<b>Mixed investment funds</b>	<b>ISIN</b>
RP Global Absolute Return .....	DE000A0KEYF8
RP Global Diversified Portfolio I .....	DE000A0MS7R8
RP Global Diversified Portfolio II .....	DE000A0MS7P2
RP Global Diversified Portfolio III .....	DE000A0MS7G1
RP Immobilienanlagen & Infrastruktur	
- Unit class A .....	DE000A0Q9892
- Unit class T .....	DE000A0KEYG6
Strategiefonds Sachwerte Global .....	DE000A0RHEQ5
Strategiefonds Sachwerte Global Defensiv .....	DE000A0RHER3
WARBURG-	
CONSTANTIA FUNDAMENTUM – FONDS .....	DE000A0MS7C0
<b>Other investment funds</b>	<b>ISIN</b>
AEQUO GLOBAL	
- Unit class I .....	DE000A0NAU29
- Unit class R .....	DE000A0NAUY9
Global Economic Performance Fonds .....	DE000A0NAU03
MPF Allegro .....	DE000A0M8HA8
MPF Athene .....	DE000A0M6MX4
MPF Orthos .....	DE000A0M8G91
MPF True Value .....	DE000A0M8HB6
MPF Waterville .....	DE000A0M8HC4

The Company also manages 27 special AIFs.

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## SPECIAL PART

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<b>The Fund</b>	<p>The Fund was created on 7 November 2012 for an indefinite period of time.</p> <p>The investors are co-owners of the fractional assets held by the Fund. They cannot have the assets at their disposal.</p>
<b>Unit classes</b>	<p>All units in issue shall have the same characteristics. No unit classes have been established.</p>
<b>Investment objectives and strategy</b>	<p>The aim of the Fund in the medium to long term is to achieve an increase in the value of the capital by investing worldwide, mainly in a diversified portfolio of equities and equity-like securities of entities with business operations mainly in the area of finance, acquisition, leasing or management of commercial or residential property. The fund management of the EII Global Sustainable Property Fund shall have the support of a reputable research agency, oekom research AG, in the selection of enterprises to collaborate in the realisation of environmentally friendly and sustainable development, to meet no less than the minimum standards with regard to human rights, to be committed to maintaining suitable conditions of employment and to place value on the principles of good governance.</p> <p>For this purpose, an ongoing selection of possible issuers shall be made in the form of a rating determined by oekom research AG, the independent, recognised service provider specialising in the evaluation of sustainability criteria. The results of the selection will be provided to the portfolio manager, who will take them into account in the management of the UCITS Fund.</p> <p>In the case of the EII Global Sustainable Property Fund, the portfolio avoids certain issuers based on the standard operationalisation of exclusion criteria used by oekom research. Essentially, these criteria exclude the sectors of alcohol, nuclear energy, gambling, green genetic engineering, pornography, weapons and tobacco as well as violations of labour and human rights, promotion of child labour, the conducting of animal research and controversial environmental and business practices.</p> <p>The company oekom research AG is one of the world's leading rating agencies in the segment of sustainable investment. As an experienced partner of numerous institutional investors and financial service providers, oekom research AG deals with individual products and investment strategies in a market undergoing dynamic growth. Its research into sustainability includes the issuers of equities and bonds (companies, countries and supranational institutions). High value is placed on quality, independence and transparency for the evaluation of securities.</p> <p>The risks associated with this investment policy are given in the General Part of this Sales Prospectus in the Section entitled "Risk notice".</p>
<b>Assets</b>	<p>The Company is permitted to purchase the following assets for the UCITS Fund:</p> <ul style="list-style-type: none"><li>• Securities as per Section 5 of the General Investment Conditions (the "GIC")</li><li>• Money market instruments as per Section 6 of the GIC</li><li>• Bank deposits as per Section 7 of the GIC</li><li>• Fund units as per Section 8 of the GIC</li><li>• Derivatives as per Section 9 of the GIC</li><li>• Other investment instruments as per Section 10 of the GIC</li></ul> <p>The UCITS Fund is comprised of at least 51% equities and equity-equivalent securities. Investments are made in equities or equity-equivalent securities of issuers with business operations mainly in the areas of financing, acquisition, leasing or management of commercial or residential property. Purchasable securities in the sense of Section 1(1) of the Special Investment Conditions also include shares in Real Estate Investment Trusts (REITs).</p>

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	<p>Selection of the equities and equity-equivalent securities must incorporate environmental, ethical and social criteria. The UCITS Fund shall invest in equities and equity-equivalent securities from issuers that cooperate in the implementation of environmentally friendly and sustainable development, meet minimum standards for human rights, support the cause of reasonable working conditions and value the principles of good governance.</p> <p>Certain issuers are avoided by the application of exclusion criteria. Essentially, these criteria exclude the sectors of alcohol, nuclear energy, gambling, green genetic engineering, pornography, weapons and tobacco as well as violations of labour and human rights, promotion of child labour, the conducting of animal research and controversial environmental and business practices.</p> <p>For this purpose, an ongoing selection of possible issuers shall be conducted in the form of a rating which is to be determined by an independent, recognised service provider specialising in the evaluation of sustainability criteria. The results of the selection will be made available to the portfolio manager, who will take them into account in the management of the UCITS Fund.</p> <p>Up to 49% of the value of the UCITS Fund may be invested in money market instruments.</p> <p>Up to 49% of the value of the UCITS Fund may be held in bank deposits.</p> <p>For the UCITS Fund, up to 10% of the value of the UCITS Fund may be held in UCITS. It is not permitted to purchase units in other domestic investment funds or open-ended investment companies or units in foreign open-ended investment funds that are not units in EU UCITS. With regard to the funds that can be purchased for the Fund, a focus has not been defined in the types of purchasable funds permitted.</p> <p>The Company may use derivatives within the framework of management of the UCITS Fund. The maximum the market risk potential is 200%. The Fund currency shall be the euro.</p>
<b>Liquidity profile</b>	<p>In particular, the liquidity profile of the Fund is also affected by assets for which a short liquidation period is expected.</p> <p>In accordance with the expected liquidation period of the assets in the Fund, a low liquidity limit shall be applied.</p>
<b>Derivatives</b>	<p>The market risk of the Fund and of the benchmark asset is always calculated using a suitable in-house risk model (known as the “value-at-risk method”).</p> <p>Here, the market risk potential of the Fund is measured using a derivative-free benchmark asset whose composition corresponds to the investment objectives and policy of the Fund.</p> <p>The derivative-free benchmark asset is a virtual portfolio, the value of which always precisely matches the current value of the Fund, but without the increases or hedging of the market risk from the derivatives. The composition of the benchmark asset must otherwise match the investment objectives and the investment policy applicable to the Fund.</p> <p>The derivative-free benchmark asset for the Fund is mainly comprised of real estate share indices.</p>
<b>Units</b>	<p>The rights of the investors are documented solely in the form of global certificates. These global certificates are held in custody at a securities clearing and depositing bank. The investor has no claim to the physical delivery of individual unit certificates. Purchase of units is only possible via custodianship. The units are in bearer form and are issued for a single unit or for multiple units.</p>
<b>Minimum investment amount</b>	<p>The minimum investment amount is EUR 1,000,000.00.</p>

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## **Fees for issue and redemption of units**

**Front-end load**                    The front-end load is up to 5.0% (currently 0%) of the net asset value of the unit.

**Redemption fee**                    The redemption fee is up to 1.0% (currently 1.0 %) of the net asset value of the unit. The redemption fee is allotted to the Fund.

## **Management and other charges**

**Remuneration payable to the Company**

1. According to Section 6 of the Special Investment Conditions, WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH shall receive, for each unit class, in exchange for management of the UCITS Fund, an annual remuneration of 0.40 % (currently 0.15%) of the proportionate average value of the UCITS Fund (calculated based on the asset value determined every valuation day), and at least EUR 35,000 a year (for the first financial year of the UCITS Fund, prorated starting from creation of the UCITS Fund) or EUR 40,000 a year (for all other financial years of the UCITS Fund).
2. In cases in which disputed claims are asserted for the Fund in the courts or otherwise, the Company may charge a fee of up to 10% of the amounts collected for the UCITS Fund – after deduction and correction for the costs incurred from these proceedings for the UCITS Fund.

**Remuneration payable to third parties**

1. According to Section 6 of the Special Investment Conditions, the monthly remuneration for the Custodian shall be 1/12th of no more than 0.05% per year (currently 0.05 % per year) of the value of the UCITS Fund (calculated based on the asset value determined every valuation day), and at least EUR 1,500.00 per month.
2. For portfolio management, the Company pays an annual fee of up to 1.75% (currently 0.95%) of the average value of the UCITS Fund (calculated based on the asset value determined every valuation day). This remuneration is not covered by the management fee and is therefore an additional expense charged by the Company to the UCITS Fund.

**Other charges**

1. In addition to the aforementioned remunerations, the following expenses shall be covered by the UCITS Fund:
  - a) usual custodian and account fees, if applicable including the fees customary in banking for the safekeeping of foreign assets abroad;
  - b) costs of printing and sending out all annual and semi-annual reports to the investors as specified by law (annual and semi-annual reports, Sales Prospectus, key investor information);
  - c) costs of preparing and using a permanent data carrier, except for information concerning fund mergers and measures in connection with infringements of the investment limits or errors in calculation when determining unit value;
  - d) Costs for assertion and enforcement of legal claims by the Company on behalf of the UCITS Fund as well as defence against claims lodged against the Company at the expense of the UCITS Fund;
  - e) Fees and charges imposed by government authorities in connection with the UCITS Fund;
  - f) costs of legal and tax advice in respect of the UCITS fund;
  - g) costs and payments which can apply with the purchase and/or use or nomination of a benchmark or financial index;
  - h) In connection with the remunerations to be paid to the Company and the Custodian and the taxes applicable to the aforementioned expenses including the taxes arising with regard to management and custody.
2. In addition to the above remunerations and expenses, the UCITS Fund shall also be charged for the costs incurred in connection with the purchase and sale of assets (transaction costs).

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**Details on the purchase of investment units**

In addition to the remuneration for management of the Fund, a management fee is also charged for the target fund units contained in the Fund.

The ongoing charges for the target fund units contained in the Fund are taken into account in the calculation of the total expense ratio (see Section entitled “Management and other charges – Indication of a total expense ratio”).

In connection with the purchase of target fund units, the fees, costs, taxes, commissions and other expenses mentioned in the Section “Management fees and other charges” must also be covered directly or indirectly by the investors in the Fund.

The annual and semi-annual reports give the front-end load and redemption fees charged by the Fund in the reporting period for the purchase and redemption of units to other target funds. In addition, the remuneration charged to the Fund by a foreign or domestic company or a company to which the Company is linked by an essential direct or indirect participation, as a management fee for the target fund units held in the Fund, shall be published.

**Indication of a total expense ratio**

The annual report shall indicate the administrative charges paid by the Fund over the financial year, and also as a ratio of the average fund volume (total expense ratio). The management fees are comprised of fees for managing the Fund, fees for the Custodian and expenditures that can be charged to the Fund (see Section entitled “Management and other charges – Details on the purchase of investment units”).

If the Fund invests a substantial part of its assets in other investment funds, the total expense ratio of these target funds will also be taken into consideration. The total expense ratio shall not include ancillary costs or costs arising in connection with the purchase and sale of assets (transaction costs). The total expense ratio is published in the Key Investor Information Document under the term “ongoing charges”.

In the 2016 financial year, the total expense ratio was 1.46 %. Updated information on the total expense ratio is published by WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH in the annual reports and on the internet at [www.warburg-fonds.com](http://www.warburg-fonds.com).

**Subfund**

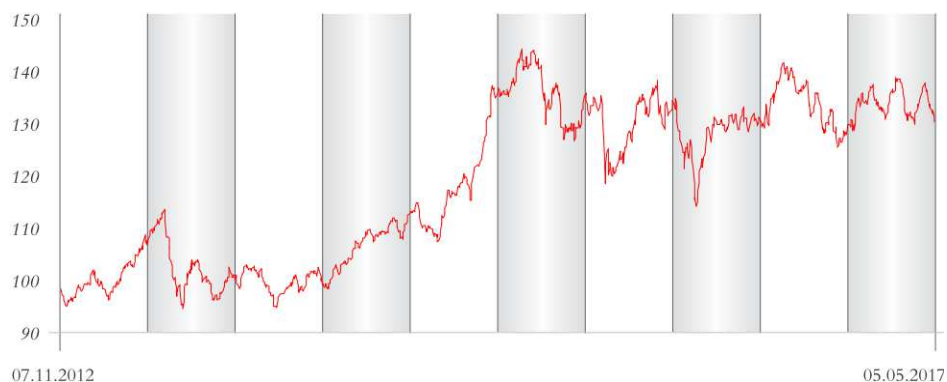
The EII Global Sustainable Property Fund is not a subfund within an umbrella structure.

**Performance, calculation and appropriation of income**

**Performance**

**Performance of the Fund price (in EUR)**

REDEMPTION PRICES ADJUSTED FOR DISTRIBUTIONS/ACCUMULATIONS



Average annual performance:

1 year: 0.81% / 3 years: 7.79% p.a. /since launch: 6.48% p.a.

The calculation date is 05 May 2017. WARBURG INVEST publishes the latest information in its annual and semi-annual reports and online at [www.warburg-fonds.com](http://www.warburg-fonds.com).

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**The historical performance of the Fund does not enable any prediction of future performance.**

The performance of the Fund is calculated using the BVI method.

Performance calculation with the BVI method is based on the “time-weighted rate of return” method.

The performance of the investment is the percentage of change between the capital invested at the beginning of the investment period and its value at the end of the investment period. The distributions are arithmetically re-invested immediately in new fund units to guarantee the comparability of performances between distributing and accumulating funds.

The performance is calculated based on the unit value determined every trading day. For this, the costs of the Fund (excluding the front-end load) and any loans or other liabilities taken on are subtracted from the sum of the assets. The unit value is determined by dividing the net asset value just calculated by the number of units issued.

***Calculation of income, income adjustment procedure***

The Fund obtains income from the interest, dividends and proceeds from investment units acquired during the financial year and not used to cover costs. This includes possible fees from loan and repurchase transactions. Additional income may arise from the sale of assets held on behalf of the Fund.

The Company uses what is known as an “income adjustment procedure” for the Fund. This prevents the fluctuation of the portion of the distributable income in the unit price as a result of inflows and outflows. In other cases each inflow of funds into the Fund during the financial year would make less income per unit available on the distribution dates than would have been the case with a constant number of units in circulation. On the other hand, outflows of funds would make more income available for distribution per unit than would have been the case with a constant number of units in circulation.

In order to prevent this, during the financial year the distributable income which the buyer of the unit must pay as part of the issue price and the seller of the unit earns as part of the redemption price is calculated on an ongoing basis and reported as a distributable position in the income statement. However, this requires acceptance that investors who, for example, buy units shortly before the distribution dates, will get back the portion of the issue price attributable to the income via a distribution, even though the capital they invested did not contribute to generating that income.

**Appropriation of income and financial year**

The Company normally disburses the interest, dividends and proceeds from investment units acquired during the financial year and not used to cover costs and fees from loan and repurchase transactions – taking into account the corresponding income adjustment. Realised capital gains and other income may also be distributed proportionately, taking into account the relevant income adjustment. Interim distributions are permissible.

If the units are kept in deposit with the Custodian itself, then its branch offices shall credit the disbursements free of charge. Additional costs may be incurred if the securities account is maintained at other savings banks or credit institutions.

The financial year of the Fund ends on 31



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# INVESTMENT CONDITIONS

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## GENERAL INVESTMENT CONDITIONS FOR UCITS INVESTMENT FUNDS

- which are not umbrella structures as per § 96 KAGB -

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General Investment Conditions

governing the legal relationship between the investors and

**WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH (Hamburg),**

(hereinafter: the “Company”)

for the assets managed by the Company under the UCITS Directive, which apply exclusively in conjunction with the “Special Investment Conditions” drawn up for the relevant UCITS fund.

### Section 1 Basic principles

1. The Company is a UCITS asset management company and is subject to the provisions of the German Investment Code (*Kapitalanlagegesetzbuch* - hereinafter: “KAGB”).
2. The Company shall invest the funds deposited with it in its own name and on the collective behalf of the investors. This capital shall be invested separately from its own capital, namely in the form of a UCITS fund, in the assets permitted under the KAGB and in accordance with the principle of risk diversification. It shall issue instruments (unit certificates) on the rights of the Investor resulting therefrom.
3. The UCITS Fund is subject to supervision from the German Federal Financial Supervisory Authority (BaFin) for assets for collective investment as per the KAGB. The business objective of the UCITS Fund is limited to investment in accordance with a predefined investment strategy within the framework of collective asset management by means of capital invested in it. Operational activity and active entrepreneurial management of the assets held are not permitted.
4. The legal relationship between the Company and the Investor shall be governed by the General Investment Conditions (GIC) and the Special Investment Conditions (SIC) of the UCITS Fund and the KAGB.

### Section 2 Custodian

1. The Company shall appoint a credit institution to be the Custodian for the UCITS Fund. The Custodian shall act independently of the Company and exclusively in the interest of the investors.
2. The duties and obligations of the Custodian shall be in accordance with the custodian agreement concluded with the Company, the KAGB and the GIC and SIC.
3. The Custodian may outsource custodian duties to another company (sub-custodian) in accordance with § 73 KAGB. The Sales Prospectus contains additional information on this.
4. The Custodian shall be liable to the UCITS fund or to the investors for the loss of a financial instrument held by the Custodian or a sub-custodian to which custody of financial instruments was transferred pursuant to § 73(1) KAGB. The Custodian shall not be liable if it can demonstrate that the loss is attributable to outside events whose consequences were unavoidable despite all reasonable measures having been taken. Any further claims arising from the provisions of civil law by virtue of agreements or unauthorised actions shall remain unaffected. The Custodian shall also be liable to the UCITS Fund or investors for all other losses that they suffer as a result of the Custodian failing to meet its obligations under the KAGB due to negligence or intentional misconduct. The liability of the Custodian shall not be affected by any transfer of custodian duties as per paragraph 3 sentence 1.



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**Section 3 Fund management**

1. The Company shall purchase and manage assets in its own name on the collective behalf of investors with the required expertise, honesty, care and conscientiousness. It shall act independently of the Custodian and solely in the interests of the investors in the performance of its duties.
2. The Company shall be authorised to purchase and resell assets from the money received from the investors, and to otherwise invest the proceeds. Moreover, it shall also be authorised to perform all other legal acts resulting from the management of the assets.
3. The Company shall not be permitted to grant monetary loans or enter into obligations from a collateral or guarantee agreement on the collective behalf of investors. It shall not be permitted to sell any assets as per §§ 193, 194 and 196 KAGB that are not part of the UCITS Fund at the time of conclusion of the transaction. The above shall apply without prejudice to § 197 KAGB.

**Section 4 Investment principles**

The UCITS Fund shall be invested directly or indirectly according to the principle of risk spreading. For the UCITS Fund, the Company shall only purchase assets expected to generate returns and/or exhibit growth. The SIC specify the assets that the UCITS Fund is permitted to purchase.

**Section 5 Securities**

Unless any further restrictions are specified in the SIC, the Company shall only be permitted to purchase securities on behalf of the UCITS Fund and in compliance with § 198 KAGB if:

- a) they are admitted for trading on an exchange in a Member State of the European Union or in another State which is a party to the Agreement on the European Economic Area or admitted or included on another organised market in these states,
- b) they are only admitted for trading on an exchange outside of the Member States of the European Union or outside of other states which are party to the Agreement on the European Economic Area or admitted or included another organised market in these states, where the selection of these exchanges or organised markets has been approved by the German Federal Financial Supervisory Authority (BaFin)<sup>1</sup>,
- c) their admission for trading on a stock exchange in an EU Member State or in any other Member State of the European Economic Area Agreement or their admission to an organised market or their inclusion in this market in an EU Member State or in any other Member State of the European Economic Area Agreement is to be applied for according to their issuing terms, provided the admission or inclusion is made within one year of issue,
- d) it is necessary to apply for their admission for trading on an exchange or their admission or inclusion on an organised market outside of Member States of the European Union and other states party to the agreement on the European Economic Area according to the issue conditions, provided that the selection of this exchange or organised market has been approved by BaFin and the admission or inclusion is complete within one year of issue,
- e) they are shares to which the UCITS Fund is entitled in the case of a capital increase from corporate funds,
- f) they were purchased during the exercise of purchase options belonging to the UCITS Fund,
- g) they are units in closed funds that meet the criteria mentioned in § 193(1) sentence 1 (7) KAGB,
- h) they are financial instruments that meet the criteria mentioned in § 193(1) sentence 1 (8) KAGB.

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<sup>1</sup> The list of stock exchanges is published on the BaFin website: [www.bafin.de](http://www.bafin.de).

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It is only permitted to purchase securities as per sentence 1(a) to 1(d) if the requirements in § 193(1) sentence 2 KAGB are also met. Subscription rights may also be acquired which originate from securities that themselves may be acquired in accordance with this Section 5.

## **Section 6 Money market instruments**

1. If the SIC do not specify any further restrictions, then the Company shall be permitted to purchase, on behalf of the UCITS Fund and in compliance with § 198 KAGB, instruments that are normally traded on the money market, as well as interest bearing securities with a remaining term of at least 397 days at the time of purchase for the UCITS Fund, whose interest rate is adjusted regularly in line with market conditions according to the issue conditions over the course of its term, and at least once every 397 days, or whose risk profile matches the risk profile of securities of this kind (money market instruments).

It is only permitted to purchase money market instruments for the UCITS Fund if they:

- a) admitted for trading on a stock exchange of an EU Member State or in any other member state of the European Economic Area Agreement or admitted to or included in any other organised market there,
  - b) exclusively admitted for trading on a stock exchange outside the EU Member States or outside any other Member State of the European Economic Area Agreement or not admitted to or included on any other organised market there, if such stock exchange or such organised market has been approved by BaFin<sup>2</sup>,
  - c) issued or guaranteed by the European Union, the Federal Republic of Germany, a special fund of the Federal Republic of Germany, a state in the Federal Republic of Germany, another Member State or other federal, regional or local authority or the central bank of a European Union Member State, the European Central Bank or the European Investment Bank, a third country, or if this is a federal state, then a constituent state of that federal state or of an international institution under public law to which at least one European Union Member State belongs,
  - d) are issued by a company whose securities are traded on the markets specified under items a) and b),
  - e) are held, issued or guaranteed by a credit institution which is subject to supervision under the criteria set out under European Union law or a credit institution subject to supervision requirements that are equivalent to those of European Union law in the opinion of BaFin, or
  - f) are issued by issuers meeting the requirements set out in § 194(1) sentence 1 (6) KAGB.
2. It is only permitted to purchase money market instruments within the meaning of subsection (1) if they meet the requirements of § 194(2) and (3) KAGB.

## **Section 7 Bank deposits**

The Company is permitted to hold bank deposits on behalf of the UCITS Fund that have a term of no more than twelve months. The deposits to be placed in blocked accounts may be kept at a credit institution with its registered office in a member state of the European Union or another state party to the agreement on the European Economic Area. The deposits may also be held by a credit institution with its registered office in a third country whose supervisory requirements are equivalent to those under European Union law in the opinion of BaFin. Unless otherwise specified in the SIC, the bank deposits may also be in a foreign currency.

## **Section 8 Investment units**

1. Unless specified otherwise in the SIC, the Company may purchase units in investment funds on behalf of the UCITS Fund in accordance with Directive 2009/65/EC (UCITS). It is permitted to purchase units in other domestic investment funds and investment companies with variable capital as well as units in open-ended EU-AIF and foreign open-ended AIF investment funds provided they meet the requirements of § 196(1) sentence 2 KAGB.

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<sup>2</sup> See footnote 1.

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2. The Company shall only be permitted to purchase units in domestic investment funds and investment companies with variable capital, in EU UCITS, in open-ended EU AIFs and foreign open-ended AIFs if, according to the investment conditions or the articles of association of the asset management company, the investment company with variable capital, the EU investment fund, the EU management company, the foreign AIF or the foreign AIF management company, it is permitted to invest a total of up to 10 per cent of the value of its capital in units in other domestic investment funds, investment companies with variable capital, open EU investment funds or foreign open-ended investment funds AIFs.

## Section 9 Derivatives

1. Unless otherwise specified in the SIC, the Company shall be permitted to use derivatives as per the first sentence of § 197(1) sentence 1 KAGB and financial instruments with derivative components as per the second sentence of § 197(1) KAGB sentence 2 in the management of the UCITS Fund. In accordance with the nature and scope of the derivatives and financial instruments with derivative components, it may use, for the calculation of the utilisation of capacity of the market risk limits specified in § 197(2) KAGB for the use of derivative and financial instruments with derivative components, either the simple or the qualified approach within the meaning of § 197(3) KAGB of the “German Ordinance on risk management and risk measurement in the use of derivatives, securities loans and repurchase transactions in investment capital under the KAGB” (the “DerivateV”). Further details are given in the Sales Prospectus.
2. If the Company uses the simple approach, then it shall only be permitted to use the basic forms of derivatives, financial instruments with derivative components or combinations of these derivatives, financial instruments with derivative components or combinations of underlying assets permitted under § 197(1) sentence 1 KAGB in the UCITS Fund. It is only permitted to use complex derivatives from underlying assets permitted under § 197(1) KAGB in a negligible proportion. It is never permitted for the UCITS Fund market risk calculation sum, which must be calculated as per § 16 DerivateV, to exceed the value of the investment fund.

The basic forms of derivatives are:

- a) futures contracts on the underlying assets as per § 197(1) KAGB with the exception of investment units as per § 196 KAGB;
  - b) options or warrants on the underlying assets as per § 197(1) KAGB with the exception of investment units as per § 196 KAGB and on futures contracts as per (a) if they exhibit the following characteristics:
    - aa) exercise is possible either during the whole residual term or at the end of the term, and
    - bb) the value of the option at the exercise date depends linearly on the positive or negative difference between the exercise price and the market price of the underlying and becomes zero if the differential has the other sign (plus/minus or vice versa);
  - c) interest rate swaps, currency swaps or interest-currency swaps;
  - d) options on swaps according to item c), provided they have the features specified under item b) items aa) and bb) (swaptions);
  - e) single name credit default swaps.
3. If the Company uses the qualified approach, then – provided a suitable risk management system is in place – it shall be permitted to invest in any financial instruments with derivative components derived from an underlying asset permitted under § 197(1) sentence 1 KAGB.

Here, it is never permitted for the potential amount at risk attributable to the UCITS Fund for the market risk (“amount at risk”) to exceed twice the potential amount at risk for the market risk of the corresponding benchmark asset as per § 9 of the Derivate V. Alternatively, it is never permitted for the amount at risk to exceed 20 per cent of the value of the UCITS Fund.

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4. Under no circumstances is the Company permitted to deviate from the investment principles and limits given in the GIC, SIC or the Sales Prospectus.
  5. The Company shall use derivatives and financial instruments with derivative components for hedging purposes, for efficient portfolio management and to achieve additional returns if and to the extent that it deems this to be necessary in the interests of the investors.
  6. In order to calculate the market risk limit for the use of derivatives and financial instruments with derivative components, the Company may, at any time, alternate between the simple and the qualified approach pursuant § 6 sentence 3 DerivateV. Alternation is not subject to the approval of BaFin. However, the Company shall notify the BaFin of the alternation immediately and publish it in the next semi-annual or annual report.
  7. When using derivatives and financial instruments with derivative components, the Company shall comply with the DerivateV.

**Section 10 Other investment instruments**

Unless indicated otherwise in the SIC, the Company is permitted to invest, on behalf of the UCITS Fund, up to 10 per cent of the value of the UCITS Fund in other investment instruments as per § 198 KAGB. This limit includes, for instance, participations in joint-stock companies which are neither admitted for trading on an exchange nor admitted or included on another organised market.

The amount of the participation in a joint-stock company purchased within the framework of § 198 KAGB must be less than 10 per cent of the capital of that company.

**Section 11 Issuer limits and investment limits**

1. In its management activities, the Company shall observe the limits and restrictions specified in the KAGB, the DerivateV and in the Investment Conditions.
2. Securities and money market instruments, including securities and money market instruments purchased with resale agreements with the same issuer, may be purchased for up to 5 per cent of the value of the UCITS Fund. However, it is permitted to invest up to 10 per cent of the value of the UCITS in these assets if such is permitted under the SIC and the total value of the securities and money market instruments of this issuer does not exceed 40 per cent of the value of the UCITS Fund.
3. The Company is permitted to invest up to 35 per cent of the value of the UCITS Fund in bonds, note loans and money market instruments issued by the Federal Republic of Germany, a state in the Federal Republic of Germany, the European Union, a member state of the European Union or its 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 shall be permitted to invest up to 25 per cent of the value of the UCITS Fund in mortgage bonds, public sector bonds and bonds issued by credit institutions with registered offices in a member state of the European Union or in another state party to the agreement on the European Economic Area if the credit institution is subject to special public supervision based on legal requirements for protection of holders of these bonds and the capital received on issue of the bonds is invested in securities according to the requirements of the law, which adequately cover the liabilities arising from them over the entire term of the bonds and which are given priority for the repayments and interest payment due in the event of default on the part of the issuer. If the Company invests over 5 per cent of the value of the UCITS Fund in bonds from the same issuer as per clause 1, then it shall not be permitted for the total value of these bonds to exceed 80 per cent of the value of the UCITS Funds.
5. It shall be permitted to exceed the limits in subsection (3) for securities and money market instruments from the same issuer as per § 206(2) KAGB provided that the SIC permit this with specification of the issuer in question. In such cases, the securities held on behalf of the UCITS Fund must originate from at least six different issuers, where it is not permitted for more than 30 per cent of the value of the UCITS Fund to be held in a single issue.

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6. The Company is only permitted to invest up to 20 per cent of the value of the UCITS Fund in bank deposits as per § 195 KAGB in the same credit institution.

7. The Company shall ensure that a combination of:

- a) securities or money market instruments issued by one and the same institution,
- b) deposits with that institution,
- c) weighting for the counterparty risk of the transactions concluded with said institution,

does not exceed 20 per cent of the value of the UCITS Fund. Sentence 1 applies to the issuers and guarantors mentioned in (3) and (4) on the condition that the Company must ensure that a combination of the assets and weightings mentioned in sentence 1 does not exceed 35 per cent of the value of the UCITS Fund. In both cases, the relevant individual limits shall remain unaffected.

8. The bonds, note loans and money market instruments mentioned in subsections (3) and (4) are not taken into consideration in the application of the investment limit of 40 per cent provided for in subsection (2). The limits mentioned in subsections (2) to (4) and (6) to (7) are not permitted to be cumulated, contrary to the provision in subsection (7).

9. The Company shall only be permitted to invest up to 10 per cent of the value of the UCITS Fund in units of investment funds as per Section 8, unless

(i) the following conditions are met by the units:

The UCITS, the AIF or the AIF manager from which the units are purchased is subject to supervision of assets for collective investment in its country of domicile. The business objective of the relevant investment fund is limited to investment in accordance with a predefined investment strategy within the framework of collective asset management by means of capital invested in it. Operational activity and active entrepreneurial management of the assets held are not permitted.

In principle, investors can exercise the right to redeem their units at any time.

The investment fund assets shall be invested directly or indirectly according to the principle of risk spreading.

Provided it is possible to acquire these for the particular investment fund pursuant to the KAGB, the specific investment portfolio may be up to 90 per cent invested in the following assets:

- a) securities,
- b) money market instruments,
- c) derivatives,
- d) bank deposits,
- e) units or shares in foreign and domestic investment funds that meet the requirements of this Subsection 9(i) or (ii) (“investment funds”),
- f) holdings in joint-stock companies if the fair market value of these participations can be determined, or
- g) non-securitised loan receivables for which a certificate of debt has been issued.

Within the framework of the regulatory and contractual investment limits to be met for the relevant investment fund, up to 20 per cent of the value of the investment fund is invested in joint-stock companies that are neither admitted for trading on an exchange nor admitted or included on another organised market.

The amount of the participation of the investment fund in a joint-stock company must be less than 10 per cent of the capital of that company.

It is only permitted to take out a loan over the short term, and only for up to 10 per cent of the value of the investment fund.

The investment conditions of the investment fund in question must include the above requirements for AIFs and the relevant regulatory requirements for UCITS.

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or

- (ii) the investment fund in question falls under a grandfather clause under investment taxation law.

- 10. The Company shall only be permitted to invest up to 20 per cent of the value of the UCITS Fund in units of a single investment fund as per § 196(1) KAGB. The Company shall only be permitted to invest a total of up to 30 per cent of the value of the UCITS Fund in units of investment funds as per § 196(1) sentence 2 KAGB. On behalf of the UCITS Fund, the Company shall not be permitted to purchase more than 25 per cent of the units issued from another open-ended domestic, EU or foreign investment fund that is invested in assets in the sense of §§ 192 to 198 KAGB according to the principle of risk spreading. The above applies without prejudice to the limits under subsection (9).

#### **Section 12 Merger**

- 1. As per §§ 181 to 191 KAGB, the Company may:
  - a) transfer all assets and liabilities of this UCITS Fund to another existing or newly created fund or EU UCITS or UCITS open-ended investment company;
  - b) absorb all assets and liabilities of another open-ended investment fund, EU UCITS or open-ended investment company into this UCITS Fund.
- 2. The merger shall require the approval of the responsible supervisory authorities. The details on the procedure are given in §§ 182 to 191 KAGB.
- 3. It is only permitted for the UCITS Fund to be merged with an investment fund that is not a UCITS if the beneficiary or newly created investment fund is in fact a UCITS. The merger of an EU UCITS into the UCITS Fund is also permitted as per the provisions of Article 2(1)(p)(iii) of Directive 2009/65/EC.

#### **Section 13 Securities lending**

- 1. On behalf of the UCITS Fund, the Company is also permitted to grant a securities loan that is callable without notice to a securities borrower at a fee in line with market conditions and after provision of adequate collateral as per § 200(2) KAGB. It is not permitted for the price of the securities being transferred, together with the price of the securities already transferred as securities loans on behalf of the UCITS Fund to the same securities borrower, including companies in the same group, in the meaning of § 290 of the German Commercial Code (*Handelsgesetzbuch* – “HGB”), to exceed 10 per cent of the value of the UCITS Fund.
- 2. If the collateral for the transferred securities is provided by way of a deposit by the securities borrower, then the deposit must be held in blocked accounts as per § 200(2) sentence 3 (1) KAGB. Alternatively, the Company may opt to invest this deposit, in the currency of the deposit, in the following assets:
  - a) in bonds of high quality issued by the Federal Republic of Germany, a state in the Federal Republic of Germany, the European Union, a Member State of the European Union or its authorities, another state party to the agreement on the European Economic Area or a third country,
  - b) in money market funds with short maturity structures in accordance with guidelines issued by the supervisory authority based on § 4(2) KAGB or
  - c) by way of a repurchase transaction with a credit institution that guarantees that the accumulated deposit can be reclaimed at any time.

The UCITS Fund shall be entitled to the returns from investing the securities.

- 3. The Company may make use of an organised system for brokerage and settlement of securities loans, or from another company specified in the SIC whose business object is to settle cross-border securities transactions for others, which deviates from the requirements of §§ 200 and 201 KAGB if the specifications of this system safeguard the investors' interests and if no deviation is made at any time from the mutual right of withdrawal as per subsection (1).



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4. Unless otherwise specified in the SIC, the Company may also grant securities loans in connection with money market instruments provided these assets are permitted to be purchased for the UCITS Fund. The provisions of subsections (1) to (3) apply accordingly here.

**Section 14 Repurchase transactions**

1. On behalf of the UCITS Fund, the Company shall be permitted to conclude securities repurchase transactions callable without notice within the meaning of § 340b(2) of the German Commercial Code in exchange for a fee with credit institutions or financial services institutions based on standardised outline agreements.
2. The repurchase transactions shall be based on securities that are purchasable under the Investment Conditions for the UCITS Fund.
3. The repurchase agreements are permitted to have terms of up to 12 months.
4. Unless otherwise specified in the SIC, the Company may also grant repurchase transactions in connection with money market instruments and fund units provided these assets are permitted to be purchased for the UCITS Fund. The provisions of subsections (1) to (3) apply accordingly here.

**Section 15 Borrowing**

The Company shall be permitted to take out short-term loans on the collective behalf of investors for up to 10 per cent of the value of the UCITS Fund if the conditions of the loan are in line with the market and the Custodian has approved the loan.

**Section 16 Unit certificates**

1. The unit certificates indicate the bearer and are issued for a single unit or for multiple units.
2. The units may have different characteristics, for instance with regard to appropriation of income, the front-end load, the redemption fee, the currency of the unit, the management fee, the minimum investment amount or a combination of these characteristics (unit classes). The details are set out in the SIC.
3. The unit certificates shall at least feature the manual or copied signatures of the Company and Custodian.
4. The units shall be transferable. Upon transfer of a unit certificate, the rights attested in it shall be transferred as well. For the Company, the holder of the unit certificate will in all cases be regarded as the beneficiary.
5. The rights of the investors or the rights of the investors in a unit class are evidenced by a global certificate. It is not possible to have an individual certificate. If, in the past, physical securities were issued for the UCITS and are not held in collective custody with an agent pursuant to § 97 (1) sentence 2 KAGB after 31 December 2016, such securities shall become invalid with effect from 31 December 2016. The investors' units shall be evidenced instead by a global certificate and credited to a separate account with the Custodian. Upon submission of the expired physical security to the Custodian, the presenter may request that a corresponding unit be credited to a securities account they nominate and which is operated in their name.

Physical securities which after 31 December 2016 are held in collective custody with an agent pursuant to § 97 (1) sentence 2 KAGB may be transferred into a global certificate at any time.

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**Section 17 Issue and redemption of unit certificates and suspension of redemptions**

1. In principle, the number of units issued and the corresponding number of unit certificates is not limited. The Company reserves the right to temporarily or permanently suspend the issue of units.
2. Units can be purchased from the Company, from the Custodian or via a third party.
3. The investors may require the Company to redeem the units. The Company shall be obligated to repurchase the units at the applicable redemption price on behalf of the UCITS Fund. The collecting agent shall be the Custodian.
4. However, the Company reserves the right to suspend the redemption of units as per § 98(2) KAGB in the event of extraordinary circumstances which make the suspension appear appropriate, taking into account the interests of the investors.
5. The Company shall inform investors of the suspension as per subsection (4) and resumption of redemption by announcement in the German Federal Gazette as well as in a financial or daily newspaper with a sufficiently wide readership or in the electronic media specified in the Sales Prospectus.

Investors shall be informed of the suspension and resumption of unit redemption immediately after announcement in the German Federal Gazette by means of durable media.

**Section 18 Issue and redemption prices**

1. For calculation of the issue and redemption prices of the units, the fair market value of the assets belonging to the UCITS Fund minus the loans taken out and other liabilities (net asset value) shall be calculated and divided by the number of units in circulation (unit value). If different unit classes are introduced for the UCITS Fund as per § 16(2), then the unit value and the issue and redemption prices shall be calculated separately for each unit class.

The valuation of the assets shall be performed in accordance with § 168 and 169 KAGB and the German Regulation on the Content, Scope and Presentation of Accounting for Funds, Investment Stock Corporations and Investment Limited Partnerships and on the Valuation of Assets held by Investment Funds (Kapitalanlage-Rechnungslegungs- und Bewertungsverordnung – “KARBV”).

2. The issue price shall be the unit value of the UCITS Fund, where applicable plus a front-end load to be specified in the SIC as per § 165(2)(8) KAGB. The redemption price shall be the unit value of the UCITS Fund, where applicable minus a redemption fee to be specified in the SIC as per § 165(2)(8) KAGB.
3. The settlement date for unit calls and redemption orders shall be no later than the next valuation day after receipt of the unit call/redemption order unless otherwise specified in the SIC.
4. The issue and redemption prices shall be calculated on each trading day. Unless otherwise stated in the SIC, the Company and the Custodian may forgo calculation of the value on statutory public holidays that are also trading days, as well as on 24 and 31 December of each year. Further details are given in the Sales Prospectus.



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<b>Section 19 Charges</b>	The SIC shall specify the expenses and fees to which the Company, the Custodian and third parties are entitled which may be charged to the UCITS Fund. For fees within the meaning of sentence 1, the SIC shall also specify the payment method, the payment amount and the basis of calculation.
<b>Section 20 Financial reporting</b>	<ol style="list-style-type: none"> <li>1. No later than four months after the end of the financial year of the UCITS Fund, the Company shall release an annual report including an income statement as per § 101(1) (2) and (4) KAGB.</li> <li>2. By no later than two months after the middle of the financial year, the Company shall release a semi-annual report as per § 103 KAGB.</li> <li>3. If the right to manage the UCITS Fund is transferred to another asset management company during the financial year or if the UCITS Fund is merged into another investment fund or an EU UCITS during the financial year, then the Company shall draw up an interim report on the transfer date that meets the requirements for an annual report as per subsection (1).</li> <li>4. If the UCITS Fund is liquidated, then the Custodian shall draw up a liquidation report, both annually and on the day on which the liquidation is completed, which meets the requirements of an annual report as per subsection (1).</li> <li>5. The reports shall be available from the Company and the Custodian and other agencies indicated in the Sales Prospectus and in the essential investor information. They shall also be announced in the German Federal Gazette.</li> </ol>
<b>Section 21 Termination and liquidation of the UCITS Fund</b>	<ol style="list-style-type: none"> <li>1. The Company may terminate its management of the UCITS Fund with a period of notice of at least six months by announcement in the German Federal Gazette and in addition to this, in the annual or semi-annual report. Investors shall be immediately informed of termination as stated in clause 1 by means of durable media.</li> <li>2. When the termination takes effect, the right of the Company to manage the UCITS Fund shall expire. In such cases, the UCITS Fund and/or the right of disposal over the UCITS Fund shall be transferred to the Custodian, which shall liquidate it and distribute it to the investors. For the liquidation time, the Custodian shall be entitled to remuneration for its liquidation activities and for reimbursement of its expenses required for the liquidation. With the approval of BaFin, the Custodian may refrain from liquidation and distribution, and instead transfer management of the UCITS Fund to another asset management company in accordance with the applicable Investment Conditions.</li> <li>3. On the day that the Company's right to management expires as per § 99 KAGB, it shall draw up a dissolution report that meets the requirements of an annual report as per § 20(1).</li> </ol>
<b>Section 22 Change of the asset management company and the custodian</b>	<ol style="list-style-type: none"> <li>1. The Company may transfer the right to manage and to have disposal of the investment fund to another asset management company. The transfer must be approved beforehand by the BaFin.</li> <li>2. Authorisation of the transfer shall be published in the German Federal Gazette and also in the annual or semi-annual report. Investors shall be immediately informed of a transfer made as stated in sentence 1 by means of a permanent data carrier. The transfer shall not be effective, however, until three months after announcement in the German Federal Gazette.</li> </ol> <p>The Company may change the fund custodian. The change must be authorised by the BaFin.</p>

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**Section 23 Amendments to the Investment Conditions**

1. The Company shall be permitted to amend the Investment Conditions.
2. Amendments to the Investment Conditions shall require prior approval from BaFin. If the amendments in line with sentence 1 refer to investment principles of the UCITS Fund, they require the prior consent of the Company's Supervisory Board.
3. Any planned amendments shall be announced in the German Federal Gazette as well as in a financial or daily newspaper with a sufficiently wide readership or in the electronic media specified in the Sales Prospectus. A publication pursuant to clause 1 shall communicate the scheduled amendments and their effective date. In the event of changes in costs within the meaning of § 162(2)(11) KAGB, amendments to the investment principles for the UCITS Fund within the meaning of § 163(3) KAGB or amendments related to the basic rights of investors, the essential contents of the planned amendments to the Investment Conditions and the relevant background information shall be communicated to the investors, at the same time as announcement as per sentence 1, along with information on their rights as per § 163(3) KAGB in a clear and understandable manner by means of durable media as per § 163(4) KAGB.
4. The amendments shall not take effect until at least the day after their announcement in the German Federal Gazette, and in cases of amendments to charges and the investment principles, not before a period of three months has passed since the corresponding announcement.

**Section 24 Place of performance, jurisdiction**

1. The place of performance shall be the registered offices of the Company.
2. If the Investor does not have a general place of jurisdiction in Germany, then the non-exclusive jurisdiction shall be that of the registered office of the Company.

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## SPECIAL TERMS AND CONDITIONS OF INVESTMENT

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governing the legal relationship between the Investor and

**WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH,  
Hamburg,**  
(hereinafter: the “Company”)

for the investment fund managed by the Company in accordance with the UCITS Directive

**EII Global Sustainable Property Fund,**

which shall only apply in conjunction with the “General Investment Conditions” drawn up for this investment fund by the Company.

### INVESTMENT PRINCIPLES AND LIMITS

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#### Section 1 Assets

The Company shall be permitted to purchase the following assets for the Fund in accordance with the UCITS Directive (UCITS Fund):

1. Securities as per Section 5 of the General Investment Conditions (the “GIC”)
2. Money market instruments as per Section 6 of the GIC
3. Bank deposits as per Section 7 of the GIC
4. Fund units as per Section 8 of the GIC
5. Derivatives as per Section 9 of the GIC
6. Other investment instruments as per Section 10 of the GIC

#### Section 2 Investment limits

1. The UCITS Fund is comprised of at least 51% equities and equity-equivalent securities. Investments are made in equities or equity-equivalent securities of issuers with business operations mainly in the areas of financing, acquisition, leasing or management of commercial or residential property. Purchasable securities in the sense of Section 1(1) also include shares in Real Estate Investment Trusts (REITs).

Selection of the equities and equity-equivalent securities must incorporate environmental, ethical and social criteria. The UCITS Fund shall invest in equities and equity-equivalent securities from issuers that cooperate in the implementation of environmentally friendly and sustainable development, meet minimum standards for human rights, support the cause of reasonable working conditions and value the principles of good governance.

Certain issuers are avoided by the application of exclusion criteria. Essentially, these criteria exclude the sectors of alcohol, nuclear energy, gambling, green genetic engineering, pornography, weapons and tobacco as well as violations of labour and human rights, promotion of child labour, the conducting of animal research and controversial environmental and business practices.

For this purpose, an ongoing selection of possible issuers shall be conducted in the form of a rating which is to be determined by an independent, recognised service provider specialising in the evaluation of sustainability criteria. The results of the selection will be made available to the portfolio manager, who will take them into account in the management of the UCITS Fund.

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2. The securities repurchase transactions shall be counted towards the investment limits as per § 206(1) to (3) KAGB.
  3. Up to 49% of the value of the UCITS Fund may be invested in money market instruments.
  4. The money market instrument repurchase transactions shall be counted towards the investment limits as per § 206(1) to (3) KAGB.
  5. It is permitted to purchase securities and money market instruments of the same issuer for up to 10% of the value of the UCITS Fund, and the total value of the securities and money market instruments from this issuer shall not exceed 40% of the value of the UCITS Fund.
  6. It is permitted for up to 49% of the value of the UCITS Fund to be held in bank deposits as per Section 7(1) of the General Investment Conditions.
  7. For the UCITS Fund, up to 10% of the value of the UCITS Fund may be purchased in UCITS as per Section 8 of the General Investment Conditions. It is not permitted to purchase units in other domestic investment funds or open-ended investment companies or units in foreign open-ended investment funds that are not units in EU UCITS. The Company shall base its selection of purchasable investment funds on their investment specifications, investment conditions, articles of association or comparable documents for foreign investment funds. With regard to the investment funds purchasable for the Fund under clause 1, no focus is specified with regard to the permissible types of purchasable investment funds. Moreover, no restriction is applied regarding the level of acquisition for the various types of investment funds purchasable under clause 1.
  8. The investment unit repurchase transactions shall be counted towards the investment limits as per §§ 207 and 210(3) KAGB.
  9. The Company may use derivatives to manage the UCITS Fund.

## UNIT CLASSES

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### Section 3 Unit classes

1. For the UCITS Fund, it shall be permitted to create unit classes as per Section 16(2) of the General Investment Conditions with distinctions in terms of appropriation of income, front-end load, redemption fee, currency of the unit value including use of currency hedges, management fees, minimum investment amount or a combination of the above aspects. Unit classes may be created at any time, at the discretion of the Company.
2. It shall be permitted to conclude currency hedging transactions exclusively for the benefit of a single currency unit class. For currency unit classes with currency hedging for the benefit of the currency of this unit class (reference currency), the Company shall also be permitted to use exchange rate or currency derivatives within the meaning of § 197(1) KAGB, independently of Section 9 of the General Investment Conditions, with the objective of avoiding exchange rate losses from assets in the UCITS Fund not denominated in the reference currency of the unit class.
3. The unit value shall be calculated separately for each unit class by allocating the costs of creation of new unit classes, distributions (including any taxes to be deducted from the fund assets), management fees and the results from exchange rate hedging transactions pertaining to a particular unit class, including any income adjustment, exclusively to this unit class.
4. The existing unit classes shall be itemised separately in the Sales Prospectus as well as in the annual and semi-annual reports. The characteristic features of the unit classes (appropriation of income, front-end load fee, redemption fee, currency of the unit value, management fees, minimum investment amount or a combination of the above aspects) shall be detailed in the Sales Prospectus and in the annual and semi-annual reports.

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## UNIT CERTIFICATES, ISSUE PRICE, REDEMPTION PRICE, REDEMPTION OF UNITS AND COSTS

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### Section 4 Unit certificates

The investors are co-owners of the fractional assets held by the UCITS Fund in proportion to their holdings.

### Section 5 Issue and redemption prices

1. For each unit class, the front-end load shall be 5.0%<sup>1</sup> of the net asset value of the unit. For one or more unit classes, the Company shall be entitled to charge a lower front-end load fee or to refrain from charging a front-end load fee. The Company shall include the information on the front-end load fee as per § 165(3) KAGB in the Sales Prospectus for each unit class.
2. For each unit class, the redemption fee shall be 1.0%<sup>2</sup> of the net asset value of the unit. The Company shall include the information on the redemption fee as per § 165(3) KAGB in the Sales Prospectus. The redemption fee shall be allotted to the UCITS Fund.

### Section 6 Charges

1. a) In exchange for management of the UCITS Fund, for each unit class, the Company shall receive an annual remuneration of 0.40%<sup>3</sup> of the proportionate average value of the UCITS Fund calculated based on the asset values determined every valuation day, and at least EUR 35,000 per year (for the first financial year of the UCITS Fund, prorated starting from creation of the UCITS Fund) or EUR 40,000 per year (for all other financial years of the UCITS Fund). It is entitled to charge prorated advance monthly payments on this.

The Company shall be entitled to charge a lower management fee for one or more unit classes. The Company shall indicate the management fee charged for each unit class in the Sales Prospectus and in the annual and semi-annual reports.

- b) In cases in which disputed claims are asserted for the Fund in the courts or otherwise, the Company may charge a fee of up to 10% of the amounts collected for the UCITS Fund – after deduction and correction for the costs incurred from these proceedings for the UCITS Fund.
2. For portfolio management, the Company shall pay an annual remuneration of 1.75%<sup>4</sup> of the average value of the UCITS Fund, calculated based on the asset values determined every valuation day. This remuneration is not covered by the management fee and is therefore an additional expense charged by the Company to the UCITS Fund.

The total amount to be deducted annually from the UCITS Fund for remuneration under subsections (1)(a) and (2) is permitted to be up to 2.15% of the average value of the UCITS Fund calculated based on the asset values determined every valuation day, and at least EUR 35,000 per year (for the first financial year of the UCITS Fund, prorated starting from creation of the UCITS Fund) or EUR 40,000 per year (for all other financial years of the UCITS Fund).

3. The monthly remuneration for the Custodian shall be 1/12th of no more than 0.05%<sup>5</sup> per year of the value of the UCITS Fund, calculated based on assets values determined every valuation day, and at least EUR 1,500.00 per month.

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<sup>1</sup> Current front-end load: 0.0 %

<sup>2</sup> Current redemption fee: 1.0 %

<sup>3</sup> Current management fee: 0.15% per year, and at least EUR 40,000 per year.

<sup>4</sup> Current management fee: 0.95 % per year

<sup>5</sup> Current Custodian fee: 0.05% per year, and at least EUR 1,500.00 per month.

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4. In addition to the aforementioned remunerations, the following expenses shall be covered by the UCITS Fund:
    - a) usual custodian and account fees, if applicable including the fees customary in banking for the safekeeping of foreign assets abroad;
    - b) costs of printing and sending out all annual and semi-annual reports to the investors as specified by law (annual and semi-annual reports, Sales Prospectus, key investor information);
    - c) costs of preparing and using a permanent data carrier, except for information concerning fund mergers and measures in connection with infringements of the investment limits or errors in calculation when determining unit value;
    - d) Costs for assertion and enforcement of legal claims by the Company on behalf of the UCITS Fund as well as defence against claims lodged against the Company at the expense of the UCITS Fund;
    - e) Fees and charges imposed by government authorities in connection with the UCITS Fund;
    - f) costs of legal and tax advice in respect of the UCITS fund;
    - g) costs and payments which can apply with the purchase and/or use or nomination of a benchmark or financial index;
    - h) in connection with the remunerations to be paid to the Company, the Custodian and third parties and the taxes applicable to the aforementioned expenses including the taxes arising with regard to management and custody.
  5. In addition to the above remunerations and expenses, the UCITS Fund shall also be charged for the costs incurred in connection with the purchase and sale of assets (transaction costs).
  6. In the annual and semi-annual reports, the Company shall publish the amount of the front-end load and redemption fees charged for the UCITS Fund during the reporting period for the purchase and redemption of units in the sense of § 196 KAGB. Concerning the purchase of units which are managed directly or indirectly by the Company itself or by another company associated with the Company via a substantial direct or indirect participation, the Company or the other company shall not be permitted to charge front-end load fees or redemption fees for the purchase or redemption of units. In the annual and semi-annual reports, the Company shall publish the remuneration charged to the UCITS Fund by the Company itself, by another asset management company or by another company associated with the Company via a substantial direct or indirect participation or a foreign investment firm, including its management company, as a management fee for the units held in the UCITS Fund.

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## APPROPRIATION OF INCOME AND FINANCIAL YEAR

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- Section 7 Accumulation of returns** For accumulating unit classes, the Company shall reinvest the proportionate interest, dividends and other proceeds received during the financial year on behalf of the UCITS Fund and not used to cover costs – taking into account the corresponding income adjustment – as well as the capital gains earned from the accumulating unit class, proportionately in the UCITS Fund.
- Section 8 Distribution**
1. For distributing unit classes, the Company normally distributes the interest, dividends and proceeds from investment units received during the financial year on behalf of the UCITS Fund and not used to cover costs, as well as fees from loan and repurchase transactions – taking into account the corresponding income adjustment. Realised capital gains and other income may also be distributed proportionately, taking into account the relevant income adjustment.
  2. Distributable prorated proceeds as per subsection (1) may also be carried forward for distribution in subsequent financial years when the sum of the income carried forward does not exceed 15% of the value of the UCITS Fund at the end of the financial year. Returns from incomplete financial years may be carried forward in full.
  3. In the interests of maintaining the value, prorated proceeds may be partially, or in special cases completely, allocated to reinvestment in the UCITS Fund.
  4. The distribution shall be made annually within four months of the financial year-end. Interim distributions are permissible.
- Section 9 Financial year** The financial year of the UCITS Fund shall begin on 1 January and end on 31

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## AT A GLANCE

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<b>Management company</b>	<p>WARBURG INVEST KAPITALANLAGEGESELLSCHAFT MBH Ferdinandstraße 75 20095 Hamburg Tel. +49 40 3282-5100</p> <p>Subscribed and paid-up capital: EUR 5,600,000.00 (As at: 31 December 2015)</p>
<b>Sole unitholder</b>	<p>M.M.Warburg &amp; CO (AG &amp; Co.) Kommanditgesellschaft auf Aktien, Hamburg</p>
<b>Supervisory Board</b>	<p>Joachim Olearius Partner spokesperson M.M.Warburg &amp; CO (AG &amp; Co.) Kommanditgesellschaft auf Aktien, Hamburg - Chairman -</p> <p>also: Board of Directors M.M.Warburg &amp; CO Geschäftsführungs-Aktiengesellschaft, Hamburg</p> <p>Thomas Fischer Spokesman of the Board of Management MARCARD, STEIN &amp; CO AG, Hamburg - Deputy Chairman -</p> <p>Uwe Wilhelm Kruschinski, Hamburg</p>
<b>Management Board</b>	<p>Udo Hirschhäuser Matthias Mansel Caroline Specht</p>
<b>Custodian</b>	<p>State Street Bank International GmbH Brienner Straße 59 80333 Munich Tel. +49 89 55 87 80</p> <p>Legal form: Private company limited by units</p>

**INFORMATION OF MATERIAL SIGNIFICANCE IS UPDATED IN THE NEXT ANNUAL OR SEMI-ANNUAL REPORT.**





WARBURG INVEST

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