

FMM-Fonds

Sales Prospectus
including Terms of Investment

2/2015



Non-Binding Translation of the
Detailed Sales Prospectus including Terms of Investment
(Contractual Terms and Conditions)

Fund manager/
Distributor and initiator:



Investment company:



The purchase and sale of Fund units is based on the latest Sales Prospectus, the Key Investor Information and the “General Terms of Investment” in conjunction with the “Special Terms of Investment” in their latest versions. This Sales Prospectus is followed by the General Terms of Investment and the Special Terms of Investment which are printed thereafter.

The Sales Prospectus and the Fund’s latest Annual Report and any Semi-annual Report published thereafter are to be provided to persons interested in acquiring Fund units free of charge upon request. In addition, the Key Investor Information is also to be provided free of charge in good time prior to the conclusion of any purchase agreement.

It is not admissible to provide any information or to make any statements deviating from this Sales Prospectus. Any purchase and sale of units based on information or statements not contained in this Sales Prospectus or the Key Investor Information is made exclusively at the buyer’s risk.

Investment restrictions applicable to US persons

FRANKFURT-TRUST Investment-Gesellschaft mbH (hereinafter “FRANKFURT-TRUST”) and/or the Fund have not been and will not be registered pursuant to the United States Investment Company Act of 1940 in its latest version. The Fund units have not been and will not be registered pursuant to the United States Securities Act of 1933 as amended or the securities laws of a federal state of the United States of America. Fund units may not be offered or sold in the United States of America or to a US person or for the account of a US person. Persons wishing to acquire Fund units may have to prove that they are not US persons and do not intend to purchase units on behalf of a US person or resell the units to US persons. US persons are persons who are citizens of the USA, or who have their residence there and/or who are subject to taxation in the USA. US persons may also be legal entities such as partnership companies or corporations established according to the laws of the United States of America, its federal states, territories or possessions.

Most important legal effects of the contractual relationship

By purchasing units, the investors will participate in the assets held by the Fund according to the number of units held as joint owners according to their respective fractions. The investors are not entitled to dispose over the Fund assets. The Fund units do not confer entitlement to any voting rights.

The contractual relationship between FRANKFURT-TRUST and the investor, and the pre-contractual relations, shall be governed by German law. The registered office of FRANKFURT-TRUST shall be the place of jurisdiction for any disputes arising from the contractual relationship if the investor does not have a general place of jurisdiction in Germany. All publications and advertising material shall be provided in the German language or be accompanied with a German translation. Moreover, all communication between FRANKFURT-TRUST and its investors will be conducted in the German language.

In the event of disputes relating to the provisions of the German Capital Investment Code (Kapitalanlagegesetzbuch, hereinafter “KAGB”), consumers may apply to the Ombuds office (Ombudsstelle) for investment funds at BVI Bundesverband Investment und Asset Management e. V. The right of recourse to the courts shall not be affected thereby. The Ombuds office for investment funds of BVI Bundesverband Investment und Asset Management e. V. can be contacted as follows:

Office of the Ombudsstelle

BVI Bundesverband Investment und Asset Management e. V.
Unter den Linden 42
10117 Berlin
Telephone: +49 (0) 30 6 44 90 46 - 0
Fax: +49 (0) 30 6 44 90 46 - 29
info@ombudsstelle-investmentfonds.de
www.ombudsstelle-investmentfonds.de

In the case of disputes arising from the application of the provisions of the German Civil Code (Bürgerliches Gesetzbuch, hereinafter “BGB”) concerning distance contracts on financial services, the parties concerned may also refer to the Schlichtungsstelle der Deutschen Bundesbank (Conciliation Board of the German Bundesbank). The right of recourse to the courts shall not be affected thereby.

Contact information

Schlichtungsstelle der Deutschen Bundesbank
Postfach 11 12 32
60047 Frankfurt am Main
Telephone: +49 (0) 69 23 88 -1907 or -1906
Fax: +49 (0) 69 23 88 -1919
schlichtung@bundesbank.de

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Sales Prospectus

General principles

The FMM-Fonds (hereinafter the “Fund”) is a collective investment undertaking that collects capital from a number of investors to invest it pursuant to a defined investment strategy for the benefit of the investors (hereinafter the “investment fund”). The Fund is an investment fund pursuant to Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (hereinafter “UCITS”) within the meaning of the German Capital Investment Code (Kapitalanlagegesetzbuch hereinafter, “KAGB”). It is managed by FRANKFURT-TRUST Investment-Gesellschaft mbH (hereinafter the “Company”).

The Company invests the capital received in the form of investment funds in its own name and for the joint account of the investors in assets permitted by the KAGB separate from its own assets, giving due regard to the principle of risk diversification. The assets in which the Company is allowed to invest the investors’ monies, and the provisions to be observed in doing so, are specified in the KAGB, the related regulations and ordinances and in the Terms of Investment governing the legal relationship between the investors and the Company. The Terms of Investment comprise a general and a special part (“General Terms of Investment” and “Special Terms of Investment”). The application of Terms of Investment to a public investment fund is subject to prior approval of the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, hereinafter “BaFin”). The Fund does not constitute part of the Company’s insolvency assets.

Sales documents and disclosure of information

The Sales Prospectus, the Key Investor Information, the Terms of Investment, and the latest Annual and Semi-annual Reports are available from the Company and the depositary free of charge. Additional information relating to the investment limits that apply in the risk management of the Fund, the methods of risk management, and the latest developments as regards the risks and returns of the main asset categories of the Fund are made available in electronic or written form by the Company upon request.

Terms of Investment and their amendment

The Terms of Investment are printed in this document following this Sales Prospectus. The Company may amend these Terms of Investment. Any amendments to the Terms of Investment are subject to BaFin approval. Amendments to the Fund’s investment principles additionally require the approval

of the Company’s Supervisory Board. Any amendments to the investment principles of the Fund are only permissible on the condition that the Company offers its investors prior to the amendment becoming effective to redeem their units or to switch their units for units of an investment fund with comparable investment principles at no cost, provided the Company or another company which belongs to the Company’s group manages any such investment fund.

The amendments proposed will be published in the Federal Gazette and on the Company’s website at www.frankfurt-trust.de. If the amendments affect remunerations and expense reimbursements which may be paid out of the Fund, or the Fund’s investment principles, or material investor rights, the investors shall be furthermore informed by their custodian agents in printed form or via electronic means (durable media). Such information shall include the major contents of the planned amendments, their backgrounds, investor rights related to the amendments, and an indication as to where and how further information can be obtained.

Any such amendments will become effective no earlier than one day after their publication. Any amendments related to provisions on remuneration and expense reimbursements will become effective 3 months upon publication at the earliest, unless BaFin has agreed to an earlier date. Amendments to the existing investment principles of the Fund will also become effective 3 months upon publication at the earliest.

Management Company

Founded on 11 September 1969, the Company is an investment management company within the meaning of the KAGB and organised as a limited liability company under German law (GmbH). The Company is called FRANKFURT-TRUST Investment-Gesellschaft mbH and its registered office is in Frankfurt am Main.

Since its foundation in 1969, the Company has been authorised to manage securities investment funds for private and institutional investors, and also money market investment funds since 1994. Additionally, since 1998, the Company has also been authorised to manage specific pension funds (Altersvorsorge-Sondervermögen) and unit-based investment funds, as well as mixed securities and real estate funds since 2000. Following adjustments to comply with the InvG, the Company has been authorised to manage harmonised investment funds as of 2004, mixed funds and specific pension funds as of 2005, and other investment funds since 2008.

The German Investment Act (Investmentgesetz, hereinafter “InvG”) was replaced by the KAGB on 22 July 2013 when the latter became effective. The Company is authorised to operate as an investment company under the InvG; it is therefore deemed to have been authorised as a UCITS management

company pursuant to the KAGB. BaFin has furthermore authorised the Company as an AIF investment management company in accordance with the KAGB on 19 January 2015. The Company may therefore continue to manage – in addition to undertakings for collective investment in transferable securities (UCITS) pursuant to Section 1 (2) KAGB in conjunction with Sections 192 et seq. KAGB – the following investment funds: mixed investment funds (gemischte Investmentvermögen) pursuant to Sections 218 et seq. KAGB, other investment funds (sonstige Investmentvermögen) pursuant to Sections 220 et seq. KAGB, open-ended domestic special AIF with determined fund rules (offene inländische Spezial-AIF mit festen Anlagebedingungen) pursuant to Section 284 KAGB which invest in the following assets: the assets specified in Section 284 (1) and (2) KAGB except those listed in Section 284 (2) no. 2 letters e), f) and h) KAGB and general open-ended domestic special AIFs (allgemeine offene inländische Spezial-AIF) pursuant to Section 282 KAGB excluding hedge funds pursuant to Section 283 KAGB – which invest in the following assets: the assets specified in Section 284 (1) and (2) KAGB except those specified in Section 284 (2) no. 2 letters e), f) and h) KAGB.

For details on the Management and the composition of the Supervisory Board, please refer to the end of this Sales Prospectus.

Equity capital and other own funds

The Company's subscribed and paid-in capital amounts to EUR 16 million. Its liable own funds stand at EUR 11.2 million.

The Company has covered the professional liability risks arising from the management of non-UCITS-compliant investment funds, known as alternative investment funds (hereinafter "AIF"), and from the professional negligence of its corporate bodies and members of staff as follows: own funds of at least 0.01 per cent of the portfolio value of all managed AIFs, this amount being examined and adjusted once a year. These own funds form part of the reported liable own funds.

Depositary

The KAGB stipulates a separation of fund management and depositary functions. The depositary is a credit institution, holds the assets in custody in blocked (custody) accounts and monitors whether the dispositions of the Company over the assets are in accordance with the provisions of the KAGB and the Fund's Terms of Investment. The investment of assets in bank deposits with another credit institution as well as dispositions over such bank deposits are permitted only with the depositary's consent. The depositary must grant its consent if the investment or disposition is consistent with the Fund's Terms of Investment and the provisions of the KAGB.

In addition to that, the depositary has the following duties:

- Issue and redemption of Fund units,
- Ensuring that the issue and redemption of units as well as the calculation of unit value comply with the provisions of the KAGB and the Terms of Investment of the Fund,
- Ensuring that for transactions performed for the joint account of the investors the equivalent value is transferred into its custody within the customary periods,
- Ensuring that the income of the Fund is used in accordance with the provisions of the KAGB and the Fund's Terms of Investment,
- Monitoring borrowings by the Company for the account of the Fund and, where appropriate, approving the borrowing, unless these are short-term overdrafts resulting only from a delayed crediting of incoming payments,
- Ensuring that collateral for securities lending is furnished with legally valid effect and available at all times.

Liability of the depositary

In principle, the depositary is responsible for all assets it holds in safekeeping or held in safekeeping by a third party with its consent, and in the event of loss of such assets shall be liable to the Fund and its investors, except where the loss is attributable to events beyond the depositary's control. For damage that does not consist in the loss of assets, the depositary shall be liable in principle only if it has at least negligently failed to fulfil its obligations in accordance with the provisions of the KAGB.

Company name, legal form and registered office of the depositary

The Bank of New York Mellon SA/NV, Asset Servicing, Branch Frankfurt am Main, MesseTurm, Friedrich-Ebert-Anlage 49, 60327 Frankfurt am Main, has assumed the depositary function for the Fund.

The Bank of New York Mellon SA/NV is admitted in Belgium and regulated by the Belgian Supervisory Authority NBB (National Bank of Belgium). The German depositary and custodian business and related services are provided by the German branch of The Bank of New York Mellon SA/NV, Asset Servicing, Branch Frankfurt am Main. This branch is subject to BaFin supervision.

Sub-custody

Custody of the assets held for the account of the Fund shall be performed by the depositary as well as by sub-depositaries. The sub-depositaries of the respective markets are listed at the end of the Sales Prospectus.

The following conflicts of interest might arise from the sub-custody:

- With regard to the conflicts of interest, it is pointed out that The Bank of New York Mellon SA/NV, Asset Servicing, Branch Frankfurt am Main, will use The Bank of New York Mellon (parent company) as sub-depositary (and vice versa).

To the extent that sub-depositaries (third parties) or their group companies, in addition to the depositary activities also perform other services for The Bank of New York Mellon SA/NV, Asset Servicing, Branch Frankfurt am Main, the risk of conflicts of interest is already minimised by the fact that the companies/company units concerned are bound by appropriate contractual obligations with The Bank of New York Mellon SA/NV, Asset Servicing, Branch Frankfurt am Main, to exercise due care and diligence in the performance of their agency work. Moreover, The Bank of New York Mellon SA/NV, Asset Servicing, Branch Frankfurt am Main, shall communicate information on the tie-in/involvement of third parties – and to the extent such tie-in of involved third parties is known, shall draw attention to the same – so as to create the requisite level of transparency.

- According to its own statements, the depositary deals with such conflicts of interest in the following manner:

For its companies and group affiliates, The Bank of New York Mellon SA/NV, Asset Servicing, Branch Frankfurt am Main, within the scope of its activities, has developed guidelines defining the management of conflicts of interest. By means of functional and hierarchical separation, potential conflicts of interest that might arise from the performance of tasks, for instance also with reference to the Fund or for the Company acting for the account of the Fund, are prevented. In codes applicable group-wide, standards and methods are defined as to how potential or actual conflicts of interest that may arise from business activities are identified. These standards and methods cover formalised processes for regularly monitoring and disclosing conflicts of interest through an internal reporting system. The departments have an obligation to disclose, monitor, control and, to the extent necessary, remove conflicts of interest regarding existing and planned activities or business relationships.

The information specified in this section has been provided to the Company by the depositary. The Company has subjected this information to a plausibility test. However, it relies on the provision of information by the depositary and cannot verify the correctness and completeness thereof in detail.

Release of liability in the case of sub-custody

The depositary may enter into a release of liability agreement with the sub-depositary so that instead of the depositary the sub-depositary shall be liable for any loss of assets held by the latter.

At the present time, the depositary has not concluded an agreement with the Company and the sub-depositary regulating the transfer of liability to the sub-depositary.

Risk information

Before making a decision to purchase units in the Fund, investors should carefully read the risk information provided below together with the other information contained in this Sales Prospectus and take it into account in their investment decision. The occurrence of one or more of these risks could, either individually or together with other circumstances, have an adverse impact on the Fund's performance or on the assets held in the Fund, and thus also adversely affect the unit value.

If the investors sell Fund units at a time when the prices of the Fund's assets have declined compared with the date when they purchased the relevant units, they will not recover the amount invested or only recover part of their initial investment in the Fund. Investors may lose part or all of their capital invested in the Fund. Value increases cannot be guaranteed. The investor's risk is limited to the amount invested. There is no call liability exceeding the capital invested by the relevant investor.

In addition to the risks and uncertainties described below or elsewhere in the Sales Prospectus, the Fund's performance may be adversely affected by various other risks and uncertainties which are not known at the present time. The order in which the risks below are listed does not constitute any statement on the likelihood of their occurrence nor on the extent or significance of individual risks upon their occurrence.

The risks typically associated with an investment in an investment fund are described below. These risks can have an adverse effect on the unit value, on the capital invested by the investor as well as on the holding period of the Fund investment contemplated by the investor.

Fluctuation of Fund unit value

The Fund unit value is calculated on the basis of the value of the Fund divided by the number of units in circulation. In this regard, the value of the Fund is equal to the sum of the market values of all the Fund's assets less the sum of the market values of all its liabilities. The Fund unit value thus depends on the value of the assets held in the Fund and the amount of the Fund's liabilities. If the value of these assets falls or if the value of the liabilities rises, the Fund unit value falls.

Influence of tax aspects on individual results

The tax treatment of investment income depends on the individual circumstances of the respective investor and may be subject to change in future. For specific questions – particularly giving due regard to the individual tax situation – investors should contact their personal tax adviser.

Change in investment policy or the Fund's Terms of Investment

The Company may amend the Fund's Terms of Investment with the approval of BaFin. As a result of the amendment of the Fund's Terms of Investment, the provisions relating to the investor may also be amended. By amending the Fund's Terms of Investment, the Company may amend for example the investment policy of the Fund or it may increase the costs to be charged to the Fund. The Company may moreover amend the investment policy within the Fund's legally or contractually permitted investment universe and thus without amending the Fund's Terms of Investment and their approval by BaFin. This may change the risk associated with the Fund.

Suspension of unit redemption

The Company may temporarily suspend the redemption of units if extraordinary circumstances are deemed to require such suspension, giving due regard to the investors' interests. Extraordinary circumstances, within this meaning, may be for example economic or political crises, redemption requests on an unusual scale as well as the closure of stock exchanges or markets and trading restrictions or other factors impairing the calculation of the unit value. Moreover, the BaFin may require the Company to suspend redemption of units if this is necessary in the interests of the investors or the general public. During such period, investors are not permitted to return their units. Also in the event of unit redemption being suspended, the unit value may decrease, e.g. if the Company is forced to dispose of assets during the suspension of redemption below their market value. After redemption is resumed, the unit value may be lower than it was before the suspension of the redemption.

Suspension may be directly followed by the Fund's dissolution, without resumption of unit redemption, e.g. if the Company terminates its management of the Fund in order to subsequently dissolve the Fund. This means that the investors incur the risk of not being able to hold the investment for the envisaged period or of not having a major part of the capital invested at their disposal for an indefinite period of time.

Dissolution of the Fund

The Company is entitled to terminate the management of the Fund. After termination of management, the Company may dissolve the Fund in its entirety. The right to dispose over the Fund is transferred to the depositary after a termination notice period of 6 months. This means that the investors incur the risk of not being able to hold the investment for the envisaged period. When the Fund is transferred to the depositary, the Fund may be charged taxes other than German income tax. If the Fund units are removed from the investors' securities accounts after the liquidation procedure has been concluded, the investors may be charged income tax.

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

The Company may transfer all assets of the Fund to another UCITS. In this case, the investors may (a) return their units, (b) retain their units with the result that they become investors of the acquiring UCITS, or (c) exchange their units for units in an open-ended public investment fund with similar investment principles provided that the Company or a company affiliated with it manages such investment fund with similar investment principles. This shall equally apply if the Company transfers all assets of another open-ended public investment fund to the Fund. The investors therefore have to take a decision as regards their investment prior to the transfer. If the units are returned, income tax may be incurred. If the units are switched into units in an investment fund with similar investment principles, the investors may be charged taxes, for instance, if the value of the units received is higher than the value of the old units at the time of acquisition.

Profitability and fulfilment of investor's investment objectives

It cannot be guaranteed that the investors will achieve their desired investment result. The unit value of the Fund may fall and result in losses being incurred by the investor. Neither the Company nor third parties make any guarantees in respect of a certain minimum payment in the event of return of units, or a certain investment result of the Fund. An initial sales charge applied upon the purchase of units or a redemption fee charged upon the sale of units may moreover reduce or even completely erode the result of an investment, particularly in the case of an only short investment period. The amount recovered by investors might be lower than the amount originally invested.

Risks related to a negative performance of the Fund (Market risk)

In the following please find a description of risks inherent in the Fund's investments in individual assets. These risks may impair the performance of the Fund or of the assets held by the Fund and therefore have an adverse effect on the unit value and the capital invested by the investor.

Risk of changes in value

The assets in which the Company invests for the account of the Fund are exposed to a number of risks. For example, a loss of value may occur if the market value of the assets falls below the purchase price or prices on the spot or futures markets develop differently.

Capital market risk

The price or market development of financial products depends in particular on the development of the capital markets as influenced by the general situation of the global economy and the economic and political environment of the relevant countries. The general trend in prices – especially on a stock exchange – can also be subject to the influence of irrational factors such as sentiment, opinions and rumours. Fluctuations in market prices and values can be due to changes in interest rates, exchange rates or the credit rating of an issuer.

Equity price risk

Equities are known to be highly volatile and subject to the risk of falling prices. These fluctuations in prices are influenced by the profit performance of the issuing company, the developments reported in the relevant sector and the economy as a whole. Market participants' confidence in the relevant company can also influence equity performance. This applies in particular to companies whose equities have only been listed on the stock exchange or admitted to another organised market for a relatively short time; minor changes in forecasts can lead to strong fluctuations here. If the proportion of freely tradeable shares held by many different shareholders (known as the free float) is low, even small purchase or sale orders can have a strong impact on the equity price and lead to major fluctuations in prices.

Interest rate risk

When investing in fixed-income securities there is the possibility that the market interest rate level prevailing on the issue date of a security may change. If market interest rates increase relative to the interest rate prevailing on the issue

date, the prices of fixed-income securities usually decline. If, by contrast, market interest rates fall, the prices of fixed-income securities rise. This price trend means that the current yield of the relevant fixed-income security corresponds roughly to the current market interest level. However, such price fluctuation is more or less pronounced depending on the (residual) term of the relevant fixed-income securities. Thus, shorter-term bonds usually have lower price risks compared with longer-term bonds. Also, shorter-term bonds usually have lower yields compared with longer-term bonds. Money market instruments are usually associated with lower price risks due to their short term of 397 days maximum. In addition, the interest rates of different interest-rate related financial instruments with the same nominal currencies and comparable residual terms can develop differently.

Price risk of convertible and warrant bonds

Convertible and warrant bonds entitle the holder to convert the bond in equities or to purchase equities. The value of convertible and warrant bonds is therefore dependent on the performance of the underlying equities. The risks related to the performance of the underlying equities can therefore also have an impact on the performance of the convertible and warrant bonds. Warrant bonds that entitle the issuer to redeem the bond by providing the investor with a predetermined amount of shares (reverse convertibles) instead of repaying the nominal amount are particularly dependent on the respective equity price.

Risks related to derivative transactions

The Company may enter into derivative transactions for the account of the Fund. Buying and selling of options and the conclusion of futures or swap transactions are associated with the following risks:

- Price changes in the underlying may reduce the value of an option right or a futures contract. If the value falls to nil, the Company may be forced to forfeit the acquired rights. Value changes of an asset underlying a swap transaction may also result in losses to the Fund's assets.
- The leverage effect of options may influence the value of the Fund's assets more than the direct purchase of the underlying assets. It may be impossible to determine the risk of loss at the time the transaction is entered into.
- A liquid secondary market for a specific instrument at a given time may not exist. It may be impossible to neutralise the economic effect of a derivatives position (closing out).
- The purchase of options involves the risk of the option not being exercised because the prices of the underlying assets have not developed as anticipated, i.e. the option premium paid by the Fund is forfeited. The sale of options involves the risk of the Fund being forced to buy assets at

a price higher than the current market price, or to deliver assets at a price lower than the current market price. The Fund would then incur a loss amounting to the price differential less the option premium collected.

- Futures transactions also involve the risk that, for the account of the Fund, the Company has to bear the difference between the strike price determined at the time the transaction was concluded and the market price at the time the transaction is closed out or matures. This would result in the Fund suffering a loss. This risk of loss cannot be determined at the time the futures transaction is entered into.
- The conclusion of a possibly necessary counterdeal (offsetting trade) causes additional costs.
- The forecasts made by the Company on future developments of the underlying assets, interest rates, securities prices and foreign exchange markets may prove to be incorrect in retrospect.
- The underlying securities of the derivative instruments cannot be purchased or sold at a time regarded as favourable or have to be purchased or sold at an unfavourable time.
- The use of derivative instruments may lead to losses which may not be predictable and which may even exceed the margin deposits.

Off-exchange transactions, known as over-the-counter (OTC) transactions, can entail the following risks:

- There may not be an organised market, with the result that it may be very difficult or impossible for the Company to sell the financial instruments acquired on the OTC market for the account of the Fund.
- The conclusion of a counterdeal (offsetting trade) may be difficult, impossible or very costly due to the individual agreement concluded.

Risks related to securities lending transactions

If the Company enters into a lending contract for securities for the account of the Fund, it transfers these securities to a borrower who has the obligation to retransfer securities of the same kind, quality and quantity upon termination of the securities loan. The Company cannot dispose over the securities lent during the term of the contract. If the securities lent suffer a loss in value during the contractual term and the Company wishes to dispose of the relevant securities, it has to terminate the securities lending contract and wait until the customary settlement cycle has been completed, which might also result in a risk of loss for the Fund.

Risks related to securities repurchase transactions

If the Company delivers securities under a repurchase agreement, it sells them and undertakes to repurchase them

at a premium at the end of the term. The redemption price plus the premium to be paid by the seller at the end of the term is defined when the transaction is entered into. In the event that the securities delivered under a repurchase agreement should suffer a loss in value during the term of the transaction and the Company wishes to sell them to limit losses in value, it may do so only by exercising its right of early termination. Early termination of the transaction may entail financial losses for the Fund. Moreover, it may turn out that the premium to be paid at the end of the term is higher than the income generated by the Company from reinvesting the cash received.

If the Company receives securities under a repurchase agreement, it purchases these and must resell them at the end of a term. The repurchase price is defined already when the transaction is entered into. The securities received under a repurchase transaction serve as collateral for the provision of liquidity to the counterparty. Any value gains of the securities do not accrue to the Fund.

Risks in connection with receiving collateral

The Company receives collateral for derivative transactions, securities lending and repurchase transactions. The value of derivatives, lent securities or securities delivered under a repurchase agreement may increase. In that case, the collateral furnished might no longer suffice to fully cover the Company's delivery or retransfer claims against the counterparty.

The Company may invest cash collateral on blocked accounts, in government bonds of high quality or in short-term money market funds. However, the credit institution with which the bank deposits are held in custody may default. Government bonds and money market funds may perform negatively. Upon termination of the transaction, the collateral invested may no longer be fully available although such collateral must be returned by the Company for the Fund in the amount originally granted. The Company may then be required to top up the collateral to the amount granted for the account of the Fund and thus to offset the loss suffered by the investment.

Risk of securitisation items without deductible

The Fund may purchase securities which securitise loans (loan securitisation items) and were issued after 1 January 2011 only if the lender retains at least 5 per cent of the volume of the securitisation as a so-called deductible and complies with further requirements. The Company is therefore required in the interest of the investors, to initiate remediation measures if loan securitisations issued after such key date do not satisfy these EU standards. Within the scope of these remediation measures, the Company might be forced to sell such loan securitisation items. Given the legal requirements for banks,

fund companies and in future possibly also for insurance companies, there is a risk that the Company will not be able to sell the loan securitisation items held in the Fund or will be able to do so only at significant discounts or with a significant time lag.

Risk of inflation

Inflation means a devaluation risk for all assets. This also applies to all the assets held by the Fund. The inflation rate may exceed the increase in value of the Fund.

Currency risk

The assets of the Fund can be invested in currencies other than the Fund's currency. The Fund will receive the returns, repayments and proceeds from such investments in this other currency. If such currency declines in value relative to the Fund's currency, the value of these investments decline and so does the Fund's value.

Concentration risk, cluster risk

If investments are concentrated on specific assets or markets, the Fund is particularly dependent on the performance of these assets or markets.

Risks related to investments in investment units

The risks associated with target fund units acquired for the Fund are closely related to the risks that are inherent in the assets held by such target funds and the investment strategies pursued by them. As the fund managers of the individual target funds act independently of one another, it may well be that several target funds may apply the same or opposing investment strategies. This means that existing risks may accumulate and any opportunities may offset one another. The Company is normally not in a position to control 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 up-to-date allocation of the target funds. If the allocation does not meet the Company's assessments or expectations, it might only be able to react with a considerable delay, i.e. by redeeming units of the target funds.

Open-ended investment funds the Fund may be invested in might temporarily suspend the redemption of units. In this case, the Company cannot sell the units held in the target fund by returning them to the management company or the depositary of the target fund against receipt of the redemption price.

Risks related to the investment universe

In compliance with the investment principles and limits specified by the law and the Terms of Investment, which create a very large investment universe for the Fund, the actual investment policy may also be focused on assets of e.g. only a few sectors, markets or regions/countries. Such focus on only a few specific investment sectors may entail risks (e.g. tight markets, high volatility within certain economic cycles). The Annual Report informs on the activities of the investment policy of the reporting year then ended.

Risks related to limited or increased liquidity of the Fund (liquidity risk)

The risks that may impair the liquidity situation of the Fund are described below. These liquidity risks can result in the Fund not being able to meet its payment obligations temporarily or permanently or the Company being unable to meet the redemption requests of its investors temporarily or permanently. The investors might incur the risk of not being able to hold the investment for the envisaged period and of not having all or part of the capital invested at their disposal for an indefinite period of time. In the event of liquidity risks actually being incurred, the Fund's net asset value and thus the unit value may fall, for instance, if the Company, provided this is legally permissible, is forced to sell assets held by the Fund below their market value.

Risks related to investments in assets

The Fund may also acquire assets that are not admitted to a stock exchange or admitted to or included in another organised market. Resale of these assets may be possible only at high price discounts, with delays or not at all. Depending on the market situation, the volume, the time frame and the planned costs, the purchase of assets admitted to a stock exchange may also not be possible or possible only at high price discounts. Although only assets which can be liquidated at any time may be purchased for the Fund, the possibility of such assets being saleable either temporarily or permanently only subject to realisation of losses cannot be excluded.

Risk from financing liquidity

The Company may take up loans for the account of the Fund. There is the risk of the Company not being able to take up such loan or being able to do so only on significantly less favourable terms. Loans with a variable interest rate may moreover have a negative impact as a result of rising interest rates. Insufficient financing liquidity may affect the liquidity of

the Fund with the result that the Company may be forced to dispose of assets early or on worse-than-planned terms.

Risks from increased returns or subscriptions

Buy and sell orders of investors result in liquidity inflows to the Fund and liquidity outflows from the Fund. After netting, such inflows and outflows may result in a net inflow or outflow of the Fund's liquidity. Such net inflow or outflow may cause the Fund manager to purchase or sell assets, thus giving rise to transaction costs. This applies in particular if the inflows or outflows result in a liquidity ratio stipulated for the Fund being exceeded or not being reached. The transaction costs arising from this are charged to the Fund and may adversely affect the performance of the Fund. In the case of inflows, an increased Fund liquidity may have an adverse impact on the Fund's performance if the Company cannot invest the liquidity on adequate terms.

Risks related to statutory holidays in certain regions and/or countries

According to the investment strategy, investments for the Fund may be made in certain regions and/or countries. As a result of local statutory holidays in these regions and/or countries, discrepancies may arise between the trading days on stock exchanges of these regions and/or countries and valuation days of the Fund. It is possible that on a day that is not a valuation day the Fund will not be able to respond to market developments in the regions and/or countries on the same day, or that on a valuation day that is not a trading day in such regions and/or countries the Fund will not be able to trade on the market there. This might prevent the Fund from selling assets within the required time and can adversely influence its ability to comply with return requests or other payment obligations.

Counterparty risks including credit and receivables risk

Risks that may arise for the Fund in a contractual relationship with another party (the counterparty) are described below. Here, the risk is that the counterparty is unable to comply with its obligations under the contract. These risks can adversely affect the Fund's performance and thus have an adverse impact on the unit value and the capital invested by the investor.

Counterparty risks (except central counterparties)

Default by an issuer or a counterparty against which the Fund has claims may give rise to losses for the Fund. The issuer risk shows the specific developments of the relevant issuer that

influence the price of a security in addition to the general tendencies of the capital markets. Even thorough stock picking cannot prevent losses due to a decline in the assets of issuers. The Party to a contract entered into for the account of the Fund may default in part or in whole (counterparty risk). This applies to all contracts concluded for the account of the Fund.

Risk from central counterparties

A central counterparty (CCP) enters into certain transactions as intermediary institution on behalf of a fund, particularly into transactions on derivative financial instruments. In this case, it will act as purchaser vis-à-vis the seller and as seller vis-à-vis the purchaser. A CCP secures its counterparty risks through numerous protective measures which enable it at all times to offset losses arising from the transactions entered into, for instance through margin deposits (e.g. collateralisations). Despite such protective measures, the possibility of a CCP defaulting and of claims of the Company for the Fund also being affected as a result cannot be excluded. This may result in losses for the Fund that are not secured.

Counterparty risks in connection with repurchase transactions

If the Company receives securities under a repurchase agreement for the account of the Fund, the counterparty shall request collateral to be provided by the Company. If the Company delivers securities under a repurchase agreement for the account of the Fund, the Company must be provided with sufficient collateral to cover the risk of default by the counterparty. If the counterparty defaults during the term of the repurchase agreement, the Company has the right to realise the securities and/or collateral received under the repurchase agreement. A risk of loss for the Fund may result from the fact that the collateral furnished no longer suffices to fully cover the Company's retransfer claim because the issuer's creditworthiness has deteriorated in the meantime and/or the prices of securities delivered under repurchase agreements have increased.

Counterparty risks in connection with securities lending transactions

If the Company grants securities loan contracts for the account of the Fund, it must take out sufficient collateral to secure the risk of default by the counterparty. The scope of the collateral must be equal to at least the market value of the securities transferred as securities loan contracts. The borrower must furnish additional collateral if the value of the securities granted as loans rises, if the quality of the collateral furnished decreases or if the borrower's financial situation deteriorates and the collateral already furnished is no longer sufficient. If the borrower is unable to comply with

this call for additional cover, there is a risk of the retransfer claim not being fully covered in the event of the default of the counterparty. If the collateral is held in custody with an institution other than the depositary, there is moreover the risk of it not being possible to realise the collateral immediately or fully in the event of default by the securities borrower.

Operational and other risks of the Fund

Risks which may arise for example from insufficient internal processes as well as human or system failures at the Company or external third parties are described below. These risks can adversely affect the Fund's performance and thus have an adverse impact on the unit value and the capital invested by the investor.

Risks from criminal acts, undesirable developments or natural disasters

The Fund may fall victim to fraud or other criminal acts. It may suffer losses as a result of misunderstandings or errors committed by employees of the Company or of external third parties or be damaged as a result of external events such as natural disasters.

Country or transfer risk

There is the risk that a foreign debtor, although not insolvent, is unable to make payments on time, is unable to make them at all or is able to make them only in another currency as a result of the fact that transfers cannot be made in the currency in question or that the country in which the debtor has its registered office is either unable or unwilling to permit transfers. This means that e.g. payments to which the Company is entitled for the account of the Fund are not made, or are made in a currency which is not or no longer convertible, or made in another currency due to foreign exchange restrictions. If the debtor makes payment in another currency, this position is subject to the currency risk described above.

Legal and political risks

For the Fund, investments may be made in legal jurisdictions in which German law does not apply and/or where the place of jurisdiction in the event of legal disputes is outside Germany. Any rights and obligations of the Company arising from this for the account of the Fund may be different from those in Germany to the detriment of the Fund and/or the investors. Political or legal developments including changes in the legal environment in such jurisdictions may not be identified by the

Company or may be identified by it too late or may lead to restrictions in respect of purchasable or already purchased assets. These consequences may also arise if the legal environment for the Company and/or for the management of the Fund in Germany changes.

Change in tax environment, tax risk

The tax explanations are based on the currently known legal situation. They are intended for persons subject to unlimited income or corporation tax in Germany. However, it cannot be guaranteed that the tax assessment will not change due to legislation, jurisdiction or decrees of the fiscal authorities.

Amendments to the Fund's tax bases for previous financial years, e.g. as a result of a tax field audit determining that such tax bases had been incorrectly applied, may lead to a correction that is disadvantageous to the investors from a tax perspective. As a consequence, the investors may have to bear the tax burden resulting from an amended tax assessment for previous financial years, even if the investors were not invested in the Fund at that time. Conversely, it may occur that investors will not benefit from a generally advantageous tax correction for the current and the past financial years in which they were invested in the Fund because they have redeemed or sold the units before the relevant correction is made.

Moreover, a correction of tax data may lead to the situation that taxable income and/or tax benefits will be actually charged in a period other than in the relevant assessment period and that this will adversely affect the individual investor.

Key person risk

Funds which achieve a particularly positive investment performance within a specific period of time may also owe that success to the skills of the acting persons, i.e. the correct decisions of their management. However, the composition of the Fund management staff is subject to change. New decision-makers may thus be less successful.

Depositary risk

The safekeeping of assets, especially abroad, involves a risk of loss resulting from insolvency, breach of the duty to exercise care and diligence or from force majeure.

Risks relating to trading and clearing mechanisms (settlement risk)

When securities transactions are cleared and settled via an electronic system, there is the risk that one of the counterparties pays with a delay or not as agreed or that the securities are not delivered within the agreed deadlines.

Risk profile of the Fund

The Fund's performance is influenced in particular by the following factors which determine the risks and rewards:

- Operational risks including depositary risks: errors and misunderstandings in management and custody may adversely affect the performance of the Fund.
- Currency risks: the Fund also invests its monies outside the eurozone. The value of the currencies of these investments may fall against the euro.

Further information on the Fund's risk profile is provided in the Key Investor Information for the Fund which is available on the Company's website at www.frankfurt-trust.de

Increased volatility

Given its composition, the Fund shows an increased level of volatility, i. e. unit values may be subject to sharp upward or downward fluctuations, even within short periods.

FMM-Fonds

The FMM-Fonds was launched on 17 August 1987 for an indefinite period. Unit classes may be created for the Fund. Such unit classes may differ in respect of the distribution of profits, the initial sales charge, the currency of the unit value including the use of currency hedging transactions, the management fee, the depositary fee, the minimum initial investment amount or a combination of these characteristics. Currently, there are no unit classes.

| | |
|----------------------------|---------------------------------------------------------------------------------------------------------|
| Inception: | 17 August 1987 |
| Financial year: | 1 January to 31 December |
| WKN: | 847811 |
| ISIN: | DE0008478116 |
| Distribution: | none, income is accumulated |
| Management fee: | up to 1.5 per cent p. a. of the Fund's assets, currently 1.5 per cent p. a. |
| Depositary fee: | up to 0.1 per cent p. a. of the Fund's assets (at least EUR 9,800 p. a.); currently 0.08 per cent p. a. |
| Initial sales charge: | up to 5 per cent; currently 5 per cent |
| Minimum investment amount: | initial investment of € 2,500, monthly investment of € 50 |
| Value date: | settlement date (t) |

Profile of the typical investor

Investments made by the FMM-Fonds, especially in equities, are global and diversified. Secondary investments in government and corporate bonds are admissible. The FMM-Fonds seeks to participate in the performance of the global equity markets.

An investment in the FMM-Fonds is suitable for investors who have already gained some experience on the financial markets. The investor must be willing and able to tolerate strong fluctuations in the value of units and possibly even substantial capital losses.

Investment objectives

Investments made by the FMM-Fonds, especially in equities, are global and diversified. Secondary investments in government and corporate bonds are admissible. FMM means a Fundamental, Monetary and Market-technical analysis. It serves as a basis for the equity selection and for the equity weighting of the Fund. The selection of the individual securities and the management of the Fund are based on the assessment of the Fund manager DJE Kapital AG.

The FMM-Fonds seeks to participate in the performance of the global equity markets.

No guarantee can be given that the objectives of the Fund's investment policy will be achieved.

Investment principles

The Company may acquire the following assets for the Fund:

1. Securities pursuant to § 5 of the General Terms of Investment,
2. Money market instruments pursuant to § 6 of the General Terms of Investment,
3. Bank deposits pursuant to § 7 of the General Terms of Investment,
4. Investment units pursuant to § 8 of the General Terms of Investment,
5. Derivatives pursuant to § 9 of the General Terms of Investment,
6. Other investment instruments pursuant to § 10 of the General Terms of Investment.

The Company may acquire these assets within the specified investment limits. Detailed information on the assets that may be acquired by the Fund and their applicable investment limits is set out below.

Securities

For the account of the Fund, the Company may acquire securities of domestic and foreign issuers provided that

1. they are admitted to or included in trading on a stock exchange in a member state of the European Union (EU) or in another state party to the European Economic Area Agreement (EEA), or admitted to or included in another organised market of such state,
2. they are exclusively admitted to trading on a stock exchange outside of the member states of the EU or outside of other states party to the EEA, or admitted to or included in another organised market of such state, provided that the selection of such exchange or such organised market has been approved by BaFin.

Securities from new issues may be acquired if their terms and conditions of issue require that admission to or inclusion in one of the stock exchanges or organised markets listed in nos. 1 or 2 above must be applied for and that admission or inclusion will take place within one year of issuance.

The following shall also be deemed securities in this context:

- Units in closed investment funds in contract or company form, which are subject to control by unit owners (known as company control), i.e. unit owners must have voting rights on material decisions, as well as the right to monitor the investment policies via adequate mechanisms. The investment fund must also be managed by a party that is subject to the laws on investor protection, unless the investment fund has the legal form of a company and the duties of asset management are not assumed by any other party.
- Financial instruments secured by other assets or linked to the performance of other assets. To the extent that derivatives are embedded in such financial instruments, their acquisition as securities by the Company shall be subject to further requirements.

These securities may only be acquired if the following conditions are met:

- The potential loss to be suffered by the Fund must not exceed the purchase price of the security. There must not be any obligation to provide additional funding.
- The liquidity of the security acquired by the Fund must not lead to the Fund being unable to meet the statutory requirements for the redemption of units. This applies without prejudice to the statutory right to suspend the redemption of units in specific cases (cf. the “Issue and redemption of units” section).
- A reliable assessment of the security with exact, reliable and customary prices must be available; this must be either market prices or have been provided on the basis of an assessment method that is independent of the issuer of the security.

- Adequate information must be available about the security, in the form either of regular, exact and comprehensive market information on the security or on an associated portfolio as appropriate.
- The security is tradeable.
- The acquisition of the security is in line with the Fund’s investment objectives and strategies.
- The risks of the security are adequately addressed by the Fund’s risk management.

Securities may furthermore be acquired in the following context:

- Equities to which the Fund is entitled due to a capital increase out of retained earnings.
- Securities acquired through the exercise of subscription rights held by the Fund.

Such securities acquired for the account of the Fund may also include subscription rights provided that the securities they relate to are eligible for the Fund.

Money market instruments

The Company may invest in money market instruments for the account of the Fund that are customarily traded in the money market, as well as in interest-bearing securities which

- at the time of acquisition for the Fund have a term or residual term not exceeding 397 days, or
- at the time of acquisition for the Fund have a term or residual term exceeding 397 days, and whose interest is, under their terms and conditions of issue, regularly adjusted in line with the market, but in any case once every 397 days, or
- have a risk profile that corresponds to the risk profile of securities that meet the criterion of residual term or interest adjustment.

The Fund may acquire money market instruments provided that

1. they are admitted to trading on a stock exchange in a member state of the EU or in another state party to the EEA Agreement, or admitted to or included in another organised market of such state,
2. they are exclusively admitted to trading on a stock exchange outside of the member states of the EU or in another state party to the EEA, or admitted to or included in an organised market of such state, provided that the selection of such exchange or such market has been approved by BaFin,
3. they have been issued or guaranteed by the EU, the Federal Republic of Germany, a special fund of the Federal Republic of Germany (Sondervermögen), a German federal state, another member state of the EU, another federal, regional or local public-sector entity, or the central bank of a member state of the EU, the European Central Bank or

- the European Investment Bank, a non-member state, or, in the case of a federal state, by one of the members making up the federation, or by an international public body to which at least one member state of the EU belongs,
4. they have been issued by an undertaking whose securities are traded in the markets specified under nos. 1 and 2,
 5. they have been issued or guaranteed by a credit institution subject to supervision in accordance with the criteria prescribed by EU law, or by a credit institution subject to and compliant with regulatory provisions that are, in the opinion of BaFin, equivalent to those laid down by Community law; or
 6. they have been issued by another issuer that is
 - a) an undertaking whose equity capital amounts to at least EUR 10 million and that prepares and publishes its annual accounts in accordance with the European Directive on the annual accounts of corporations or
 - b) an entity which – within a group of companies which includes at least one exchange-listed company – is dedicated to the financing of such group, or
 - c) an entity which issues money market instruments that are underwritten by liabilities, through the use of a credit line granted by a bank. These are products in which credit claims of banks are securitised (known as asset-backed securities).

All money market instruments referred to may be purchased only if they are liquid and their value can be accurately determined at any time. Money market instruments that can be sold within a sufficiently short time with limited costs are liquid. In this regard it is necessary to take account of the obligation of the Company to redeem units in the Fund at the request of investors and to be able to sell such money market instruments on correspondingly short notice. Moreover, an accurate and reliable valuation system which enables determination of the net asset value of the money market instrument or is based on market data or valuation models such as amortised cost systems must exist for money market instruments. The liquidity criterion is deemed to be satisfied for money market instruments if they are admitted to or included in an organised market within the EEA or admitted to or included in an organised market outside the EEA provided that the selection of such market has been approved by BaFin. This will not apply if the Company receives information indicating insufficient liquidity for these money market instruments.

For money market instruments not quoted on a stock exchange or admitted to trading on a regulated market (see nos. 3 to 6), the issue or the issuer of such instruments must moreover be subject to provisions regarding the protection of deposits and investors. For example, adequate information must be available for such money market instruments allowing for a reasonable assessment of the credit risks associated with the instruments, and the money market instruments must be

freely transferable. The credit risks may for example be valued via a credit rating review of a rating agency.

Such money market instruments are further subject to the requirements set out below unless they have been issued or guaranteed by the European Central Bank or the central bank of an EU member state:

- If they are issued or guaranteed by institutions below (specified in no. 3):
 - the EU,
 - the Federal Republic of Germany,
 - a special fund of the Federal Republic of Germany,
 - a German federal state,
 - another member state,
 - another federal public-sector entity,
 - the European Investment Bank,
 - a non-member state or, in the case of a federal state, by one of the members making up the federation,
 - an international public body to which at least one member state of the EU belongs,
 adequate information must be available on the issue and/or the issue programme or on the issuer's legal and financial situation prior to the issue of the money market instrument.
- If they are issued or guaranteed by a credit institution supervised within the EEA (see no. 5), adequate information must be available on the issue and/or the issue programme, or on the issuer's legal and financial situation prior to the issue of the money market instrument, which is updated at regular intervals and in the event of significant developments. Moreover, data (e.g. statistics) allowing for a reasonable assessment of the credit risks associated with the investment must be available on the issue and/or the issue programme.
- If they are issued by a credit institution subject to supervisory provisions outside the EEA which are deemed by BaFin to be equivalent to the requirements for a credit institution within the EEA, one of the following conditions must be satisfied:
 - The credit institution maintains a registered office in a member state of the Organisation for Economic Development and Cooperation (hereinafter "OECD") belonging to the G10 group of most industrialised countries.
 - The credit institution enjoys a credit rating which at least qualifies as "investment-grade". "Investment grade" means a credit rating of at least "BBB" and/or "Baa" by a rating agency.
 - It is possible to demonstrate, using a thoroughgoing analysis of the issuer, that the supervisory provisions applying to the credit institution are at least as stringent as those of EU law.
- For the other money market instruments which are not quoted on a stock exchange or admitted to trading on a

regulated market (see nos. 4 and 6 as well as other specifications set out in no. 3), adequate information must be available on the issue and/or the issue programme, as well as on the issuer's legal and financial situation prior to the issue of the money market instrument, which is updated at regular intervals and in the event of significant developments and reviewed by qualified third parties not bound by instructions of the issuer. Moreover, data (e.g. statistics) allowing for a reasonable assessment of the credit risks associated with the investment must be available on the issue and/or the issue programme.

Bank deposits

The Company may hold bank deposits for the account of the Fund, provided that they do not exceed a term of 12 months. Such deposits shall be kept in blocked accounts with credit institutions having a registered office in a member state of the EU or in another state party to the EEA Agreement. They may also be held with credit institutions with a registered office in a non-member state whose supervisory provisions are deemed by BaFin to be equivalent to those of EU law.

Investment limits for securities and money market instruments, also when derivatives and bank deposits are used

Investment limits for securities and money market instruments

In aggregate, the Company shall invest more than 51 per cent of the value of the Fund in securities pursuant to § 5 of the General Terms of Investment. Any securities received under repurchase agreements shall be included in the investment limits pursuant to Section 206 (1) to (3) KAGB.

The Company may invest up to a total of 49 per cent of the Fund's value in money market instruments in accordance with § 6 of the General Terms of Investment. Any money market instruments received under repurchase agreements shall be included in the investment limits pursuant to Section 206 (1) to (3) KAGB.

The Company may invest up to 10 per cent of the Fund's value in securities and money market instruments of the same issuer (debtor). The total value of the securities and money market instruments of such issuers (debtors) must not exceed 40 per cent of the Fund's value. The Company may furthermore invest no more than 5 per cent of the Fund's value in each of securities and money market instruments of the same issuer. Any securities received under repurchase agreements shall be included in this investment limit.

Investment limits for bonds with particular coverage

The Company may invest up to 25 per cent of the Fund's value in each of Pfandbriefe (asset-covered bonds), municipal bonds and bonds issued by a credit institution domiciled in an EU member state or in another state party to the EEA Agreement, provided that the monies borrowed via the issue of such bonds are invested in assets which sufficiently cover the liabilities resulting from the bonds for their whole term and which – in the case of default of the issuer – have a senior ranking regarding the repayment of principal and the payment of interest of such bonds. Where more than 5 per cent of the Fund's value is invested in such bonds of the very same issuer, the total value of such bonds must not exceed 80 per cent of the Fund's value. Any securities received under repurchase agreements shall be included in this investment limit.

Investment limits for public issuers

The Company may invest up to 35 per cent of the Fund's value in each of bonds, promissory note loans and money market instruments issued or guaranteed by specific national or supranational public issuers. Such issuers include the Federal Republic of Germany, the German federal states, member states of the EU or its local bodies, non-member states or supranational public bodies to which at least one EU member state belongs.

Investment limits for bank deposits

The Company may invest up to 49 per cent of the Fund's value in bank deposits in line with § 7 sent. 1 of the General Terms of Investment. The Company may only invest up to 20 per cent each of the Fund's value in bank deposits with one and the same credit institution.

Combination of investment limits

The Company may invest no more than 20 per cent of the Fund's value in a combination of the following assets:

- securities or money market instruments issued by the very same entity,
- deposits held with this entity, e.g. bank deposits,
- amounts to be included in the counterparty risk arising from transactions in derivatives, securities lending and repurchase transactions concluded with said entity.

For specific public issuers (see "Investment limits for securities and money market instruments, also when derivatives and bank deposits are used") any combination of these assets must not exceed 35 per cent of the Fund's value.

The individual maximum limits shall not be affected thereby.

Investment limits when derivatives are used

The amounts of securities and money market instruments of any individual issuer included in the limits specified above may be reduced by the use of counter-market derivatives with securities or money market instruments of this same issuer as underlying. Securities or money market instruments of one issuer may therefore be purchased for the account of the Fund in excess of the above limits, provided the increased issuer risk is reduced by appropriate hedging transactions.

Other assets and their investment limits

The Company may invest a total of up to 10 per cent of the Fund's value in the following other assets ("Other Assets"):

- Securities which are not admitted to trading on a stock exchange or admitted to or included in another organised market, but in principle meet the criteria applicable to securities. Unlike traded or admitted securities, the reliable valuation for these securities must be available in the form of a valuation performed at regular intervals based on information of the issuer or from a competent financial analysis. Adequate information on the security not admitted or not included must exist in the form of regular and precise information provided by the Fund or where appropriate the related portfolio must be available.
- Money market instruments of issuers that do not satisfy the aforementioned requirements if they are liquid and their value can be accurately determined at any time. Money market instruments that can be sold within a sufficiently short time with limited costs are liquid. In this regard it is necessary to take account of the obligation of the Company to redeem units in the Fund at the request of investors and to be able to sell such money market instruments on correspondingly short notice. Moreover, an accurate and reliable valuation system which enables determination of the net asset value of the money market instrument or is based on market data or valuation models such as amortised cost systems must exist for money market instruments. The liquidity criterion is deemed to be satisfied for money market instruments if they are admitted to or included in an organised market within the EEA or admitted to or included in an organised market outside the EEA provided that the selection of such market has been approved by BaFin.
- Shares from new issues if according to their terms and conditions of issue
 - their admission to trading on a stock exchange in a member state of the EU or in another state party to the EEA Agreement or their admission to or inclusion in another organised market within a member state of the EU or another state party to the EEA Agreement must be applied for in accordance with their terms and conditions of issue, or
 - their admission to trading on a stock exchange or their admission to or inclusion in another organised market in a country outside of the member states of the EU or outside of the states party to the EEA Agreement must be applied for in accordance with their terms and conditions of issue, provided that the selection of such an exchange or organised market has been approved by BaFin, provided that admission or inclusion will take place within one year of issuance.
- Promissory note loans which may be assigned at least twice after their acquisition for the Fund and which were granted by one of the following institutions:
 - a) the Federal Republic of Germany, a special fund of the Federal Republic of Germany, a German federal state, the EU, or a member state of the OECD,
 - b) any other domestic local authority or a regional government or a local authority of another member state of the EU or another state party to the EEA Agreement provided that the claim may be treated as equivalent to a claim against the central state on whose territory the regional government or local authority resides, pursuant to the Regulation on supervisory requirements for credit institutions and securities firms,
 - c) any other public-law bodies or institutions based in Germany or in another EU member state or another state party to the EEA Agreement,
 - d) companies that have issued securities that are admitted to trading on an organised market within the EEA, or that are admitted to trading on another regulated market which meets the major requirement for regulated markets pursuant to the Directive on markets which meets the major requirement for regulated markets in financial instruments as amended from time to time, or
 - e) other debtors provided that one of the organisations listed in letters a) to c) has provided a guarantee for the payment of interest and principal alike.

Investment units

The Company may invest up to a total of 10 per cent of the Fund value in investment units in accordance with § 8 of the General Terms of Investment:

- a) up to 10 per cent of the Fund value may be invested in units of domestic or foreign open-ended investment funds, provided that such investment funds invest predominantly in equities (equity funds) pursuant to their terms of investment,
- b) up to 10 per cent may be invested in units of domestic or foreign investment funds for the Fund, provided that they

- are predominantly invested in interest-bearing securities (bond funds) pursuant to their terms of investment,
- c) units in domestic or foreign directive-compliant funds which satisfy the criteria laid down in the Directive stipulating fund categories pursuant to Section 4 (2) KAGB for short-term money market funds or for money market funds may account for up to 10 per cent of the Fund's value; § 8 (2) of the General Terms of Investment shall not be affected thereby.

Any investment units purchased under repurchase agreements will count towards the investment limits specified in Sections 207 and 210 (3) KAGB.

The target funds must, in turn, be restricted under their terms of investment or articles of association to investing only up to 10 per cent in units of other open-ended investment funds. Units in AIFs are furthermore subject to the following requirements:

- The target fund must have been admitted pursuant to legal regulations that place the fund under effective prudential supervision by public authorities to protect the investors, and adequate cooperation between the supervisory authorities concerned must be ensured.
- The level of investor protection must be equivalent to the level of protection of investors in a domestic UCITS, in particular as regards the separation of the management and the safe-keeping of the assets, borrowing and lending as well as short-selling of securities and money market instruments.
- The business activity of the target fund must be detailed in annual and semi-annual reports which permit investors to assess its assets and liabilities, the income and the transactions within the reporting period.
- The target fund must be a mutual fund whose number of units is not limited and whose investors are entitled to unit redemption.

Investments in units of a single target fund may not exceed 20 per cent of the Fund's value. Investments in AIF units may not exceed 30 per cent of the Fund's value. The Company may not purchase more than 25 per cent of the units issued by a target fund for the account of the Fund.

Target funds may temporarily suspend the redemption of units within the scope provided by law. In this case, the Company cannot redeem the units held in the target fund by returning them to the management company or the depositary of the target fund against receipt of the redemption price (see ("Risk information")). Whether and to what extent the Fund holds units in target funds that have currently suspended the redemption of units will be shown on the Company's website at www.frankfurt-trust.de.

Derivatives

A derivative is an instrument whose price depends on the fluctuation in prices or the expected prices for another asset (the underlying). The explanations given below refer to both derivatives and financial instruments with a derivative component (hereinafter together referred to as "derivatives").

The Company is permitted to enter into derivative transactions for the Fund not only for hedging purposes but also as part of its investment strategy. This includes transactions in derivatives for efficient portfolio management and the generation of additional income, i. e. for speculative purposes as well. This can result in the Fund's risk of loss increasing at least temporarily.

The use of derivatives must result in no more than a doubling of the Fund's market risk ("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 rates on the market such as interest rates, exchange rates, share and commodities prices or to changes in an issuer's credit rating. The Company must comply with the market risk limit on an ongoing basis. It must calculate the utilisation degree of the market risk limit daily in accordance with the statutory provisions, which are set out in the German Ordinance on Risk Management and Risk Measurement in the Use of Derivatives, Securities Loans and Repurchase Agreements in Investment Funds Pursuant to the Capital Investment Code (hereinafter "DerivateV").

Derivatives – qualified approach

The Company applies the qualified approach within the meaning of the DerivateV to calculate the utilisation degree of the market risk limit. For this purpose, the Company compares the Fund's market risk with the market risk of a virtual benchmark fund that does not include any derivatives. The derivative-free fund used as a benchmark is a virtual portfolio whose value always exactly matches that of the Fund, but which does not use derivatives and therefore contains no derivative-related increases or hedging of the market risk. The make-up of the benchmark fund moreover must comply with the investment objectives and the investment policy that apply to the Fund. In line with the investment universe, the derivative benchmark fund for the Fund entirely consists of global equities.

The use of derivatives may at no time result in the value-at-risk amount- for the market risk of the Fund exceeding twice the value-at-risk amount for the market risk of the related derivative-free benchmark fund.

The market risk of the Fund and of the derivative benchmark fund is calculated in each case using a suitable separate risk model (known as the value-at-risk method). In this regard the Company uses the variance-covariance analysis and Monte Carlo simulation as modelling methods. The value-at-risk calculates the maximum loss which will not be exceeded with a predefined probability (confidence level) over a predefined period (holding period). Using the risk model, the Company quantifies the change in value of the assets held in the Fund over time. This change in value is determined by random events, i.e. future developments in market prices, and therefore cannot be forecast with certainty. The market risk to be calculated can be estimated in each case only with sufficiently high probability. Here, the Company takes account of the material market price risks from all transactions.

The Company – provided it has a suitable risk management system – may invest in any derivatives for the account of the Fund. The condition for this is that the derivatives are derived from assets which may be purchased for the Fund, or from the following underlyings:

- interest rates
- exchange rates
- currencies
- financial indices which are sufficiently diversified, represent an adequate benchmark for the market to which they refer, and are published in an appropriate manner.

They include above all options, financial futures and swaps, and combinations thereof.

Futures transactions

Futures are unconditional and mutual contracts requiring both parties to the contract to buy or sell at a specific date (the due date), or within a specific time frame, a specific quantity of a specific underlying at a predetermined price. For the account of the Fund and within the scope of the investment limits, the Company may enter into futures contracts on securities and money market instruments, interest rates, exchange rates or currencies as well as on qualified financial indices provided that these may be acquired for the Fund.

Option transactions

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

The Company may participate in options transactions for the account of the Fund and within the scope of the investment principles.

Swaps

Swaps are exchange agreements switching the underlying cash flows or risks of the relevant transaction between the parties to the contract. The Company may conclude interest, currency, cross-currency interest rate swaps and variance swaps for the account of the Fund and within the scope of the investment principles.

Swaptions

Swaptions are options on swaps. A swaption is the right, but not the obligation, to enter into a swap transaction with specific conditions at a specific point in time or within a specific period. Moreover, the principles laid down for options transactions shall apply analogously. The swaptions the Company is allowed to enter into for the account of the Fund must be comprised of the options and swaps set out above.

Credit Default Swaps

Credit default swaps are credit derivatives that enable the transfer of potential credit default exposures to third parties. The seller of the risk pays a premium to its counterparty as a consideration for the takeover of the credit default risk. For the account of the Fund the Company may only enter into simple standardised credit default swaps which are used to hedge individual credit risks the Fund is exposed to. Moreover, the explanations regarding swaps shall apply analogously.

Securitised financial instruments

The Company may also buy the financial instruments described above if they have been securitised. However, the transactions with financial instruments as underlying may be only partially included in securities (e.g. warrant bonds). The statements concerning risks and opportunities apply to such securitised financial instruments analogously, provided that the risk of loss of such securitised financial instruments is limited to the value of the relevant security.

OTC derivative transactions

The Company may enter into derivative transactions admitted to trading on a stock exchange or admitted to or included in another organised market, as well as off-exchange transactions, known as over-the-counter (OTC) transactions, for the account of the Fund. The Company may enter into derivative transactions not admitted to trading on a stock exchange or admitted to or included in another organised market only with suitable credit institutions or financial services providers based on standardised master agreements. In the case of derivatives traded OTC, the counterparty

risk concerning one individual party to the contract shall be limited to 5 per cent of the Fund's value. If the counterparty is a credit institution with its registered office within a member state of the EU, a state which is a party to the EEA Agreement or a non-member state with comparable supervision level, the counterparty risk may be up to 10 per cent of the Fund's value. Derivatives traded over the counter, which are concluded via a central clearing house of a stock exchange or another organised market as party to the contract, shall not be included in the counterparty limits if the derivatives are subject to daily valuation at market prices with daily margin settlement. Claims of the Fund against an intermediary will, however, be included in the limits even if the derivative is traded on a stock exchange or in another organised market.

Securities lending transactions

The securities held in the Fund may be transferred to third parties for lending purposes against a consideration at market prices. The entire securities holdings of the Fund may be transferred to third parties as a securities loan for an unspecified duration only. The securities lending transactions may be terminated by the Company at any time. The contract must stipulate that securities of similar kind, quality and quantity must be retransferred to the Fund within the customary deadlines after the termination of the lending period. All securities transferred to one individual borrower or to group companies must not exceed 10 per cent of the Fund's value. The transfer of securities for lending purposes requires the provision of appropriate collateral to the Fund. Bank deposits may be assigned or pledged and/or securities or money market instruments may be transferred or pledged to this effect. Any income from the investment of collateral shall accrue to the Fund.

For the arrangement and the settlement of securities lending transactions, the Company may also use an organised system.¹ When arranging and settling securities lending transactions using the organised system, the provision of collateral is not required, as the terms and conditions of this system ensure that the interests of the investors are safeguarded. In case of settling securities lending transaction through organised systems, the securities transferred to a single borrower may exceed 10 per cent of the Fund's value.

Moreover, the borrower of the securities shall be obliged to pay the interest due from the securities received under lending transactions to the depositary for the account of the Fund. All securities transferred to one individual borrower must not exceed 10 per cent of the Fund's value.

Securities lending operations will be carried out via the Company's parent company BHF-BANK Aktiengesellschaft.

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

Repurchase transactions

The Company may conclude repurchase agreements with credit institutions and financial services providers for the account of the Fund with a term not exceeding 12 months. It may both transfer securities of the Fund against payment to a pledgee (simple repurchase agreement) or purchase securities under securities repurchase agreements within the respective investment limits (reverse repurchase agreement). The Company may terminate the repurchase agreements at any time, with the exception of repurchase agreements with a term of up to one week. If a simple repurchase agreement is terminated, the Company may demand recovery of the transferred securities. Termination of a reverse repurchase agreement may lead to either the repayment of the full monetary amount or the accrued monetary amount at the current market value. Repurchase agreements must be concluded in the form of genuine repurchase agreements. In this case, the borrower under the repurchase agreement accepts the obligation to retransfer the securities at a fixed point of time or at a point of time to be determined by the lender under the repurchase agreement or to repay the money plus interest. Repurchase transactions will be carried out via the Company's parent company BHF-BANK Aktiengesellschaft.

Collateral strategy

In derivative, securities lending and repurchase transactions, the Company receives collateral for the account of the Fund. The purpose of the collateral is to reduce the risk of default of the counterparty in whole or in part.

Types of eligible collateral

For derivatives/securities lending/repurchase transactions, the Company accepts cash as collateral.

Level of collateral

Securities lending transactions are fully covered. In this regard, the market value of the securities transferred as loans together with the related income constitutes the collateral value. The collateral furnished by the borrower may not be less than the collateral value plus a customary premium.

Moreover, derivatives, securities lending and repurchase transactions must have a level of collateral which ensures that the amount to be included for the default risk of the respective

¹ Section 202 KAGB.

counterparty does not exceed 5 per cent of the Fund's value. If the counterparty is a credit institution with its registered office within a member state of the EU, another state party to the EEA Agreement or a non-member state with comparable supervision level, the amount to be included for the counterparty risk may be up to 10 per cent of the Fund's value.

Haircut strategy

Investment of cash collateral

Cash collateral in the form of bank deposits may be held on blocked accounts with the depositary of the Fund or, with its consent, with another credit institution. Such cash collateral may be reinvested only in government bonds of high quality or in short-term money market funds. Moreover, cash collateral may be invested by way of a reverse repurchase transaction with a credit institution if the recovery of the accrued balance is guaranteed at any time.

Custody of securities received as collateral

The Company may receive securities as collateral for the account of the Fund in the context of derivative, securities lending and repurchase transactions. These securities must be held in custody with the depositary or with the latter's consent with another suitable credit institution.

Providing collateral

In derivative and repurchase transactions, the Company provides collateral for the account of the Fund.

Borrowing

Taking up short-term loans for the joint account of the investors is permitted for up to 10 per cent of the Fund's value, provided that the borrowing is based on market terms and the depositary agrees to the borrowing.

Leverage

Leverage refers to the ratio of the Fund's level of risk to its net asset value. Any method used by the Company to increase the level of investment of the assets managed in the investment fund (leverage effect) will affect this leverage. Such methods comprise the conclusion of securities lending transactions, the taking up of loans, the conclusion of derivatives contracts with embedded leverage financing and other methods of increasing the level of investment. The possibility of using derivatives and

the conclusion of securities lending transactions is presented in the section "Investment principles", "Derivatives" and "Securities lending transactions". The possibility of taking up loans is explained in the section "Borrowing".

The Company may use leverage for the Fund up to a maximum of the market risk limit (cf. section "Derivatives").

The use of derivatives may result in no more than a doubling of the market risk (cf. section "Derivatives").

Leverage is calculated by dividing the Fund's overall exposure by its net asset value. To calculate the overall exposure, the net asset value of the Fund is aggregated with all nominal amounts of the derivative transactions used in the Fund. Depending on market conditions, the leverage effect may fluctuate; that means that the desired level may be exceeded despite the continuous monitoring by the Company.

General rules for the valuation of assets

Assets admitted to a stock exchange or traded in an organised market

Assets admitted to trading on stock exchanges or admitted to or included in another organised market, and subscription rights for the Fund are valued at the last available price paid that provides for a reliable valuation, unless specified otherwise under "Special rules for the valuation of individual assets" below.

Assets not listed on a stock exchange or not traded in an organised market, or assets with no trading price available

Assets neither admitted to trading on a stock exchange nor admitted to or included in another organised market, or for which no trading price is available, shall be valued at the current market value which is deemed to be appropriate, based on prudent assessment using suitable valuation models, giving due regard to the prevailing market conditions, unless specified otherwise in the following paragraph "Special rules for the valuation of individual assets".

Special rules for the valuation of individual assets

Non-listed bonds and promissory note loans

For the valuation of bonds/debt obligations not admitted to trading on the stock exchange or not admitted to/included in another organised market (e.g. non-listed bonds, commercial papers and certificates of deposit), and the valuation of promissory loan notes, the prices of comparable bonds and promissory loan notes shall be applied, and, if appropriate, the

prices of bonds of similar issuers and corresponding maturities and interest, where applicable with a discount due to the lower saleability.

Option rights and futures transactions

Option rights held by the Fund and the liabilities resulting from option rights granted to a third party admitted to trading on a stock exchange or admitted to or included in another organised market shall be valued at the relevant latest trade price ensuring a reliable valuation.

This also applies to receivables and liabilities from futures contracts sold for the account of the Fund. The contribution margins paid at the expense of the Fund shall be added to the value of the Fund, the valuation gains and losses of the relevant trading day considered.

Bank deposits, time deposits, investment units and loans

Bank deposits shall in principle be valued at their nominal value plus accrued interest.

Time deposits shall be valued at the market value, provided that the time deposit can be terminated at any time and that the repayment upon termination is not made at the nominal value plus interest.

Units of investment funds are in principle included at their latest redemption price or at their latest available trade price ensuring a reliable valuation. If these prices are not available, the investment fund units shall be valued at the current market price deemed appropriate upon careful estimates based on suitable valuation models giving due regard to current market conditions.

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

Assets denominated in foreign currencies

Assets denominated in foreign currency shall be translated into the euro at the exchange rate of the morning fixing of Thomson Reuters (Markets) Deutschland GmbH at 10.00 a.m. of the same day.

Sub-investment funds

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

Units

The rights of the investors shall be exclusively securitised in global certificates. Such global certificates shall be held in

custody at a securities clearing and depositing bank. Delivery of individual unit certificates cannot be claimed by the investor. The purchase of units is only possible via custodianship. The unit certificates are bearer certificates and issued for a single unit or several units. Upon transfer of a unit certificate, any and all rights evidenced by such certificate will also be transferred to the new holder.

Special information on physical certificates

Since 1 December 2009, the Fund rights of the investors have been exclusively securitised in global certificates. All investors still holding physical certificates can have them exchanged free of charge by the depositary, The Bank of New York Mellon SA/NV, Asset Servicing, Branch Frankfurt am Main. The Bank of New York Mellon SA/NV, Asset Servicing, Branch Frankfurt am Main, will then arrange for the exchanged units to be credited to the respective investor's securities account. For any questions, please contact your local bank or call us at +49 (0) 69 9 20 50 200 or send us an e-mail via info@frankfurt-trust.de.

Issue and redemption of units

Issue of units

In principle, the number of issued units shall not be limited. The units may be purchased from the Company. They are issued by the depositary at the issue price which corresponds to the net asset value per unit (unit value) plus an initial sales charge. Units may also be acquired via third parties which might result in additional costs. The Company reserves the right to temporarily or completely suspend the issue of units.

The minimum initial investment amount is EUR 2,500. A savings plan with monthly payments of at least EUR 50 is also possible.

Redemption of units

In principle, investors may request to have their units redeemed on any valuation day unless the redemption of units has been temporarily suspended by the Company (see "Suspension of unit redemption"). Redemption orders shall be placed with the depositary or the Company. The Company is under an obligation to repurchase the units at the redemption price applicable on the settlement date, which price corresponds to the unit value determined on that date. Units may also be redeemed via third parties which might result in additional costs.

Settlement upon issue and redemption of units

The Company complies with the principle of equal treatment of all investors by ensuring that no investor can gain an advantage by buying or selling units at previously known unit prices. Thus, it specifies a daily order acceptance deadline. Settlement of the issue and redemption orders received by the depositary or the Company until the order acceptance deadline is executed at the unit value calculated on the order acceptance day (= settlement day). Orders received by the depositary or the Company after the acceptance deadline will be settled only on the following valuation day (= settlement day) at the unit value then calculated. The order acceptance deadline for this Fund is specified on the Company's website at www.frankfurt-trust.de. The Company may change it at any time.

Furthermore, unit issue and redemption can also be made via third parties, e.g. the custodian agent. The time required for the settlement can then be longer. The Company has no control over the settlement methods and terms of the custodian agents.

Suspension of unit redemption

The Company may temporarily suspend the redemption of units if extraordinary circumstances are deemed to require such suspension, giving due regard to the investors' interests. Such extraordinary circumstances are deemed to exist if, for example, a stock exchange on which a significant portion of the Fund's securities is traded has been subject to a non-scheduled closure, or if the assets contained in the Fund cannot be valued. Moreover, the BaFin may require the company to suspend redemption of units if this is necessary in the interests of the investors or the general public.

The Company reserves the right to only redeem or exchange units at the then applicable redemption price once it has sold assets of the Fund without undue delay, giving due regard to the interests of all investors. A temporary suspension may be directly followed by a dissolution of the Fund – without a resumption of unit redemption (see "Dissolution and merger of the Fund").

The Company shall notify investors of any suspension of redemption and the resumption in the Federal Gazette and also on the Internet at www.frankfurt-trust.de. The investors will furthermore be informed by their custodian agents in paper-based form or via electronic means.

Liquidity management

The Company has defined written principles and procedures for the Fund which enable the Company to monitor the Fund's liquidity risks and to ensure that the liquidity profile of the Fund's investments matches the Fund's underlying liabilities.

The principles and procedures include:

- The Company monitors the liquidity risks that may arise at the level of the Fund or its assets as follows: The Company has defined a liquidity ratio in order to measure its liquidity risk. The liquidity ratio of a position is defined as the maximum portion of this position which may be liquidated over a certain period of time with minimal market impact, divided by the value of this position. For the Fund as a whole, it is defined as the maximum portion of the Fund's assets which may be liquidated over a certain period of time with minimal market impact, divided by the Fund's assets. The liquidity ratio is calculated on the basis of trading and static data for individual positions of the Fund and aggregated from the individual position level up to the level of the Fund. Mapping of categorical data such as the respective currency, countries and ratings to the liquidity ratio and, in particular, the weighting of these various categorical data will be based on expert assessments, and implemented in close cooperation between the risk controlling department of BNY Mellon Service Kapitalanlage-Gesellschaft mbH and the Risk Services of BHF-BANK Aktiengesellschaft. Liquidity risks will be monitored by means of a traffic-light system which indicates the liquidity ratio and the level of utilisation of the liquidity limits. Liquidity risk measurement is differentiated according to the type of fund. In line with the recommendation issued by the industry association BVI Bundesverband Investment und Asset Management e. V., the following default limits are assigned to investment funds:

- Money market funds
 - red level: liquidity ratio < 40 per cent,
 - yellow level: 40 per cent < liquidity ratio < 50 per cent,
 - green level: liquidity ratio > 50 per cent,
- Equity funds, bond funds and mixed securities funds:
 - red level: liquidity ratio < 20 per cent,
 - yellow level: 20 per cent < liquidity ratio < 30 per cent,
 - green level: liquidity ratio > 30 per cent

In addition, individual limits may be specified for a specific investment fund

The Company regularly reviews these principles and updates them accordingly.

The Company regularly, at least once a month, performs stress tests by which it can measure the Fund's liquidity risks. The Company performs such stress tests on the basis of reliable and current quantitative or, if this is not appropriate, qualitative information. Where applicable, the stress tests simulate lack of liquidity of the assets in the Fund.

Redemption rights under normal and extraordinary circumstances as well as suspension of redemption are presented in the section "Suspension of unit redemption". The risks associated with this are explained under "Risk information".

Stock exchanges and markets

The possibility of the units also being traded in other markets without the Company's consent cannot be excluded. A third party can cause the units to be included in the regulated unofficial market (Freiverkehr) or other over-the-counter (OTC) trading without the Company's consent.

The market price used as a basis for trading on the stock exchange or on other markets is not determined exclusively via the value of the assets held by the Fund, but also by supply and demand. The market price can therefore deviate from the unit value determined by the Company or the depositary.

Fair treatment of investors and unit classes

Unit classes within the meaning of § 16 para. 2 of the General Terms of Investment may be created for the Fund. Such unit classes may differ in respect of the distribution of profits, the initial sales charge, the currency of the unit value including the use of currency hedging transactions, the management fee, the depositary fee, the minimum initial investment amount or a combination of these characteristics. The inception of unit classes is admissible at any time and at the Company's discretion. Currently, no unit classes are created.

The Company shall treat the Fund's investors in a fair manner. When controlling the liquidity risk and the redemption of units, the Company shall therefore not give priority to the interests of any particular investor or group of investors over the interests of any other investor or group of investors.

For the procedures followed by the Company to ensure fair treatment of investors, see "Settlement upon issue and redemption of units" and "Liquidity management".

Issue and redemption prices and costs

Issue and redemption prices

For the calculation of the issue and redemption prices of the units, the Company determines – under the control of the depositary – the value of assets held by the Fund less its liabilities ("net asset value") on each valuation day. The value of each unit (unit value) is obtained by dividing the net asset value thus obtained by the number of units issued.

The value of the units of the Fund is determined on all stock exchange trading days. The Company and the depositary may dispense with the valuation on legal holidays within the scope of the KAGB, which are trading days, and also on 24 and 31 December of each year. At present, the Company does not calculate the unit value on 1 January, Good Friday, Easter Monday, 1 May, Ascension Day, Whit

Monday, Corpus Christi Day, Day of German Unification, 24, 25, 26 and 31 December.

Suspension of calculation of issue and redemption prices

The Company may temporarily suspend the calculation of the issue and redemption prices analogously to the suspension of the redemption of units. For further details, please refer to the section "Suspension of unit redemption".

Initial sales charge

When determining the issue price, an initial sales charge may be added to the unit value. The initial sales charge may be up to 5 per cent of the unit value. This initial sales charge may reduce or entirely erode the Fund's performance, especially if investments are only held for a short period of time. The initial sales charge is basically a remuneration for the distribution of the Fund's units. The Company may pass the initial sales charge on to any intermediaries involved to cover the distribution services.

Redemption fee

No redemption fee shall be charged.

Costs related to the issue and redemption of units

The issue and redemption of units via the Company and/or the depositary is executed at the issue price (unit value plus initial sales charge) and/or redemption price (unit value) without charging additional costs.

If the investor purchases units by third-party arrangements, such third parties may charge costs that are higher than the initial sales charge. If the investor redeems units via third parties, they may charge their own costs upon redemption of the units.

Publication of issue and redemption prices

The issue and redemption prices are regularly published on the Company's website at www.frankfurt-trust.de.

Management fees and other costs

1. Fees payable to the Company:
 - a) For the management of the Fund, the Company shall receive a remuneration of up to 1.5 per cent p.a. of the Fund's average value; this value is calculated on the basis of the net asset value, as determined on every valuation day; the remuneration is paid out of the

Fund. The management fee may be charged to the Fund at any time. At its sole discretion, the Company may charge a lower management fee for one or several unit classes. The Company publishes the management fee charged in each case in the Sales Prospectus and in the Annual and Semi-annual Report.

- b) In cases where disputed claims are enforced for the Fund in or out of court, the Company may charge compensation of up to 15 per cent of the amounts thus enforced and collected for the Fund after deduction and settlement of any costs incurred for the Fund in such proceedings.
 - c) For initiating, preparing and implementing securities lending and repurchase agreements for the account of the Fund, the Company receives a flat fee of up to 45 per cent of the income generated with these transactions. The costs incurred and the fees payable to third parties in the context of the preparation and implementation of such transactions shall be borne by the Company.
2. Fees payable to third parties:
- a) The Company shall pay out of the Fund for the market risk and liquidity risk measurement services pursuant to the DerivateV provided by third parties an annual remuneration amounting to up to 0.1 per cent of the Fund's average value calculated on the basis of the net asset value as determined on each valuation day.
 - b) For enlisting the services of a Collateral Manager, the Company shall pay out of the Fund an annual fee (collateral manager fee), amounting to up to 0.2 per cent of the Fund's average value calculated on the basis of the net asset value as determined on each valuation day. The Company is entitled to charge monthly upfront payments of this fee on a pro rata basis. At its sole discretion, the Company may charge a lower or no collateral manager fee.

The amounts taken out of the Fund as annual fees pursuant to the above paras. 1 a) and 2 a) and b) may amount to a total of 1.8 per cent of the Fund's average value calculated on the basis of the net asset value as determined on each valuation day.

- 3. For the services it provides, the depositary shall receive an annual remuneration amounting to up to 0.1 per cent of the Fund's average value calculated on the basis of the net asset value as determined on each valuation day, at least EUR 9,800 p.a. The depositary fee may be charged to the Fund at any time. At its sole discretion, the depositary may charge a lower depositary fee for one or several unit classes. In the Sales Prospectus and in the Annual and Semi-annual Report the Company shall state the depositary fee charged in each case.
- 4. Besides said remunerations, the following expenses are charged to the Fund:

- a) customary bank account and securities account management fees, including, if applicable, any customary fees for the safe-keeping of foreign assets abroad;
 - b) costs for printing and dispatching the statutory sales documents (Annual and Semi-annual Reports, Sales Prospectuses, Key Investor Information);
 - c) costs of the publication of the Annual and Semi-annual Reports, the issue and redemption prices, and the distribution or accumulation of income and the liquidation report, if applicable;
 - d) costs for having the Fund audited by the Fund's independent auditors;
 - e) costs of the publication of the basis of taxation and the certification that the tax statements have been prepared in accordance with German tax regulations;
 - f) costs for the assertion and enforcement of legal claims by the Company for the account of the Fund as well for defending claims raised against the Company at the expense of the Fund;
 - g) fees and costs imposed by government agencies with respect to the Fund;
 - h) costs of legal and tax advisory services for the Fund;
 - i) costs and any fees that may be incurred in connection with the purchase and/or use of or reference to a benchmark or financial index;
 - j) costs of appointing voting proxies;
 - k) costs for having the Fund's investment performance analysed by third parties;
 - l) costs for creating and using durable media, except for information on fund mergers and except for information on measures related to the violation of investment limits or to calculation mistakes in determining the unit value;
 - m) taxes arising in connection with fees payable to the Company, the depositary and third parties as well as in connection with the above mentioned expenses, including taxes arising in connection with the management and custody.
5. Transaction costs
In addition to the above mentioned fees and expenses, costs arising in connection with the acquisition and disposal of assets will be charged to the Fund.
6. In the Annual and Semi-annual Reports, the Company shall specify the amount of the initial sales charges and redemption fees which have been charged to the Fund in the reporting period for the purchase and redemption of units pursuant to § 1 para. 4 of the Special Terms of Investment. Where units are purchased that are managed directly or indirectly by the Company itself or by another company affiliated with it by way of a direct or indirect significant equity interest, neither the Company nor the other company may charge initial sales charges or

redemption fees for the purchase or redemption of such units. In the Annual and Semi-annual Reports, the Company shall disclose any fees which the Company itself, another investment management company, an investment stock corporation or another company affiliated with the Company by way of a direct or indirect significant equity interest, or a foreign investment company, including its management company, has charged to the Fund as management fee for the Fund units.

Please note that the above-mentioned fees are maximum amounts. The fees actually charged and the initial sales charge are indicated in the section “FMM-Fonds”. However, the company reserves the right to increase this fee up to the maximum permitted fee.

A major portion of the fees paid out of the Fund to the Company as well as part of the sales charge – where charged – may be used to remunerate the distributors of Fund units for the brokerage of units in investment funds based on the volume of brokered units. The distribution costs will be calculated in accordance with the distribution procedure and the Fund volume brokered. In addition, the Company provides its distributors with further compensation in the form of supportive non-cash benefits (e.g. employee training) which are also associated with these distribution services. These benefits do not run counter to the interests of the investors. Their purpose is to achieve a further improvement in the quality of the services provided by the distributors.

At its sole discretion, the Company and the depositary may agree with individual investors to partially return to them the management/depositary fee already received. This applies especially if institutional investors invest large amounts directly and for the long-term. For any questions in this area, please contact the Company’s mutual fund distribution service.

Special considerations related to the purchase of investment units

If the Fund invests in other investment funds, a management fee may be charged for these other investment funds. A performance-related fee may also be deducted. A performance-related fee may account for a considerable portion of the positive performance of a target fund. In some cases, a performance-related fee may be charged even if the fund has realised a negative performance in absolute terms. In addition, the target fund may incur costs, commissions and other expenses which will reduce the value of its assets. In

some cases, the costs accruing for the target fund may exceed the normal market costs. They will reduce the net asset value of the Fund and will accrue even in case of a negative performance for the target fund.

Apart from the management fee, the Fund will be charged indirectly or directly with the costs of the target fund, in particular the depositary fee, performance-related fees and other fees, initial sales charges and redemption fees, expense reimbursements and other costs.

The Annual and Semi-annual Reports specify the initial sales charges and redemption fees which have been charged to the Fund in the reporting period for the purchase and redemption of units of target funds. Moreover, the remuneration is disclosed which a domestic or foreign company or a company with which the Company is affiliated by way of a significant direct or indirect equity interest has charged to the Fund as management fee for the target fund units held by the Fund.

Total expense ratio (current costs)

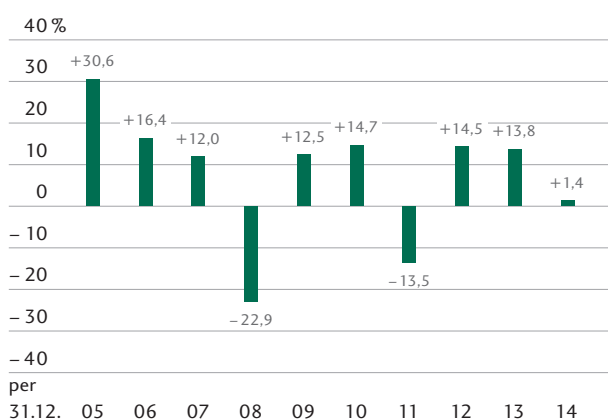
The management costs incurred by the Fund within the financial year are disclosed in the Annual Report and specified as ratio of the average fund volume (total expense ratio – TER). The management costs are made up of the remuneration for the management of the Fund, the depositary fee, as well as any other expenses that may be additionally charged to the Fund (see “Management fees and other costs” and “Special considerations related to the purchase of investment units”). The total expense ratio shall not include ancillary costs and costs arising in connection with the purchase and sale of assets (transaction costs). The total expense ratio is published in the Key Investor Information known as “current costs”.

Performance data

Performance overview* as at 31 December 2014

| | | cumulative | | annual average |
|-----------------|---|------------|---|----------------|
| 1 year | + | 1.4 % | | |
| 3 years | + | 32.2 % | + | 9.8 % |
| 5 years | + | 31.1 % | + | 5.6 % |
| 10 years | + | 93.9 % | + | 6.8 % |
| since inception | + | 853.3 % | + | 8.6 % |

Annual performance* from 2005 to 2014



* Calculation basis: unit value (excluding initial sales charge), taxes to be remitted to the tax authorities reinvested. No guarantee of future performance.

For current performance data, please refer to the Annual and Semi-annual Reports or visit www.frankfurt-trust.de

The Fund's past performance is not indicative of its future performance.

Calculation of income, income adjustment procedure

The Fund generates income from interests, dividends and other income accrued during the financial year and not used for covering costs. Further income can be generated if assets held by the Fund are sold for the account of the Fund.

The Company uses a so-called income adjustment procedure (Ertragsausgleichsverfahren) for the Fund. This means that pro-rata returns incurred during the financial year, which the buyer of units must pay via the issue price and which the seller of units receives via the redemption price, are set-off continuously. The expenses incurred are included in the calculation of the income adjustment.

The income adjustment procedure is applied to balance fluctuations in the relationship between returns and other assets which have been caused by net inflows or net outflows due to the sale or the redemption of units. Otherwise, each net inflow of liquid assets would reduce the return portion of the net asset value of the Fund whereas any outflow would increase it.

In the case of distributing investment funds, the income adjustment procedure ensures that the income per unit is not affected by the fund's unpredictable development and/or the number of outstanding units. It is thus accepted that investors who e.g. buy units immediately before the distribution dates will recover the return portion of the issue price via a distribution, although their invested capital has not contributed to the generation of these returns.

In the case of accumulating funds, the income adjustment procedure ensures that the income per unit shown in the annual report is not affected by the fund's number of outstanding units.

Financial year and distribution of profits

Financial year

The Fund's financial year ends on 31 December of each year.

Accumulation

Income is not distributed but reinvested in the Fund (accumulation).

Dissolution and merger of the Fund

Terms and conditions for the dissolution of the Fund

The investors shall not be entitled to request the liquidation of the Fund. The Company may terminate its right to manage the Fund by giving at least six months' prior notice to this effect by publication in the Federal Gazette and additionally in the Annual or Semi-annual Reports. Moreover, the investors will be informed of the termination by their custodian agents in printed form or via electronic means. Upon the effective date of the termination, the right of the Company to manage the Fund shall expire.

Furthermore, the management right of the Company shall cease to exist if insolvency proceedings are opened against its assets or after final judgement rejecting the opening of insolvency proceedings for insufficiency of assets.

When the Company is no longer entitled to manage the Fund, the power of disposal over the Fund is transferred to the depositary who liquidates the Fund and divides

the proceeds among the investors, or – subject to BaFin approval – commissions another investment management company to act as management company.

Procedure for the liquidation of the Fund

When the right of disposal over the Fund has been transferred to the depositary, the issue and redemption of units will cease and the Fund will be liquidated.

The proceeds from the sale of the Fund's assets less the costs still to be borne by the Fund and less the liquidation costs shall be distributed to the investors; their claims for payment of the liquidation proceeds shall correspond to their number of Fund units held.

For the day on which the Company's power of management ceases to exist, the Company shall prepare a liquidation report which satisfies the requirements of an Annual Report. Said liquidation report will be announced in the Federal Gazette no later than three months following the date on which the liquidation of the Fund took effect. While liquidating the Fund, the depositary shall prepare a report for the day on which the liquidation is terminated and for the year as a whole; such report shall comply with the requirements of an Annual Report.

These reports shall also be published in the Federal Gazette within 3 months after the effective date.

Terms and conditions for the merger of the Fund

All assets of this Fund may – subject to BaFin approval – be transferred to another investment fund, whether already existing or newly created by the merger, which must meet the requirements for a UCITS and be accepted in Germany or another EU or EEA member state. The transfer may also be effected by transferring all the assets of the Fund to a domestic investment stock corporation with variable capital, whether already existing or newly created by the merger.

Such transfer shall take effect from the end of the Fund's financial year (balance sheet closing date) unless another transfer date is determined.

Rights of the investors upon the merger of the Fund

Investors have up to five working days before the planned transfer date either to redeem their units without further costs – except for the costs to cover the cost of liquidation – or to exchange their units for units of another open-ended mutual investment fund which is also managed by the Company or a company which belongs to the same group and which has a similar investment policy as the Fund.

The custodian agents shall inform the investors no later than 37 working days before the planned transfer date in printed form or via electronic means about the reasons for

the merger, the potential consequences for the investors, their rights in the context of the merger, and the key aspects of the procedure. The investors will also be provided with the Key Investor Information on the investment fund to which the Fund's assets are transferred.

On the transfer date, the net asset values of the Fund and the acquiring investment fund are calculated, the exchange ratio is determined and the entire exchange transaction audited by an external auditor. The exchange ratio shall be calculated by the ratio of the net asset values of the Fund and the acquiring investment fund at the transfer date. The investors receive the number of units of the Fund which corresponds to the value of their units in the transferring investment fund.

Investors who do not exercise their redemption or conversion rights shall become investors of the acquiring investment fund with effect from the transfer date. Where appropriate, the Company may also agree with the management company of the acquiring investment fund that the investors of the Fund will receive payment in cash for up to 10 per cent of the value of their units. Once all its assets have been transferred the Fund will cease to exist. If the transfer takes place within the Fund's current financial year, the Company shall prepare a report as at the transfer date that satisfies the requirements for an annual report.

The Company will announce the Fund's merger with another investment fund managed by the Company and the effective date of this merger in the German Federal Gazette as well as on the Company's website at www.frankfurt-trust.de. If the Fund is merged with an investment fund not managed by the Company, the company managing the acquiring or newly incorporated investment fund will be responsible for the publication of the effective date of the merger.

Outsourcing

The Company has outsourced the following activities:

Fund Manager

The Company has entrusted DJE Kapital AG, Pullacher Strasse 24 in 82049 Pullach, with the Fund's management. The Fund manager was given the permission to manage the Fund by the BaFin and is subject to the latter's supervision.

In addition to the Fund management, the Company has outsourced the following activities to other companies:

Fund Administration

Fund administration tasks (especially regarding equity trading, risk controlling, fund reporting and accounting) have been

transferred to BNY Mellon Service Kapitalanlage-Gesellschaft mbH, MesseTurm, Friedrich-Ebert-Anlage 49, 60327 Frankfurt am Main.

Further outsourcings

The following activities have been outsourced to BHF-BANK Aktiengesellschaft, Bockenheimer Landstrasse 10 in 60323 Frankfurt am Main:

- IT including IT infrastructure and the operation of the data center
- internal audit
- market risk and liquidity risk measurement
- personnel
- product taxes
- compliance tasks
- AML activities
- anti-fraud management
- archiving tasks

The management of the investment accounts was outsourced to FIL Fondsbank GmbH, Kastanienhöhe 1 in 61476 Kronberg im Taunus.

The Company is entitled to give instructions to the above stated companies as regards the outsourced activities at any time. The Company may also terminate their mandate and transfer the respective tasks to third parties or perform them itself.

Outsourcing may give rise to the following conflicts of interests:

- The company is an affiliate of the Company.
- The interests of the company might conflict with the interests of the Company, the Fund or the Fund's investors.
- Financial benefits or the absence of financial disadvantages on the part of the company and to the detriment of the Company, the Fund or the Fund's investors.
- The company receives or grants incentives that might influence behaviour in a way that is adverse to the interests of the Company, the Fund or the Fund's investors.
- The Fund manager is not working for the Company on an exclusive basis and may also perform fund management tasks for other investment funds.
- There is no fundamental principle preventing the Fund manager when pursuing its investment strategy from acquiring its own issues or other investment funds managed or advised by the Fund manager.

Conflicts of interest

The Company might be exposed to conflicts of interest. The interests of the investor may conflict with the following interests:

- interests of the Company and its affiliated companies,
 - interests of employees of the Company,
 - interests of any other affiliated person over which the Company has direct or indirect control or
 - interests of other investors in this Fund or other funds.
- Circumstances or relationships that could give rise to conflicts of interest include in particular the following:
- incentive schemes for Company employees,
 - employee transactions,
 - gifts to Company employees,
 - acquisition of products issued by affiliates or in whose issuance an affiliate was involved,
 - shifts in the Fund,
 - closing date-related improvements in Fund performance ("window dressing"),
 - transactions between the Company and investment funds or individual portfolios managed by it, or
 - transactions between investment funds and/or individual portfolios managed by the Company,
 - aggregation of orders ("block trades")
 - orders for or transactions with affiliated companies and persons,
 - individual large scale investments,
 - transactions after closing time against the foreseeable closing price of the day, known as late trading,
 - exercise of voting rights.

The Company may accrue benefits in money's worth in connection with trading activities for the account of the Fund (e.g. broker research, financial analyses, market and stock price information systems) which are used for investment decisions in the interests of the investors.

However, the Company does not receive any refunds from the remunerations and reimbursement of expenses paid out of the Fund to the depositary and third parties.

The Company pays recurring – mostly annual – brokerage fees to intermediaries, such as credit institutions, in the form of "sales commissions". As a rule, the value of these commissions will be determined on the basis of the brokered fund volume. The payment is charged to the Company. This trail commission does not represent any additional costs for the investor.

The Company has taken the following organisational measures in order to detect, prevent, control, monitor and disclose conflicts of interests:

- a compliance function that monitors compliance with laws and regulations is in place and any conflicts of interest must be reported to it,
- duties of disclosure,
- Organisational measures such as
 - separation of responsibilities and physical separation in office rooms,

- maintenance and establishment of new confidentiality zones and implementation of an information management system to prevent abuse of confidential information,
- allocation of competences to prevent unjustified influence,
- establishment of organisational rules, rules-based documented work processes,
- rules of conduct for employees with respect to employee transactions, obligation to comply with insider rules and corresponding trainings,
- establishment of principles for remuneration systems and regulations regarding the acceptance and grant of incentives as well as their disclosure,
- establishment of rules as regards the receipt of other benefits in money's worth,
- principles for taking account of customer interest as well as for investor-oriented and adequate investment advice and compliance with the agreed investment guidelines,
- principles for the best possible execution for the purchase or sale of financial instruments,
- proxy voting policy,
- existence of a conflict of interest policy,
- implementation of processes and measures to prevent any disproportionate transaction costs that might impair investor interests,
- determination of a threshold value for the portfolio turnover rate,
- establishment of order acceptance deadlines (cut-off times),
- investment advisors and fund managers are contractually obliged to avoid conflicts of interest.

Brief overview of taxation provisions

The statements regarding tax provisions only apply to investors subject to unlimited tax liability in Germany. We therefore urge foreign investors to contact their tax adviser prior to acquiring any units in the Fund described in this Sales Prospectus and to inform themselves about the specific tax implications that the purchase of units may have in their home jurisdiction.

As a special purpose fund ("Zweckvermögen"), the Fund is exempt from corporation and trade tax. However, the taxable income of the Fund is, as investment income, subject to income tax on the part of the private investor to the extent that such income together with other capital income exceeds the annual flat-rate allowance of EUR 801 (for single persons and separately assessed married couples) or EUR 1,602 (for jointly assessed married couples).

In principle, investment income is subject to a withholding tax of 25 per cent (plus solidarity surcharge and church tax, if applicable). Investment income also comprises income distributed or deemed to be distributed by the Fund, interim profits as

well as gains from the purchase and sale of Fund units provided they were or are purchased after 31 December 2008.²

In principle, the tax deducted has flat-rate character (so called withholding tax) for the private investor; this means that, as a rule, it will no longer be necessary to specify investment income in the income tax return. When withholding the tax, the custodian agent shall generally set off losses and consider foreign withholding taxes.

The tax withheld does not have the effect of a final tax if the investor's personal tax rate is less than the flat tax rate of 25 per cent. In such case, the investment income may be declared in the income tax return. The tax authority will then use the lower personal tax rate and credit the tax deducted towards the personal tax liability (i. e. a check for a more favourable tax treatment is carried out).

If investment income has not been subject to tax deduction (e.g. because profits have been generated from the sale of fund units in a foreign securities account), such income has to be specified in the tax return. In the scope of the tax assessment, any investment income would then also be subject to the flat tax rate of 25 per cent or the lower personal tax rate.

Where the units are held as business assets, any income will be taxed as operating income. The tax legislation requires a differentiated examination of the income components for the calculation of the taxable income and/or the income subject to investment income tax.

Units held as private assets (tax resident)

Gains from the disposal of securities, gains from futures transactions and income from option premiums

Gains from the disposal of equities, investment units, equity-related participation rights and profits from futures transactions and income from option premiums realised at the level of the Fund are not taxed at the level of the investor unless distributed. Moreover, gains resulting from the disposal of the following capital claims (so-called "good capital claims") will not be recorded for the investor where these gains are not distributed:

- a) capital claims that have a yield upon issue,
- b) "usual" bonds and non-securitised claims with fixed coupon, and down-rating bonds, floaters and reverse floaters
- c) risk certificates replicating the price of an equity or of a published index for a multitude of equities at a ratio of 1:1,
- d) reverse convertible bonds, exchangeable bonds and convertible bonds,

² Gains from the sale of units acquired prior to 1 January 2009 are tax-exempt for private investors.

- e) income bonds and debt dividend rights traded flat, i. e. without a separate recording of the accrued interest, and
- f) cum-warrant bonds.

Where profits from the sale of securities/capital claims specified above, and from futures transactions, and income from option premiums realised are distributed, they are generally subject to taxation; if the units are held domestically, they are subject to a withholding tax of 25 per cent (plus solidarity surcharge and church tax, if applicable). However, distributed gains from the disposal of securities and gains from futures transactions are exempt from taxation if the securities were acquired by the Fund prior to 1 January 2009 or the futures transactions were entered into prior to 1 January 2009.

Results from the sale of capital claims not listed above are subject to the same taxation as interest (see below).

Interest, dividends and other income

As a rule, interest, dividends and other income are taxed at investor level. To this effect, it is not relevant whether such income is accumulated or distributed. In principle, this income is subject to a withholding tax of 25 per cent (plus solidarity surcharge and church tax, if applicable).

The tax may be waived in case the investor is a resident taxpayer and presents an official tax-exempt order, provided that the taxable income components do not exceed EUR 801 in case of individual assessment and/or EUR 1,602 in case of joint assessment of married couples. The same applies upon presentation of a certificate for persons who are not expected to be assessed for income tax purposes ("non-assessment certificate").

If an investor based in Germany holds the units of a distributing investment fund in a domestic securities account the custodian agent, as the paying agent, will not withhold any tax if a tax exemption request (in the prescribed form and for a sufficient amount) or a non-assessment certificate, issued by the tax authority for a maximum term of three years, has been submitted to the custodian agent prior to the specified distribution date. In this case, the investor will be credited with the entire distribution without any deductions.

In the case of an investment fund that does not distribute its income, the Fund will provide the custodian agents with the investment income tax plus the maximum surcharges (solidarity surcharge and church tax) for tax deduction. The custodian agents shall effect the tax deduction as in the case of distribution, taking account of the investor's individual situation, so that the church tax can also be deducted if required. Amounts the Fund has provided to the custodian agents that do not need to be withheld shall be reimbursed.

Where the units are held in a domestic securities account, the amount provided to the custodian agent will be credited

to the investor's account, provided that the investor submits to the custodian agent, prior to the end of the Fund's financial year, a tax exemption request, for a sufficient amount, or a non-assessment certificate.

In the event that the tax exemption request or the non-assessment certificate is not submitted or not submitted in time, the investor shall – upon request – receive a tax certificate from the custodian agent, specifying any tax and solidarity surcharge withheld. The investor is then able to credit the withholding tax paid against any personal tax liabilities assessed as part of the tax assessment.

Where units of distributing investment funds are not held in a securities account and coupons are submitted to a domestic credit institution (self-custody), tax at a rate of 25 per cent (plus solidarity surcharge) will be withheld.

Tax losses

Where negative income remains after offsetting of any positive income of the same type at the level of the Fund, all such negative income will then be carried forward for tax purposes for the Fund. Thus, the Fund will be able to offset such losses with any taxable income of the same type in the following years. Direct allocation of the tax losses to the investor is not possible. These negative amounts will therefore only have a personal income tax effect on the investor in the assessment period (tax year) in which the Fund's financial year ends or in which the distribution is made with effect for that financial year of the Fund, for which the negative tax income is offset at Fund level. An earlier imputation as part of the investor's income tax return is not possible.

Payments out of capital

Payments out of capital are not subject to taxation. Payments out of capital which the investors have received during the holding period shall, however, be added to the tax result from the sale of Fund units, i.e. they increase the taxable profits.

Sales profits at investor level

Where units in the Fund that were acquired after 31 December 2008 are sold by a private investor, the resulting disposal gain is subject to a final flat-rate tax of 25 per cent. If the units are held in a domestic securities account, the taxes will be withheld by the custodian agent. The deduction of 25 per cent tax (plus solidarity surcharge and church tax, if applicable) may be avoided by lodging a sufficient tax exemption order and/or a non-assessment certificate. If such units are sold at a loss by a private investor, this loss may be offset against other positive income from capital assets. If the units have been held in a domestic securities account, and

positive income has been obtained from capital assets with the same custodian agent in the same calendar year, the custodian agent will offset the losses.

Where Fund units acquired prior to 1 January 2009 are sold, any resulting gains are generally not taxable for private investors.

When determining disposal gains, the costs of purchase must be reduced by the interim profit at the time of acquisition and the selling price must be reduced by the interim profit at the time of disposal in order to avoid any double income taxation of interim profits (see below). Moreover, the sales price shall be reduced by the accumulated returns for which the investor has already paid taxes in order to avoid double taxation.

The profit from the sale of Fund units purchased after 31 December 2008 shall be tax-exempt if based on tax-exempt returns under a double taxation agreement which have occurred during the holding period in the Fund and are not yet recorded at investor level (so called pro-rata real estate profit for the holding period).

The Company publishes the real estate gains on every valuation day as a percentage of the Fund unit value.

Units held as business assets (tax resident)

Gains from the disposal of securities, gains from futures transactions and income from option premiums

Gains from the disposal of equities, investment units, equity-related participation rights and profits from futures transactions and income from option premiums realised at the level of the Fund are not taxed at the level of the investor unless distributed. Moreover, gains resulting from the disposal of the following capital claims (so-called "good capital claims") will not be recorded for the investor where these gains are not distributed:

- a) capital claims that have a yield upon issue,
- b) "usual" bonds and non-securitised claims with fixed coupon, and down-rating bonds, floaters and reverse floaters,
- c) risk certificates replicating the price of an equity or of a published index for a multitude of equities at a ratio of 1:1,
- d) reverse convertible bonds, exchangeable bonds and convertible bonds,
- e) income bonds and debt dividend rights traded flat, i.e. without a separate recording of the accrued interest, and
- f) cum-warrant bonds.

Upon distribution, these profits must be included at investor level for taxation purposes. However, profits from the sale of equities are 100 per cent tax-exempt³ (for corporations

³ For corporations, 5 per cent of the sales profits from equities are deemed to be non-deductible business expenses and therefore taxable.

in their role as investors) or (partial income method) 40 per cent tax-exempt (for other business investors, e.g. sole proprietors). In contrast, sales profits from bonds/capital claims, profits from futures transactions and income from option premiums realised are fully subject to taxation.

Results from the sale of capital claims not listed above are subject to the same taxation as interest (see below).

As a rule, distributed profits from the sale of securities, distributed profits from futures transactions, and distributed income from option premiums realised are subject to withholding tax (investment income tax of 25 per cent plus solidarity surcharge). This shall not apply to profits from the sale of securities purchased before 1 January 2009, and to profits from futures transactions entered into prior to 1 January 2009. However, the paying agent does not withhold any tax if the investor is a corporate body subject to unlimited tax liability or if such capital gains are operating income of a domestic enterprise and if this has been declared to the paying agent by the creditor of the capital gains in the official form issued for this purpose.

Interest and related income

As a rule, interest and interest-related income are taxed at investor level⁴. This applies irrespective of whether this income is reinvested or distributed.

The withholding of tax can only be waived or the deducted tax refunded by the custodian agent if the investor submits a non-assessment certificate. The investor will also receive a tax certificate showing all taxes deducted.

Domestic and foreign dividends

Dividends of domestic and foreign stock corporations that have been accrued or are deemed to have been accrued to the Fund before 1 March 2013 that have been distributed on or reinvested in units held as business assets are as a rule tax-free for corporations, with the exception of dividends under the German REIT Act (Act on German Real Estate Stock Corporations with Listed Shares, hereinafter "REITG")⁵. Based on the new ruling on the taxation of free float dividends, dividends from direct investments accrued or considered to be accrued to the Fund from domestic and foreign stock corporations are taxable at corporate entities since 28 February 2013. Sole proprietors are required to pay tax on 60 per cent of such dividends (partial income method), with the exception of dividends under the REITG.

⁴ Pursuant to Section 2 (2) a of the German Investment Tax Act (Investmentsteuergesetz, InvStG), taxable interest has to be considered in the scope of the interest threshold regulation according to Section 4h of the German Income Tax Act (Einkommensteuergesetz, EStG).

⁵ For corporations, 5 per cent of the dividends is deemed to be non-deductible business expenses and therefore taxable.

Domestic dividends are subject to tax deduction (investment income tax of 25 per cent plus solidarity surcharge).

In principle, foreign dividends are subject to tax deduction (investment income tax of 25 per cent plus solidarity surcharge). However, the paying agent does not withhold any tax if the investor is a corporate body subject to unlimited tax liability or if such foreign dividends are operating income of a domestic enterprise and if this has been declared to the paying agent by the creditor of the capital gains in the official form issued for this purpose. For certain types of entities, the paying agent is required to have a certificate from the competent tax office as evidence of unrestricted taxability. Such entities include associations without legal personality, institutions, foundations and other private-law trusts and private-law legal persons, that are not corporations, cooperatives or mutual insurance or pension fund associations.

As regards investors subject to trade tax, that part of the dividend income that is exempt from income or corporation tax is to be added again for determining the trade income but may not be deducted thereafter. In the opinion of the tax authorities, dividends from foreign corporations which are distributed as “intercorporate dividends” will only be tax-free if the investor is a company (corporation) within the meaning of the respective double taxation agreement and holds a sufficiently high pro rata (intercompany) share.

Tax losses

Where negative income remains after offsetting any positive income of the same type at the level of the Fund, all such negative income will then be carried forward for tax purposes for the Fund. Thus, the Fund will be able to offset such losses with any taxable income of the same type in the following years. Direct allocation of the tax losses to the investor is not possible. These negative amounts will therefore only have a personal income tax or corporation tax effect on the investor in the assessment period (tax year) in which the Fund’s financial year ends or in which the distribution is made with effect for that financial year of the Fund, for which the negative tax income is offset at Fund level. An earlier imputation as part of the investor’s personal income tax or corporation tax return is not possible.

Payments out of capital

Payments out of capital are not subject to taxation. For reporting investors, this means that payments out of capital shall be credited to income in the commercial balance sheet; however, a passive compensating item shall be created in the tax balance sheet charged to expense, with the result that, technically speaking, the historical purchase costs are reduced in a tax-neutral way. Alternatively, the proportionate amount

of the payment out of capital may be deducted from the amortised costs.

Sales profits at investor level

Profits from the sale of units held as business assets are in principle tax-exempt for corporations⁶, provided that they result from dividends not yet received or are deemed not yet received, and from realised and non-realised profits of the Fund from domestic and foreign equities and provided that these dividends and gains are tax-free when allocated to investors (known as share profit). Sole proprietors are required to pay tax on 60 per cent of such sales profits. The Company publishes the share profit (based on the statutory amendment referred to above, two share profit figures have been published separately for corporations and sole proprietors since 1 March 2013 – where applicable, separate publication only occurs retrospectively) on each valuation day as a percentage of the value of Fund units.

The profit from the sale of units shall be tax-exempt to the extent that they are derived from income accrued by the Fund during the holding period that is tax-exempt under a double taxation agreement and has not yet been taxed at investor level (so called pro-rata real estate profit for the holding period).

The Company publishes the real estate gains on every valuation day as a percentage of the Fund unit value.

⁶ For corporations, 5 per cent of the tax-exempt disposal gains is deemed to be non-deductible business expenses and therefore taxable.

Summary for common groups of corporate investors

| | Accumulated or distributed | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Interest, profits from the sale of non-good capital claims and other income | German dividends | Foreign dividends |
| Domestic investors | | | |
| Sole proprietors | <u>Investment income tax:</u> 25 % <u>Substantive taxation:</u> Income tax and trade tax; trade tax is offset against income tax; where applicable, foreign withholding taxes may be offset or deducted | <u>Substantive taxation:</u> Trade tax on 100% of the dividends; income tax on 60% of the dividends except in case of REIT dividends or dividends from investment companies subject to a low rate of tax; trade tax is offset against income tax | <u>Investment income tax:</u> N/A |
| Corporate bodies subject to regular taxation (typically industrial firms; banks, provided that units are not held in their trading portfolios; property insurance firms) | <u>Investment income tax:</u> N/A for banks, otherwise 25 % <u>Substantive taxation:</u> Corporation tax and trade tax, where applicable, foreign withholding taxes may be offset or deducted | <u>Investment income tax:</u> 25 % <u>Substantive taxation:</u> Corporation tax and trade tax | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Corporation tax and trade tax; foreign withholding tax may be offset up to the maximum rate permitted under the DTA or deducted within the scope of the income calculation |
| Life and health insurance firms and pension funds where fund units form part of their investments | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Corporation tax and trade tax, if no provision is established in the commercial balance sheet for premium refunds which will be recognised for tax purposes; where applicable, foreign withholding taxes may be offset or deducted | | |
| Banks holding fund units in their trading portfolios | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Corporation tax and trade tax, where applicable, foreign withholding taxes may be offset or deducted | <u>Investment income tax:</u> 25 % | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Corporation tax and trade tax; foreign withholding tax may be offset up to the maximum rate permitted under the DTA or deducted within the scope of the income calculation |
| Tax-exempt non-profit-making, charitable or church investors (particularly churches, non-profit-making foundations) | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Tax-free | | |
| Other tax-exempt investors (particularly pension funds, death benefits funds and relief funds, subject to fulfilment of the preconditions stipulated in the German Corporation Tax Act (Körperschaftsteuergesetz, hereinafter "KStG") | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Tax-free | <u>Investment income tax:</u> 15 % <u>Substantive taxation:</u> Tax deduction with definitive effect | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Tax-free |

| | Accumulated or distributed | | |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| | Interest, profits from the sale of non-good capital claims and other income | German dividends | Foreign dividends |
| Commercial partnerships | <u>Investment income tax:</u> 25 % | | <u>Investment income tax:</u> N/A |
| | <u>Substantive taxation:</u> Trade tax may apply at the level of partnerships. As a rule, trade tax will not be deducted at the level of the partners. For income and corporation tax purposes, the income of the partnership will be determined uniformly and separately. The partners must pay tax on this income according to the rules which would apply in case of their direct participation in the Fund. In case of partners who do not fall under the scope of the German Corporation Tax Act, the trade tax share resulting for the partner in question will be offset against his income tax liability. | | |
| Asset management partnerships | <u>Investment income tax:</u> 25 % | | |
| | <u>Substantive taxation:</u> No trade tax will apply at the level of the partnership. The income derived from the partnership will incur income or corporation tax and may also incur trade tax at the level of the investor. The taxation consequences will be the same as though the partners had directly invested in the Fund. | | |
| Foreign investors | <u>Investment income tax:</u> N/A | <u>Investment income tax:</u> 25 %; if applicable, a reduction to the maximum rate permitted under the DTA may be possible, through a request for reimbursement of withholding tax which must be submitted to the German Federal Central Tax Office (Bundeszentralamt für Steuern); this tax deduction will apply with definitive effect if no reimbursement of withholding tax is achieved. | <u>Investment income tax:</u> N/A |
| | <u>Substantive taxation:</u> The investor will have limited tax liability for German dividends, German rental income and income from the sale of German real estate within a period of 10 years. By submitting a tax return in Germany, the investor may be reimbursed investment income tax levied on German rents and profits from the sale of German real estate (investment income tax is considered as a prepayment, the rate of corporation tax in Germany is only 15%). Otherwise, substantive taxation will be determined in accordance with the rules applicable in the investor's country of domicile. | | |

| | Distributed | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Profits from the sale of good good capital claims and profits from futures transactions | Profits from the sale of equities |
| Domestic investors | | |
| Sole proprietors | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Income tax and trade tax; trade tax is offset against income tax | <u>Substantive taxation:</u> Income tax on 60 % of the sales profits, except in case of profits from the sale of REIT equities or from the sale of investment companies subject to a low rate of tax; trade tax-exempt |
| Corporate bodies subject to regular taxation (typically industrial firms; banks, provided that units are not held in their trading portfolios; property insurance firms) | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Corporation tax and trade tax; where applicable, foreign withholding taxes may be offset or deducted | <u>Substantive taxation:</u> Tax-free except in case of profits from the sale of REIT equities or from the sale of investment companies subject to a low rate of tax; for corporation tax purposes, 5 % of the tax-free profits will be deemed non-deductible business expenses |
| Life and health insurance firms and pension funds where fund units form part of their investments | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Corporation tax and trade tax, if no provision is established in the commercial balance sheet for premium refunds which will be recognised for tax purposes; where applicable, foreign withholding taxes may be offset or deducted | |
| Banks holding fund units in their trading portfolios | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Corporation tax and trade tax; where applicable, foreign withholding taxes may be offset or deducted | |
| Tax-exempt non-profit-making, charitable or church investors (particularly churches, non-profit-making foundations) | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Tax-free | |
| Other tax-exempt investors (particularly pension funds, death benefits funds and relief funds, subject to fulfilment of the preconditions stipulated in the German Corporation Tax Act) | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Tax-free | |
| Commercial partnerships | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Trade tax may apply at the level of partnerships. As a rule, trade tax will not be deducted at the level of the partners. For income and corporation tax purposes, the income of the partnership will be determined uniformly and separately. The partners must pay tax on this income according to the rules which would apply in case of their direct participation in the Fund. In case of partners who do not fall under the scope of the German Corporation Tax Act, the trade tax share resulting for the partner in question will be offset against his income tax liability. | |
| Asset management partnerships | <u>Investment income tax:</u> 25 % <u>Substantive taxation:</u> No trade tax will be levied at the level of the partnership. The income of the partnership will incur income or corporation tax and may also incur trade tax at the level of the investor. The taxation consequences will be the same as though the partners had directly invested in the Fund. | |
| Foreign investors | <u>Investment income tax:</u> N/A <u>Substantive taxation:</u> Substantive taxation will be determined in accordance with the rules applicable in the investor's country of domicile. | |

Domestic custody will be assumed. A solidarity surcharge will be deducted on investment income tax, income tax and corporation tax as an additional levy. Foreign withholding taxes which may be offset may be deducted as income-related expenses at the level of the investment fund; in this case, they may not be offset at the level of the investor. To qualify for non-deduction of investment income tax, it may be necessary to present the custodian agent with non-assessment certificates in good time.

Non-resident taxpayer

If a foreign investor holds Fund units in a securities account with a domestic custodian agent, upon furnishing proof of his non-resident status for tax purposes no tax will be withheld except in case of domestic dividends. Where the status as a non-resident taxpayer is not lodged on time, a refund may be applied for in accordance with the AO⁷, even following the reinvestment of income, as is the case when the investor's status as a non-resident taxpayer is not demonstrated to a distributing fund in good time. The extent to which the tax charge on domestic dividends can be credited or refunded in the case of foreign investors depends on the double taxation agreement (DTA) concluded between the Federal Republic of Germany and the investor's country of domicile. Any DTA refunds of investment income tax on domestic dividends are only possible via the German Federal Central Tax Office (Bundeszentralamt für Steuern, BZSt) in Bonn, Germany.

Solidarity surcharge

A solidarity surcharge of 5.5 per cent shall be levied on any taxes withheld on distributed or accumulated amounts. The solidarity surcharge can be set off in the income and corporation tax.

If no withholding tax is levied or if withholding tax is reimbursed upon reinvestment, no solidarity surcharge will be paid or the solidarity surcharge will be reimbursed upon reinvestment.

Church tax

Where income tax has been withheld by a domestic custodian agent (party liable to effect deduction), any church tax on such withholding tax will be levied by applying an additional amount to the tax deducted at the church tax rate of the religious community to which the investor liable to pay church tax belongs.

For this purpose, the church tax payer has to declare his religious affiliation to the withholding agent in a written application. Married couples must disclose in their application the percentage share of capital gains attributable to each spouse in relation to the couple's total investment income, so that church tax can be allocated, withheld and paid accordingly. If no allocation ratio is specified, allocation is made per capita.

From 2015, the current church tax application procedure will be replaced with the automatic retrieval process for church tax. The domestic custodian agent will obtain clients' church-tax statuses from the German Federal Central Tax Office. Unless the client in question has submitted an objection to the German Federal Tax Office regarding the automatic retrieval process for church tax, it will automatically notify the custodian agent of the client's church tax rate and religious denomination. Church tax will be levied in the following year on the basis of this information.

The tax deductibility of church tax as special expense is already considered upon tax deduction, resulting in a reduced deduction.

Foreign withholding tax

The foreign income of the Fund is partially subject to withholding tax in the countries of origin. The Company may deduct the imputable withholding tax at Fund level as income-related expenses. In such case, the foreign withholding tax is neither imputable nor deductible at investor level. Should the Company not exercise its option to deduct the foreign withholding tax at Fund level, the imputable withholding tax will be already considered upon tax deduction, resulting in a lower deduction.

Income adjustment

Income-related portions of the issue price of issued units that may be used for distribution (income adjustment procedure) shall, for tax purposes, be treated like the income to which these portions of the issue price relate.

Separate assessment, tax field audit

The bases of taxation calculated at the level of the Fund shall be determined separately. To this effect, the Company shall submit a statement of assessment to its competent tax office. Changes to the statement of assessment, e.g. due to a field audit by the financial authorities, shall only take effect for the financial year in which the changed assessment has

⁷ Section 37 (2) AO

become non-appealable. Such amended assessment will then be applied to the investor at the end of that financial year and/or on the distribution date upon the distribution for that financial year.

Thus, the corrections of errors economically affect the investors who participate in the Fund at the time the errors are corrected. These tax effects can be positive or negative.

Taxation of interim profits

Interim profits are compensation amounts for interest received or accrued and gains from the sale of non-good capital claims that are included in the issue or redemption prices and that have neither yet been distributed nor accumulated by the Fund and have thus not been subject to taxation at the level of the investors (comparable e.g. to accrued interest from fixed-interest bearing securities). Any interim profit realised by the Fund is subject to income tax when a tax resident redeems or sells the units. Withholding tax on interim profits amounts to 25 per cent (plus solidarity surcharge and, if applicable, church tax).

Private investors may deduct from income tax the interim profit paid upon the purchase of units as negative income during the payment year, subject to an income adjustment procedure and notification of this upon publication of the interim profit and in professionally certified tax data. It is already recognised as reducing the tax burden when the tax is withheld. If the interim profits are not published, 6 per cent of the payment made in connection with the redemption or sale of the investment unit must be recognised as interim profit. For business investors, interim profits paid are an integral part of the acquisition costs and not to be corrected. Upon redemption or sale of the Fund units, the interim profits received form an integral part of the sales proceeds. A correction is not necessary.

Interim profits may also be taken regularly from the settlements and the earnings statements provided by banks.

Effects of the merging of investment funds

Where a domestic investment fund merges with another domestic investment fund, hidden reserves are uncovered and taxable neither at the level of the investor nor at the level of the relevant investment funds; such procedure is thus tax-neutral. The same applies to the transfer of all assets of a domestic investment fund to a domestic investment stock corporation with variable capital or a sub-fund of a domestic investment stock corporation with variable capital. If the investors of the transferring fund receive a cash payment as envisaged by the merger plan, such payment shall be

treated like a distribution of any other income. Income which is realised by the transferring fund and has not yet been distributed will be allocated to investors on the transfer date for tax purposes, as distribution-equivalent income.

Transparent, semi-transparent and non-transparent taxation of investment funds

The taxation principles mentioned above (“transparent taxation” of investment funds pursuant to the German Investment Tax Act, [Investmentsteuergesetz, hereinafter “InvStG”]) apply only if the Fund is subject to the grandfathering provision of the InvStG. The latter in turn applies if the Fund was incepted before 24 December 2013 and meets the requirements of the former German Investment Act (Investmentgesetz, InvG) in terms of investment conditions and borrowing limits. Alternatively or at the latest after the end of the grandfathering period, the Fund must meet the requirements of the InvStG – these set out the principles pursuant to which a fund is allowed to invest to be deemed an investment fund for tax purposes. In either case, the full basis for taxation must also be disclosed under the tax disclosure obligation pursuant to Section 5 (1) InvStG. If the Fund has acquired units in other investment funds, the above taxation basis will also apply only if

- the corresponding target funds are subject either to the grandfathering provision of the InvStG or meet the investment taxation requirements of the InvStG and
- their management companies observe the tax-related disclosure obligations for these target funds.

The Company endeavours to observe the tax-related investment requirements or, in the case of grandfathering, the investment conditions and borrowing limits pursuant to the Investment Act, and to disclose all bases of taxation available to it. However, the required disclosure cannot be guaranteed, especially if the Fund has purchased units of investment funds and the respective management companies do not comply with their fiscal disclosure obligations. In such case, the distributions and the interim profit and 70 per cent of the relevant investment fund’s increase in value based on the proportionate holdings in the investment fund generated in the last calendar year (at least, however, 6 per cent of the redemption price) are attributed to the Fund as taxable income. The Company also endeavours to disclose other bases of taxation outside the requirements of Section 5 (1) InvStG (in particular share profits, real estate profits, and interim profits).

Insofar as the investment regulations and the borrowing limits under the former German Investment Act and the tax regulations for investments under the German Investment Tax Act are not complied with, the fund will be treated as an investment company. In this case, taxation will be in accordance with the principles applicable for investment companies.

EU Savings Directive/German Interest Information Ordinance

The Interest Information Ordinance (Zinsinformationsverordnung, hereinafter "ZIV"), which implements the EU Directive on the taxation of interest income⁸, is intended to ensure the effective cross-border taxation of interest income of natural persons in the territory of the EU. With some non-member states (especially Switzerland, Liechtenstein, the Channel Islands, Monaco and Andorra), the EU has entered into agreements which largely correspond to the EU Interest Directive.

Under these agreements, interest income that is credited by a German bank (to this extent acting as a paying agent) to a natural person living in a European country other than Germany or in certain non-member states is, as a rule, reported by the German bank to the German Federal Central Tax Office (Bundeszentralamt für Steuern) and by the latter ultimately to the competent foreign tax office in the person's country of residence.

Consequently, interest income received by a natural person in Germany from a foreign credit institute located in another EU country or in certain non-member states will be generally reported by such foreign bank to the competent German tax office at such person's place of residence. Alternatively, certain foreign states charge withholding taxes which can be set off in Germany.

This specifically applies to private investors residing within the EU and/or in the acceded non-member states who hold their (securities) account cross-border in another EU member state and generate interest income. Among other countries, Luxembourg and Switzerland have undertaken to retain a withholding tax of 35 per cent on interest income. Within the scope of the tax documentation, the investor receives a certificate by which he can set off the deducted withholding tax in his income tax return.

Alternatively, private investors may obtain an exemption from foreign withholding tax by authorising the voluntary disclosure of their interest income to the foreign bank that allows the institution to waive the withholding tax deduction and report the income to the statutory financial authorities instead.

Pursuant to the ZIV, the Company must specify for the Fund whether it is subject to the ZIV (in scope) or not (out of scope). For such assessment, the ZIV contains two major investment limits:

- If the fund's assets do not include more than 15 per cent of claims within the meaning of the ZIV, the paying agents which finally act upon data submitted by the Company do not have to send a notification to the German Federal

Central Tax Office. Otherwise, if the threshold of 15 per cent is exceeded, this will result in an obligation of the paying agents to report the interest components of the distribution to the German Federal Central Tax Office.

- Where the 25 per cent threshold is exceeded, the interest component of any redemption or sale of fund units must be reported. For a distributing fund, the interest component contained in the distribution must also be reported to the German Federal Tax Office. For accumulating funds, notifications are only required upon redemption or sale of fund units.

Public Auditor

KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, has been commissioned to audit the Fund and the Annual Report.

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

Service providers

Companies performing the tasks outsourced by the Company are shown in the "Outsourcing" section.

The Company has furthermore engaged the following service providers:

Distributor/Initiator of the Fund

Initiator of the Fund is DJE Kapital AG, Pullacher Strasse 24, 82049 Pullach, Germany, which is also the sole distributor of its units.

Law firms

The company obtains legal advice from the law firm TILP Rechtsanwalts-gesellschaft mbH, which also represents it in US class-action lawsuits and private prosecutions. The engagement of this law firm does not establish any legal relationship between the investors in the Fund and this law firm.

⁸ 2003/48/EC of the Council of 3 June 2003, OJ No L 157 p. 38

Payments to investors/publication of reports and other information

The engagement of the depositary ensures that accumulated amounts are credited to the investors, that the investors will receive their distributions, and that units are redeemed. The investor information mentioned in this Sales Prospectus may be obtained via the channels described in the “Sales documents and disclosure of information” section. Moreover, such documents are also available from the depositary and the distributing agents.

Other funds managed by the Company

The Company also manages the following other public investment funds not featured in this Sales Prospectus:

| Fund name | ISIN | Fund name | ISIN |
|---------------------------------|--------------|-----------------------------------------------------|--------------|
| AL FT Chance | DE000A0H0PH0 | FT FlexInvest Pro | DE0008478132 |
| AL FT Stabilität | DE000A0H0PF4 | FT Frankfurt-Effekten-Fonds | DE0008478058 |
| AL FT Wachstum | DE000A0H0PG2 | FT Global HighDividend | DE0005317416 |
| AW Global Invest Basic Plus | DE000A0MURA5 | FT GlobalDynamik | DE0009772988 |
| AW Global Invest Dynamic Plus | DE000A0MURB3 | FT InterSpezial | DE0008478009 |
| Basis-Fonds I | DE0008478090 | FT Navigator 40 | DE0009770354 |
| BHF Total Return FT | DE000A0D95Q0 | FT Navigator 70 | DE0009770347 |
| Castell Euro ZinsErtrag K | DE000A1CUGS9 | FT Navigator 100 | DE0009770339 |
| EDG Absolut Return Strategie FT | DE000A0B8XH3 | FT New Generation | DE0009770362 |
| FT AccuGeld (G) | DE000A1CUGJ8 | FT UnternehmerWerte (PT) | DE000A0KFFW9 |
| FT AccuGeld (I) | DE000A0YCBR6 | FT UnternehmerWerte (IA) | DE000A1XDYH7 |
| FT AccuGeld (PA) | DE000A0YCBQ8 | GWP-Fonds FT | DE0008478199 |
| FT AccuGeld (PT) | DE0009770206 | Kapital Privat Portfolio | DE000A0MYEF4 |
| FT AccuZins (PT) | DE0008478082 | KlawInvest-Trading | DE000A0M1UF5 |
| FT AccuZins (IA) | DE000A1XDYG9 | Managed ETF ^{plus} – Portfolio Balance | DE000A0M1UN9 |
| FT Alpha EMU | DE000A1CUGQ3 | Managed ETF ^{plus} – Portfolio Opportunity | DE000A0NEBL8 |
| FT Euro HighDividend | DE0005317424 | PTAM Strategie Portfolio Defensiv | DE000A0M1UH1 |
| FT EuroGovernments M | DE000A0NEBR5 | R1 Value Portfolio | DE000A0MURC1 |
| FT EuropaDynamik (I) | DE000A0YCBP0 | S & H Globale Märkte | DE000A0MYEG2 |
| FT EuropaDynamik (P) | DE0008478181 | Schmitz & Partner Global Defensiv | DE000A0M1UL3 |
| FT EuroRendite | DE0009761692 | Schmitz & Partner Global Offensiv | DE000A0MURD9 |
| FT EuroZins | DE0008478017 | Substanz-Fonds | DE000A0NEBQ7 |
| FT EuroZins K (PT) | DE0008478124 | Vermögens-Fonds | DE000A0MYEJ6 |
| FT EuroZins K (IA) | DE000A1XDYF1 | Westfalicafonds Aktien Renten | DE000A1XDYE4 |
| FT FlexInvest Classic | DE0009772954 | WF Portfolio Ausgewogen | DE000A0MYEH0 |

Plus 19 special investment funds.

Buyer's revocation rights

Instruction on right of revocation

Revocation right

Where the purchase of units in open-ended funds is brought about through oral negotiations outside the permanent business premises of the person who sold the units or brokered the sale, said purchaser shall be entitled to revoke his purchase declaration in writing within a period of 2 weeks (e.g. letter, fax, e-mail) without stating any grounds. The revocation right shall also exist if the person having sold the units or having brokered the sale does not have any permanent business premises.

The revocation period will only commence when the purchaser has been provided with a carbon copy of the application for entering into a contract or with a purchase contract note (Kaufabrechnung) and these documents contain information on the revocation right that meets the requirements of Section 360 (1) BGB. Timely dispatch of the revocation will suffice for compliance with the time limit. The seller shall have the burden of proof in cases where the commencement of the time limit is in dispute. Revocation shall be declared in writing stating the identity of the declaring party including that party's signature, but without any requirement to state grounds.

The revocation must be addressed to:

FRANKFURT-TRUST
Investment-Gesellschaft mbH
Bockenheimer Landstrasse 10
60311 Frankfurt am Main
Fax: +49 (0) 69 9 20 50 -102
E-mail: info@frankfurt-trust.de

No revocation right shall exist if the seller proves that either the purchaser is not a consumer within the meaning of Section 13 BGB or the seller has visited the purchaser specifically for the purpose of discussing the purchase of units as a result of a prior appointment being made (Section 55 (1) of the German Industrial Code (Gewerbeordnung, GewO).

Consequences of revocation

Where the purchaser has already made payments prior to revocation, the Company is obliged to reimburse the purchaser for any fees paid and also to pay an equivalent to the value of the acquired units on the day following receipt of the notice of revocation; where applicable, these payments shall take place concurrently with the transfer of any units acquired. The right of revocation cannot be waived.

The above statements shall apply analogously to the sale of units by the investor.

End of instruction on right of revocation

Sub-custody

The depositary has delegated custody to another company (sub-depositary) in the following countries:

| Country/market | Sub-depositary |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Argentina | Citibank, N.A. |
| Australia | National Australia Bank Limited |
| Austria | UniCredit Bank Austria AG |
| Bahrain | HSBC Bank Middle East Limited |
| Bangladesh | The Hongkong and Shanghai Banking Corporation Limited |
| Belgium | Citibank International Plc |
| Bermuda | HSBC Bank Bermuda Limited |
| Botswana | Stanbic Bank Botswana Ltd. |
| Brazil | Citibank, N.A. |
| Bulgaria | ING Bank N.V. |
| Canada | CIBC Mellon Trust Company |
| Cayman Islands | The Bank of New York Mellon |
| Channel Islands | The Bank of New York Mellon |
| Chile | Banco de Chile |
| China | HSBC Bank (China) Company Limited |
| Columbia | Cititrust Colombia S.A. |
| Cyprus | BNP Paribas Securities Services, Athens |
| Czech Republic | Citibank Europa plc, organizační složka |
| Denmark | Skandinaviska Enskilda Banken AB (Publ) |
| Egypt | HSBC Bank Egypt S.A.E. |
| Estonia | SEB Pank AS |
| Euro market | Clearstream Banking Luxembourg S.A. (Central Securities Depository – no subcustodian) Euroclear Bank S.A. (Central Securities Depository – no subcustodian) |

| Country/market | Sub-depositary |
|----------------|------------------------------------------------------------------------------|
| Finland | Skandinaviska Enskilda Banken AB (Publ) |
| France | BNP Paribas Securities Services |
| Germany | The Bank of New York Mellon SA/NV, Asset Servicing, Frankfurt am Main Branch |
| Ghana | Stanbic Bank Ghana Limited |
| Great Britain | Deutsche Bank AG, London Branch The Bank of New York Mellon |
| Greece | BNP Paribas Securities Services, Athens |
| Hong Kong | The Hongkong and Shanghai Banking Corporation Limited |
| Hungary | Citibank Europe plc, Hungarian Branch Office |
| India | Deutsche Bank AG |
| Indonesia | Deutsche Bank AG |
| Ireland | The Bank of New York Mellon |
| Israel | Bank Hapoalim B.M. |
| Italy | Intesa Sanpaolo S.p.A |
| Japan | Mizuho Bank, Ltd. The Bank of Tokyo – Mitsubishi UFJ, Ltd. |
| Kazakhstan | HSBC Bank Kazakhstan JSC |
| Kenia | CFC Stanbic Bank Limited |
| Kuwait | HSBC Bank Middle East Limited |
| Latvia | AS SEB banka |
| Lebanon | HSBC Bank Middle East Limited |
| Lithuania | SEB Banka |
| Luxembourg | Euroclear Bank S.A. (Central Securities Depository – no subcustodian) |
| Malaysia | HSBC Bank Malaysia Berhad |

| Country/market | Sub-depositary |
|----------------|------------------------------------------------------------------------------|
| Malta | The Bank of New York Mellon SA/NV, Asset Servicing, Frankfurt am Main Branch |
| Mauritius | The Hongkong and Shanghai Banking Corporation Limited |
| Mexico | Banco Nacional de México (Banamex) S.A. |
| Morocco | Citibank Maghreb |
| Namibia | Standard Bank Namibia Ltd |
| Netherlands | The Bank of New York Mellon SA/NV |
| New Zealand | National Australia Bank Limited |
| Nigeria | Stanbic IBTC Bank Plc |
| Norway | Skandinaviska Enskilda Banken AB (Publ) |
| Oman | HSBC Bank Oman S.A.O.G. |
| Pakistan | Deutsche Bank AG |
| Peru | Citibank del Perú S.A. |
| Philippines | Deutsche Bank AG |
| Poland | ING Bank Slaski S.A. |
| Portugal | Citibank International Plc, Sucursal em Portugal |
| Qatar | HSBC Bank Middle East Limited |
| Romania | Citibank Europe plc. Dublin – Romania branch |
| Russia | Deutsche Bank Ltd. |
| Saudi Arabia | HSBC Saudi Arabia Limited |
| Serbia | UniCredit Bank Serbia JSC |
| Singapore | DBS Bank Ltd. United Overseas Bank Ltd. |
| Slovenia | UniCredit Banka Slovenia d.d. |

| Country/market | Sub-depositary |
|---------------------------------------------|---------------------------------------------------------------------------|
| Slovak Republic | Citibank Europe plc, pobočka zahraničnej banky |
| South Africa | Standard Bank of South Africa |
| South Korea | Deutsche Bank AG The Hongkong and Shanghai Banking Corporation Limited |
| Spain | Banco Bilbao Vizcaya Argentaria S.A. (BBVA) Santander Investment, S.A. |
| Sri Lanka | The Hongkong and Shanghai Banking Corporation Limited |
| Swaziland | Standard Bank Swaziland Ltd |
| Sweden | Skandinaviska Enskilda Banken (Publ) |
| Switzerland | Credit Suisse AG |
| Taiwan | HSBC Bank (Taiwan) Limited |
| Thailand | The Hongkong and Shanghai Banking Corporation Limited |
| Turkey | Deutsche Bank AS |
| Uganda | Stanbic Bank Uganda Limited |
| Ukraine | PJSC „Citibank“ |
| United Arab Emirates | HSBC Bank Middle East Limited |
| United States of America | The Bank of New York Mellon |
| United States of America Precious metals | HSBC Bank, USA, N.A. |
| Venezuela | Citibank N.A. Sucursal Venezuela |
| Vietnam | HSBC Bank (Vietnam) Ltd. |
| Zambia | Stanbic Bank Zambia Ltd |
| Zimbabwe | Stanbic Bank Zimbabwe Ltd |

Terms of Investment of the Fund

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governing the legal relationship between investors and FRANKFURT-TRUST Investment-Gesellschaft mbH, Frankfurt am Main, (hereinafter the “Company”) with regard to the investment funds managed by the Company pursuant to the UCITS directive, and which Terms shall only apply in conjunction with the Special Terms of Investment issued for the relevant individual UCITS-compliant investment fund (hereinafter UCITS Fund).

§ 1 General principles

1. The Company is a UCITS management company and subject to the provisions of the German Capital Investment Code (Kapitalanlagegesetzbuch, hereinafter “KAGB”).

2. The Company invests the monies received in its own name and for the joint account of the investors in assets permitted by the KAGB, separate from its own assets, in the form of UCITS funds, giving due regard to the principle of risk diversification. The investors' rights resulting therefrom shall be evidenced by the issue of specific instruments (unit certificates).

3. The UCITS Fund is subject to the supervision of the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, hereinafter “BaFin”) of collective investment schemes pursuant to the KAGB. The business purpose of the UCITS Fund shall be limited to investments in accordance with a defined investment policy under collective asset management using the monies deposited in the UCITS Fund; any operative activity and active entrepreneurial management of the assets held is excluded.

4. The legal relationship between the Company and the investor shall be governed by the General Terms of Investment and the Special Terms of Investment of the UCITS Fund and by the KAGB.

§ 2 Depository

1. The Company shall appoint a credit institution to act as depository for the UCITS Fund; the depository shall act independently of the Company and solely in the interest of the investors.

2. The tasks and duties of the depository shall be governed by the depository agreement entered into with the Company, by the KAGB as well as the General Terms of Investment and the Special Terms of Investment.

3. The depository may outsource safe-keeping tasks to another company (sub-depository) subject to Section 73 KAGB. For further details, please refer to the Sales Prospectus.

4. The depository shall be liable to the UCITS Fund or to the investors for loss of the financial instrument held in custody by the depository or by a sub-depository to which custody of financial instruments has been delegated pursuant to Section 73 (1) KAGB. The depository shall not be liable where it can prove that the loss is attributable to external events whose consequences, despite all reasonable counter-measures, were unavoidable. This is without prejudice to contractual claims or claims in tort which may arise under the provisions of civil law. The depository shall be liable to the UCITS Fund or to the investors for all other losses suffered by them as a result of the depository's negligent or intentional failure to fulfil its obligations in accordance with the provisions of the KAGB. The depository's liability shall not be affected by any delegation of depository tasks pursuant to para. 3 sent. 1. The Company is authorised to grant the depository, subject to the provisions of Section 77 (4) or (5) KAGB, the option of a release from liability for the loss of financial instruments held in custody by a sub-depository. To the extent the depository avails itself of this option, any compensation claims for loss of financial instruments held in custody with a sub-depository may be asserted by the Company against the respective sub-depository instead of the depository.

§ 3 Fund management

1. The Company shall purchase and manage the assets in its own name and for the joint account of the investors with the requisite degree of expertise, honesty, care and diligence. In exercising its duties, the Company shall act independently of the depository and solely in the interest of the investors.

2. The Company shall be authorised to purchase and resell assets with 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. For the joint account of the investors, the Company shall neither lend money nor assume obligations resulting from guarantees of any kind; it shall not sell assets pursuant to Sections 193, 194 and 196 KAGB which are not held by the UCITS Fund

at the time the transaction is concluded. Section 197 KAGB shall not be affected thereby.

§ 4 Investment principles

The UCITS Fund shall be invested directly or indirectly in accordance with the principle of risk diversification. The Company shall acquire only those assets for the UCITS Fund which are expected to generate income and/or growth. The Company shall specify in the Fund's Special Terms of Investment which assets may be acquired for the UCITS Fund.

§ 5 Securities

Provided that the Special Terms of Investment do not contain any further restrictions, the Company may only acquire securities for the account of the UCITS Fund subject to Section 198 KAGB if

- a) they are admitted to or included in trading on a stock exchange in a member state of the European Union or in another state party to the European Economic Area Agreement, or admitted to or included in another organised market in one of these states;
- b) they are exclusively admitted to trading on a stock exchange outside of the member states of the European Union or outside of other states party to the European Economic Area Agreement, or admitted to or included in another organised market of one of these states, provided that the selection of such exchange or such organised market has been approved by BaFin*;
- c) their admission to trading on a stock exchange in a member state of the European Union or in another state party to the European Economic Area Agreement, or their admission to or inclusion in another organised market within a member state of the European Union or another state party to the European Economic Area Agreement must be applied for in accordance with their terms and conditions of issue, provided that admission to or inclusion of such securities takes place within one year of issuance,
- d) their admission to trading on a stock exchange or their admission to or inclusion in another organised market in a country outside of the member states of the European Union or outside of the states party to the European Economic Area Agreement must be

*The list of such stock exchanges is published on the BaFin website at www.bafin.de

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applied for in accordance with their terms and conditions of issue, provided that the selection of such an exchange or organised market has been approved by BaFin and the admission to or inclusion of such securities takes place within one year of issuance,

- e) they are equities to which the UCITS Fund is entitled due to a capital increase out of retained earnings,
- f) they are acquired by exercise of subscription rights held by the UCITS Fund,
- g) they are units in closed-end funds that meet the requirements specified in Section 193 (1) sent. 1 no. 7 KAGB,
- h) they are financial instruments that meet the requirements specified in Section 193 (1) sent. 1 no. 8 KAGB.

Securities pursuant to sent. 1 letters a) to d) shall only be acquired if the requirements of Section 193 (1) sent. 2 KAGB have been fulfilled additionally.

§ 6 Money market instruments

1. To the extent that the Special Terms of Investment do not impose any further restrictions, the Company may, subject to Section 198 KAGB, acquire for the account of the UCITS Fund instruments that are customarily traded in the money market as well as interest-bearing securities which have a residual term of no more than 397 days at the time of their acquisition for the UCITS Fund and whose interest is, under their terms and conditions of issue, regularly adjusted in line with the market throughout their entire term, but in any case once every 397 days, or whose risk profile corresponds to the risk profile of such securities (money market instruments).

The UCITS Fund may only acquire money market instruments if:

- a) they are admitted to trading on a stock exchange in a member state of the European Union or in another state party to the European Economic Area Agreement, or admitted to or included in another organised market of such state,
- b) they are exclusively admitted to trading on a stock exchange outside of the member states of the European Union or outside of other states party to the European Economic Area Agreement, or admitted to or included in another organised market of such state, provided that the selection of such exchange or such organised market has been approved by BaFin*;

- c) they have been issued or guaranteed by the European Union, the Federal Republic of Germany, a special fund of the Federal Republic of Germany, a German federal state, another member state of the European Union, another federal, regional or local public-sector entity, or the central bank of a member state of the European Union, the European Central Bank or the European Investment Bank, a non-member state, or, if the latter is a federal state, by one of the members making up the federation, or by an international public body to which at least one member state of the European Union belongs,
- d) they have been issued by an undertaking whose securities are traded in the markets specified under letters a) and b),
- e) they have been issued or guaranteed by a credit institution subject to regulatory supervision pursuant to the criteria established under the laws of the European Union, or by a credit institution subject to supervisory provisions which are in the view of BaFin at least as strict as the laws of the European Union and which the credit institution complies with, or

- f) they have been issued by other issuers that meet the requirements of Section 194 (1) sent. 1 no. 6 KAGB.

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

§ 7 Bank deposits

The Company may hold bank deposits for the account of the UCITS Fund, provided that they do not exceed a term of twelve months. The bank deposits to be held in blocked accounts may be kept with a credit institution domiciled in a member state of the European Union or another state party to the European Economic Area Agreement; however, the bank deposits may also be kept with a credit institution domiciled in a non-member state whose supervisory provisions are, in the view of BaFin, equivalent to those of the laws of the European Union. Unless specified otherwise in the Special Terms of Investment, the bank deposits may also be denominated in foreign currency.

§ 8 Investment units

1. Unless specified otherwise in the Special Terms of Investment, the Company may acquire, for the account of the UCITS Fund, units of investment funds pursuant

to Directive 2009/65/EC (UCITS). Units in other domestic investment funds and investment stock corporations with variable capital, as well as units in foreign open-ended investment funds which are not units in EU UCITS, may be acquired if they meet the requirements of Section 196 (1) sent. 2 KAGB.

2. The Company may only acquire units in domestic investment funds and investment stock corporations with variable capital, in EU UCITS and in foreign open-ended investment funds which are not EU UCITS if the terms of investment or the articles of association of the UCITS management company, the investment stock corporation with variable capital, or the foreign open-ended investment fund or the foreign management company limit the investment in units of other domestic investment funds, investment stock corporations with variable capital or foreign open-ended investment funds within the meaning of Section 196 (1) sent. 2 KAGB to 10 per cent of the value of their assets.

§ 9 Derivatives

1. Unless provided otherwise in the Special Terms of Investment, the Company may use derivatives pursuant to Section 197 (1) sent. 1 KAGB and financial instruments with a derivative component pursuant to Section 197 (1) sent. 2 KAGB for the management of the UCITS Fund. Depending on the type and volume of the utilised derivatives and financial instruments with a derivative component, the Company may use either the simple or the qualified approach according to the German Ordinance on Risk Management and Risk Measurement in the Use of Derivatives, Securities Loans and Repurchase Agreements in Investment Funds Pursuant to the Investment Code (hereinafter "DerivateV") – enacted pursuant to Section 197 (3) KAGB – for the calculation of the utilisation degree of the market risk limit for the use of derivatives and financial instruments with a derivative component determined pursuant to Section 197 (2) KAGB; for details, please refer to the Sales Prospectus.

2. Where the Company applies the simple approach, it may as a rule use only basic types of derivatives and financial instruments with a derivative component, or combinations of such derivatives and financial instruments with a derivative component, or combinations of permissible underlyings pursuant to Section 197 (1) sent. 1 KAGB within the UCITS Fund. Complex derivatives with permissible underlyings pursuant to Section 197

*The list of such stock exchanges is published on the BaFin website at www.bafin.de

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(1) sent. 1 KAGB shall only be used to a negligible extent. The amount to be included in the market risk of the UCITS Fund, which must be determined according to Section 16 DerivateV, must never exceed the value of the Fund.

Basic types of derivatives are:

- a) futures transactions on underlyings pursuant to Section 197 (1) KAGB, except for investment units pursuant to Section 196 KAGB;
- b) options or warrants on underlyings pursuant to Section 197 (1) KAGB, except for investment units pursuant to Section 196 KAGB, and on futures transactions pursuant to letter a), provided they have the following features:
 - ba) the exercise is possible either throughout the entire 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 cross-currency interest rate swaps;
- d) options on swaps as per letter c), provided that they show the features described under letter b) ba) and bb) (swaptions);
- e) credit default swaps, provided that they are limited exclusively and transparently to hedging credit risks of specifically attributable assets of the UCITS Fund.

3. Where the Company applies the qualified approach – and provided that a suitable risk management system is in place – the Company may invest in any financial instruments with a derivative component or in derivatives that are derived from a permissible underlying as defined in Section 197 (1) sent. 1 KAGB.

In this context, however, the potential risk amount of the market risk attributable to the UCITS Fund must never exceed twice the potential risk amount of the market risk of the applicable benchmark assets pursuant to Section 9 DerivateV. Alternatively, the risk amount must never exceed 20 per cent of the UCITS Fund's value.

4. For such transactions, the Company must never deviate from the investment principles and investment limits specified in the General Terms of Investment and the

Special Terms of Investment and in the Sales Prospectus.

5. The Company shall use derivatives and financial instruments with a derivative component for hedging purposes, efficient portfolio management, and the generation of additional income if and to the extent it deems this necessary in the interest of the investors.

6. When calculating the market risk limit for the use of derivatives and financial instruments with a derivative component, the Company may at any time switch from the simple to the qualified approach pursuant to Section 6 DerivateV. The switch to the qualified approach is not subject to BaFin approval; however, the Company shall notify BaFin about the switching without delay and publish it in the following Semi-annual or Annual Report.

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

§ 10 Other investment instruments

Unless the “Special Terms of Investment” provide otherwise, the Company may invest, for the account of the UCITS Fund, up to 10 per cent of the UCITS Fund's value in other investment instruments as defined by Section 198 KAGB; this limit shall include inter alia equity interests in corporations which are neither admitted to trading on a stock exchange nor admitted to or included in another organised market.

The amount of the equity interest in a corporation acquired subject to Section 198 KAGB must be less than 10 per cent of the respective company's capital.

§ 11 Issuer and investment limits

1. In its management activities, the Company shall comply with the limits and restrictions specified in the KAGB, the DerivateV, the General Terms of Investment and the Special Terms of Investment.

2. Securities and money market instruments, including those purchased under repurchase agreements with the same issuer, may be acquired up to 5 per cent of the UCITS Fund value; however, up to a maximum of 10 per cent of the UCITS Fund's value may be invested in these assets if this is provided for in the “Special Terms of Investment” and the aggregate value of the securities and money market instruments of those issuers does not exceed 40 per cent of the UCITS Fund's value.

3. In each case, the Company may invest up to 35 per cent of the UCITS Fund's value in bonds, promissory note loans and money market instruments issued or guaranteed by the Federal Republic of Germany, a German federal state, the European Union, a member state of the European Union or its local bodies, another state party to the European Economic Area Agreement, a non-member state or an international public body to which at least one member state of the European Union belongs.

4. In each case, the Company may invest up to 25 per cent of the UCITS Fund's value in Pfandbriefe (asset-covered bonds), municipal bonds and bonds issued by credit institutions domiciled in a member state of the European Union or in another state party to the European Economic Area Agreement, provided that the credit institutions are subject to specific public supervision based on legal provisions for the protection of the holders of such bonds and that the monies borrowed via the issue of such bonds shall be invested pursuant to legal provisions in assets which sufficiently cover the liabilities resulting from the bonds for their whole term and which – in the case of default of the issuer – have a senior ranking regarding the repayment of principal and the payment of interest of such bonds. Where more than 5 per cent of the UCITS Fund's value are invested in such bonds of the very same issuer pursuant to sent. 1, the total value of such bonds must not exceed 80 per cent of the UCITS Fund's value.

5. The limit in para. 3 may be exceeded for securities and money market instruments of the same issuer pursuant to Section 206 (2) KAGB if this is permitted in the Special Terms of Investment, specifying the relevant issuers. In such cases, the securities and money market instruments held for the account of the UCITS Fund must originate from at least six different issues, with one issue not exceeding 30 per cent of the UCITS Fund's value.

6. The Company may only invest up to 20 per cent of the UCITS Fund's value in bank deposits with one and the same credit institution pursuant to Section 195 KAGB.

7. The Company must ensure that a combination of:

- a) securities or money market instruments issued by one and the same entity,
- b) deposits with that entity, and
- c) amounts to be included in the counterparty risk arising from transactions with said entity

does not exceed 20 per cent of the UCITS Fund's value. Sent. 1 shall apply to the

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issuers and guarantors specified in paras. 3 and 4 with the proviso that the Company must ensure that any combination of the assets and relevant amounts listed in sent. 1 does not exceed 35 per cent of the UCITS Fund's value. The individual maximum limits shall not be affected thereby in both cases.

8. The bonds, promissory note loans and money market instruments set out in paras. 3 and 4 are not included in the 40 per cent limits specified in para. 2. Contrary to the provision in para. 7, the limits specified in paras. 2 to 4 and 6 to 7 must not be aggregated.

9. The Company may only invest up to 10 per cent of the UCITS Fund's value in units of investment funds pursuant to § 8 unless

- a) the following conditions are met for such units:

The UCITS, the AIF or the manager of the AIF in which the units are purchased is subject in its home country to supervision of collective investment schemes. The business purpose of the respective investment fund shall be limited to investments in accordance with a defined investment policy under collective asset management using the monies deposited in the Fund; any operating activity and active entrepreneurial management of the assets held is excluded.

As a rule, investors may exercise the right to return their units at any time.

The respective investment fund shall be invested directly or indirectly in accordance with the principle of risk diversification.

At least 90 per cent of the investment of the respective investment fund shall be made in the following assets:

- aa) securities
- ab) money market instruments
- ac) derivatives
- ad) bank deposits
- ae) units or shares in domestic and foreign investment funds which meet the requirements of this paragraph 9 a) or b) ("Investment funds")
- af) equity interests in corporations if the market value of such equity interests can be determined, and
- ag) non-securitised loan receivables for which a promissory note has been issued.

Within the scope of the supervisory law and contractual investment limits to be observed for the respective investment fund, up to 20 per cent of the value of the respective investment fund shall be invested in equity interests in corporations which are neither admitted to trading on a stock exchange nor admitted to or included in another organised market.

The amount of the respective investment fund's equity interest in a corporation must be less than 10 per cent of the respective company's capital.

A loan may be taken out only in the short term and only up to the amount of 10 per cent of the value of the respective investment fund.

The terms of investment of the respective investment fund must reflect the above requirements in the case of AIFs and the relevant requirements under supervisory law in the case of UCITS;

or

- b) the respective investment fund is subject to a grandfathering provision under tax law with respect to investment tax legislation.

10. The Company may only invest up to 20 per cent of the UCITS Fund's value in units of a single investment fund pursuant to Section 196 (1) KAGB. The Company may only invest up to 30 per cent of the UCITS Fund's value in units of investment funds pursuant to Section 196 (1) sent. 2 KAGB. The Company may not purchase more than 25 per cent of the units issued in another open-ended domestic, EU or foreign investment fund invested in accordance with the principle of risk diversification in assets within the meaning of Sections 192 to 198 KAGB for the account of the UCITS Fund. The limits pursuant to para. 9 shall not be affected thereby.

§ 12 Merger

1. Pursuant to Sections 181 to 191 KAGB, the Company may

- a) transfer all assets and liabilities of this UCITS Fund to another existing or new fund founded thereby, or an EU UCITS or UCITS investment stock corporation with variable capital;
- b) incorporate all assets and liabilities of another open-ended investment fund, an EU UCITS or an investment stock corporation with variable capital in this UCITS Fund;

2. The merger requires the authorisation of the relevant competent supervisory authority. Details of this procedure are specified in Sections 182 to 191 KAGB.

3. The UCITS Fund may be merged with an investment fund which is not a UCITS only if the acquiring or newly founded investment fund continues to be a UCITS. Mergers of an EU UCITS into this UCITS Fund may also be established pursuant to the provisions of Article 2 para. 1 letter p (iii) of Directive 2009/65/EC.

§ 13 Securities lending

1. For the account of the UCITS Fund, the Company may grant a securities loan, callable at any time, to a securities borrower for consideration in line with market conditions after sufficient collateral has been furnished pursuant to Section 200 (2) KAGB. The market value of any securities to be transferred, together with the market value of any securities that have already been transferred as part of a securities loan for the account of the UCITS Fund to the same securities borrower including group companies within the meaning of Section 290 of the German Commercial Code (Handelsgesetzbuch, hereinafter "HGB"), must not exceed 10 per cent of the UCITS Fund's value.

2. If the collateral for the securities transferred is furnished by the securities borrower in the form of bank deposits, such bank deposits must be held in blocked accounts pursuant to Section 200 (2) sent. 3 no. 1 KAGB. Alternatively, the Company may avail itself of the option of investing such bank deposits in the currency of the bank deposits in the following assets:

- a) in bonds which are of a high quality and which have been issued by the Federal Republic of Germany, a German federal state, the European Union, a member state of the European Union or its local bodies or another state party to the European Economic Area Agreement or a non-member state,
- b) in short-term money market funds in accordance with the guidelines issued by BaFin based on Section 4 (2) KAGB, or
- c) by way of a repurchase transaction with a credit institution under which the recovery of the accrued balance at any time is guaranteed.

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

3. For the arrangement and the settlement of securities lending transactions, the

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Company may also use an organised system of a central securities depository or of another company specified in the Special Terms of Investment, whose corporate objective consists in the settlement of cross-border securities transactions for third parties and which deviates from the requirements of Sections 200 and 201 KAGB, if the conditions of this system safeguard the interests of investors and the right of termination at any time pursuant to para. 1 is not derogated from.

4. Unless otherwise specified in the Special Terms of Investment, the Company may also grant securities loans with regard to money market instruments and investment units, provided that these assets may be acquired for the UCITS Fund. The provisions of paras. 1 to 3 shall apply analogously.

§ 14 Repurchase transactions

1. On the basis of standardised framework agreements and for the account of the UCITS Fund, the Company may at any time enter into callable repurchase transactions pursuant to Section 340 b (2) of the German Commercial Code (Handelsgesetzbuch, HGB) against consideration with credit institutions or financial services providers.

2. Any such repurchase agreement shall be based on securities which the UCITS Fund is allowed to buy pursuant to the UCITS Fund's Terms of Investment.

3. The term of repurchase transactions must not exceed 12 months.

4. Unless otherwise specified in the Special Terms of Investment, the Company may also grant repurchase transactions with regard to money market instruments and investment units, provided that these assets may be acquired for the UCITS Fund. The provisions of paras. 1 to 3 shall apply analogously.

§ 15 Borrowing

The Company may take up short-term loans for the joint account of the investors for up to 10 per cent of the UCITS Fund's value, provided that the borrowing is based on market terms and the depository agrees to the borrowing.

§ 16 Unit certificates

1. The unit certificates are bearer certificates and issued for a single unit or several units.

2. The units may have different features, especially regarding the distribution of profits, the sales charge, the redemption fee, the currency of the unit value, the management fee, the minimum investment amount or a combination of these characteristics (unit classes). For further details, please refer to the Special Terms of Investment.

3. The unit certificates shall bear at least the handwritten signatures or the copied signatures of the Company and the depository.

4. The units are transferable. The transfer of unit certificates also transfers the rights securitised therein. The holder of the unit certificate shall in all cases be regarded as the beneficiary in relation to the Company.

5. If it has been decided that the rights of the investors – upon foundation of the UCITS Fund – or the rights of the investors of a unit class – upon inception of the unit class – shall not be securitised exclusively in one global certificate but in individual unit certificates or in multiple instruments, such determination shall be specified in the Special Terms of Investment.

§ 17 Issue and redemption of unit certificates; suspension of redemption

1. In principle, the number of issued units and the corresponding unit certificates shall not be limited. The Company reserves the right to temporarily or completely suspend the issue of units.

2. The units may be purchased via the Management Company, the depository or by third party arrangements.

3. The investors may request the Company to repurchase (redeem) their units. The Company is obligated to redeem the units at the then valid redemption price for the account of the UCITS Fund. The depository shall act as redemption agent.

4. However, the Company may opt to temporarily suspend the redemption of units pursuant to Section 98 (2) KAGB if extraordinary circumstances are deemed to require such suspension, giving due regard to the investors' interests.

5. The Company shall inform the investors about the suspension of redemption pursuant to para. 4 and the resumption of redemption by publication in the Federal Gazette and in a business or daily newspaper of sufficient circulation or in the electronic media specified in the Sales Prospectus. The investors shall be informed about the suspension and resumption of unit redemption

via a durable medium immediately after the relevant notification in the Federal Gazette.

§ 18 Issue and redemption prices

1. For the purpose of calculating the issue and redemption price of the units, the market values of the assets contained in the UCITS Fund, less any loans taken out and other liabilities, shall be ascertained (net asset value) and divided by the number of outstanding units (unit value). Where different unit classes are established for the UCITS Fund pursuant to § 16 para. 2, the unit value and the issue and redemption prices shall be calculated separately for each unit class.

The valuation of the assets shall be carried out in accordance with Sections 168 and 169 KAGB and the German Capital Investment Accounting and Valuation Regulation (Kapitalanlage-Rechnungslegungs- und Bewertungsverordnung, KARBV).

2. The issue price shall correspond to the unit value in the UCITS Fund and any initial sales charge to be specified in the Special Terms of Investment pursuant to Section 165 (2) no. 8 KAGB. The redemption price shall correspond to the unit value in the UCITS Fund less any redemption fee to be specified in the Special Terms of Investment pursuant to Section 165 (2) no. 8 KAGB.

3. The settlement day for unit purchase and redemption orders shall be, at the latest, the valuation day following the receipt of the relevant order, unless otherwise specified in the Special Terms of Investment.

4. The issue and redemption prices shall be calculated on each exchange trading day. Unless stipulated otherwise in the Special Terms of Investment, the Company and the depository may refrain from determining the unit value on statutory holidays that are stock exchange trading days, as well as on 24 and 31 December of each year; for further provisions, please refer to the Sales Prospectus.

§ 19 Costs

The Special Terms of Investment specify all expenses and all fees payable to the Company, the depository and third parties that may be charged to the UCITS Fund. The Special Terms of Investment shall also specify the payment method, amount and calculation basis of any remuneration pursuant to sent.

§ 20 Accounting

1. The Company shall publish its Annual Report including the revenues and expenses pursuant to Section 101 (1) and (2) KAGB no later than four months after the end of the UCITS Fund's financial year.

2. The Company shall publish its Semi-annual Report pursuant to Section 103 KAGB no later than two months after the mid-point of its financial year.

3. Where the right to manage the UCITS Fund is transferred to another investment management company during the financial year, or the UCITS Fund is merged into another investment fund or EU UCITS during its financial year, the Company shall prepare an interim report at the transfer date that satisfies the requirements of an annual report pursuant to para 1.

4. When liquidating the UCITS Fund, the depositary shall prepare a report for the day on which the liquidation is terminated and for the year as a whole; such report shall satisfy the requirements of an annual report pursuant to para 1.

5. The reports are available from the Company, the depositary and other institutions to be specified in the Sales Prospectus and in the Key Investor Information; they are also published in the Federal Gazette.

§ 21 Termination and liquidation of the UCITS Fund

1. The Company may terminate its management of the UCITS Fund by giving at least six months' prior notice to this effect by publication in the Federal Gazette and additionally in the Annual or Semi-annual Reports. The investors shall be informed immediately about such termination pursuant to sent. 1 via a durable medium.

2. Upon the effective date of the termination, the right of the Company to manage the UCITS Fund shall expire. In such case, the UCITS Fund and the right to dispose over the UCITS Fund shall be transferred to the depositary which shall liquidate the Fund and distribute the proceeds to the investors. During the liquidation period, the depositary shall have a claim to remuneration of its liquidation activity as well as reimbursement of its expenses required for the liquidation. Subject to BaFin approval, the depositary may refrain from such liquidation and distribution, and instead entrust another investment management company with the management of the UCITS Fund in compliance with the existing Fund's Terms of Investment.

3. For the day on which the Company's power of management ceases to exist pursuant to Section 99 KAGB, the Company shall prepare a liquidation report which satisfies the requirements of an annual report pursuant to § 20 para 1.

§ 22 Amendments to the Fund's Terms of Investment

1. The Company may amend the Fund's Terms of Investment.

2. Any amendments to the Fund's Terms of Investment are subject to prior approval by BaFin. Amendments pursuant to sent. 1, which affect the UCITS Fund's investment principles, require prior approval of the Company's Supervisory Board.

3. All proposed amendments will be published in the Federal Gazette as well as in a business or daily newspaper of sufficient circulation or in the electronic information media specified in the Sales Prospectus. A publication pursuant to sent. 1 shall communicate the scheduled changes and their effective date. In the event of amendments to costs within the meaning of Section 162 (2) no. 11 KAGB, to the investment principles of the UCITS Fund within the meaning of Section 163 (3) KAGB, or to material investor rights, the investors must be informed, no later than the publication pursuant to sent. 1, by means of durable media as required by Section 163 (4) KAGB about the most important features of the planned amendments to the Fund's Terms of Investment, their reasons and the investor's rights pursuant to Section 163 (3) KAGB in a comprehensible manner.

4. The amendments will enter into force at the earliest on the day following their publication in the Federal Gazette, in the event of amendments to costs and investment principles, however, not earlier than 3 months after the corresponding publication.

§ 23 Place of performance, jurisdiction

1. The place of performance shall be the registered office of the Company.

2. Where the investor does not have a place of general jurisdiction in Germany, the courts at the Company's registered office shall not be the only place of jurisdiction.

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governing the legal relationship between investors and FRANKFURT-TRUST Investment-Gesellschaft mbH, Frankfurt am Main, (hereinafter the “Company”) with regard to the investment fund managed by the Company pursuant to the UCITS Directive, the FMM-Fonds (hereinafter “UCITS Fund”), which Terms shall only apply in conjunction with the General Terms of Investment issued by the Company for this UCITS Fund.

Investment principles and limits

§ 1 Assets

The Company may acquire the following assets for the UCITS Fund:

1. securities pursuant to § 5 of the General Terms of Investment,
2. money market instruments pursuant to § 6 of the General Terms of Investment,
3. bank deposits pursuant to § 7 of the General Terms of Investment,
4. investment units pursuant to § 8 of the General Terms of Investment,
5. derivatives pursuant to § 9 of the General Terms of Investment,
6. other investment instruments pursuant to § 10 of the General Terms of Investment.

§ 2 Investment Limits

1. In aggregate, the Company shall invest more than 51 per cent of the value of the UCITS Fund in securities pursuant to § 5 of the General Terms of Investment. Any securities received under repurchase agreements shall be included in the investment limits pursuant to Section 206 (1) to (3) of the German Capital Investment Code (Kapitalanlagegesetz, hereinafter “KAGB”).

2. The Company may invest up to a total of 49 per cent of the UCITS Fund's value in money market instruments in accordance with § 6 of the General Terms of Investment. Any money market instruments received under repurchase agreements shall be included in the investment limits pursuant to Section 206 (1) to (3) KAGB.

3. Securities and money market instruments of the same issuer may be purchased in a volume equal to 10 per cent maximum of the UCITS Fund's value and the aggregate value of the securities and money market instruments of such issuers must not exceed 40 per cent of the UCITS Fund's value.

4. The Company may invest up to a total of 49 per cent of the UCITS Fund's value in bank deposits in accordance with § 7 sent. 1 of the General Terms of Investment.

5. The Company may use derivatives in the management of the UCITS Fund. The Company shall use derivatives for hedging purposes, efficient portfolio management, and the generation of additional income if and to the extent it deems this necessary in the interest of the investors.

6. The Company may invest up to a total of 10 per cent of the UCITS Fund's value in investment units in accordance with § 8 of the General Terms of Investment.

- a) The Company may invest up to 10 per cent in units of domestic or foreign open-ended investment funds for the UCITS Fund provided that – pursuant to their terms of investment – they are predominantly invested in equities (equity funds).
- b) The Company may invest up to 10 per cent in units of domestic or foreign open-ended investment funds for the UCITS Fund provided that – pursuant to their terms of investment – they are predominantly invested in interest-bearing securities (bond funds).
- c) Units in domestic or foreign directive-compliant funds which satisfy the criteria laid down in the Directive stipulating fund categories pursuant to Section 4 (2) KAGB for short-term money market funds or for money market funds may account for up to 10 per cent of the UCITS Fund's value; § 8 (2) of the General Terms of Investment shall not be affected thereby.

Any investment units purchased under repurchase agreements will count towards the investment limits specified in Sections 207 and 210 (3) KAGB.

§ 3 Investment Committee

The Company may seek the advice of an investment committee for the selection of assets which are to be acquired/disposed of for the UCITS Fund.

Unit classes

§ 4 Unit classes

1. Unit classes within the meaning of § 16 para. 2 of the General Terms of Investment may be created for the UCITS Fund. Such unit classes may differ in respect of the distribution of profits, the initial sales charge, the currency of the

unit value including the use of currency hedging transactions, the management fee, the depositary fee, the minimum initial investment amount or a combination of these characteristics. The inception of unit classes is admissible at any time and at the Company's discretion.

2. The existing unit classes are specified in the Sales Prospectus and in the Annual and Semi-annual Reports. The characteristics of these unit classes (the distribution of profits, the initial sales charge, the currency of the unit value, the management fee, the depositary fee, the minimum initial investment amount or a combination of these characteristics) are detailed in the Sales Prospectus and in the Annual and Semi-annual Reports.

3. The conclusion of exchange rate hedging transactions exclusively to the benefit of a single currency unit class shall be allowed. Irrespective of § 9 of the General Terms of Investment, the Company may use derivatives within the meaning of Section 197 (1) KAGB that are linked to foreign exchange rates or currencies, for currency unit classes with currency hedges in favour of the currency of such unit class (reference currency), with the aim of preventing any losses in the unit value due to exchange rate losses as regards UCITS Fund assets not denominated in the reference currency of the unit class.

4. The unit value shall be calculated separately for each unit class by attributing the costs of the issue of new unit classes, the distribution of profits (including, if applicable, any taxes to be paid out of the Fund's assets), the management fee, the depositary fee and the results from exchange rate hedging transactions related to such unit class, and any income adjustment, exclusively to such unit class.

Unit certificates, issue and redemption prices, redemption of units and costs

§ 5 Unit certificates

The investors participate in the assets of the UCITS Fund according to the number of units held as joint owners according to their respective fractions. Unit certificates showing Berliner Handels- und Frankfurter Bank as the depositary shall remain valid.

§ 6 Issue and redemption price

1. For each unit class, the initial sales charge may be up to 5 per cent of the unit's net asset value. At its sole discretion,

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the Company may charge a lower or no initial sales charge for one or several unit classes. No redemption fee shall be charged. In the Sales Prospectus, the Company must provide information on the initial sales charge subject to the provisions of Section 165 (3) KAGB.

2. § 18 para. 3 of the General Terms of Investment notwithstanding, the settlement date for purchase or redemption orders shall be no later than the second valuation day following receipt of the relevant order.

§ 7 Costs

1. Fees to be paid to the Company:

- a) For the management of the UCITS Fund, the Company shall receive up to 1.5 per cent p.a. of the UCITS Fund's average value; this value is calculated on the basis of the net asset value, as determined on every valuation day; the remuneration is paid out of the UCITS Fund. The management fee may be charged to the UCITS Fund at any time. At its sole discretion, the Company may charge a lower management fee for one or several unit classes. In the Sales Prospectus and in the Annual and Semi-annual Report the Company shall state the management fee charged in each case.
- b) In cases in which disputed claims are enforced for the UCITS Fund in or out of court, the Company – after deduction and settlement of the costs arising from such proceeding for the UCITS Fund – may charge a fee of up to 15 per cent of the amounts collected for the UCITS Fund.
- c) For the initiation, preparation and implementation of securities lending transactions and securities repurchase transactions for the account of the UCITS Fund, the Company shall receive a flat fee of up to 45 per cent of the income from such transactions. The costs arising in connection with the preparation and implementation of such transactions, including the fees to be paid to third parties, shall be borne by the Company.

2. Fees to be paid to third parties:

- a) For measurement of market risks and liquidity risks performed by third parties pursuant to the German Ordinance on Risk Management and Risk Measurement in the Use of Derivatives, Securities Loans and Repurchase Agreements in Investment Funds Pursuant to the Investment Code (hereinafter "DerivateV"), the Company shall pay out of the UCITS Fund an annual fee amounting to up to 0.1 per cent of

the UCITS Fund's average value calculated on the basis of the net asset value as determined on each valuation day.

- b) The Company shall pay out of the UCITS Fund for the engagement of a Collateral Manager an annual fee (collateral manager fee) amounting to up to 0.2 per cent of the UCITS Fund's average value calculated on the basis of the net asset value as determined on each valuation day. The Company is entitled to charge monthly upfront payments on this fee on a pro rata basis. At its sole discretion, the Company may charge a lower or no collateral manager fee.

The amounts taken out of the UCITS Fund as annual fees pursuant to the above paras. 1 a) and 2 a) and b) may amount to a total of 1.8 per cent of the UCITS Fund's proportionate average value calculated on the basis of the net asset value as determined on each valuation day.

3. For the services it provides, the depositary shall receive an annual remuneration amounting to up to 0.1 per cent of the UCITS Fund's average value calculated on the basis of the net asset value as determined on each valuation day, at least EUR 9,800 p.a. The depositary fee may be charged to the UCITS Fund at any time. At its sole discretion, the depositary may charge a lower depositary fee for one or several unit classes. In the Sales Prospectus and in the Annual and Semi-annual Report the Company shall state the depositary fee charged in each case.

4. Besides said remunerations, the following expenses are charged to the UCITS Fund:

- a) customary bank account and securities account management fees, including, if applicable, any customary fees for the safe-keeping of foreign assets abroad;
- b) costs for printing and dispatching the statutory sales documents (Annual and Semi-annual Reports, Sales Prospectuses and Key Investor Information);
- c) costs of the publication of the Annual and Semi-annual Reports, the issue and redemption prices, and the distribution or accumulation of income and the liquidation report, if applicable;
- d) costs for having the UCITS Fund audited by the UCITS Fund's independent auditors;
- e) costs of the publication of the basis of taxation and the certification stating that the tax statements have been prepared in accordance with German tax regulations;

- f) costs for the assertion and enforcement of legal claims by the Company for the account of the UCITS Fund as well as for defending against claims raised against the Company at the expense of the UCITS Fund;
- g) fees and costs imposed by government agencies with respect to the UCITS Fund;
- h) costs of legal and tax advisory services for the UCITS Fund;
- i) costs and any fees that may be incurred in connection with the purchase and/or the use of or reference to a benchmark or financial index;
- j) costs for appointing voting proxies;
- k) costs for having the UCITS Fund's investment performance analysed by third parties;
- l) costs for creating and using of durable media, except for information on fund mergers and except for information on measures related to the violation of investment limits or to calculation errors in determining the unit value;
- m) taxes arising in connection with fees payable to the Company, the depositary and third parties as well as in connection with the above mentioned expenses, including taxes arising in connection with the management and custody.

5. Transaction costs

In addition to the aforementioned fees and expenses, the costs incurred in connection with the purchase and sale of assets shall be charged to the UCITS Fund.

6. In the Annual and Semi-annual Reports, the Company shall specify the amount of the initial sales charges and redemption fees which have been charged to the UCITS Fund in the reporting period for the purchase and redemption of units pursuant to § 1 para 4. Where units are purchased that are managed directly or indirectly by the Company itself or by another company affiliated with it by way of a direct or indirect significant equity interest, neither the Company nor the other company may charge initial sales charges or redemption fees for the purchase or redemption of such units. In the Annual and Semi-annual Reports, the Company shall disclose any fees which the Company itself, another investment management company, an investment stock corporation or another company affiliated with the Company by way of a direct or indirect significant equity interest, or a foreign investment company, including its management company, has charged to the UCITS Fund as management fee for the units of the UCITS Fund.

Distribution of profits and financial year

§ 8 Distribution of profits

Distribution

1. As regards the distributing unit classes, the Company shall in principle distribute all the pro-rata interest, dividends and other income accrued during the financial year for the account of the UCITS Fund and not used for covering costs, giving due regard to the relevant income adjustment. Realised sales profits may also be used for distribution on a pro-rata basis, giving due regard to the relevant income adjustment.

2. Distributable pro-rata income pursuant to para. 1 may be carried forward for distribution in future financial years to the extent that the total of income carried forward does not exceed 15 per cent of the relevant value of the UCITS Fund at the end of the financial year. Income from abridged financial years may be carried forward in full.

3. In order to preserve the value of the UCITS Fund, pro-rata income may be determined for partial reinvestment in the UCITS Fund, with complete reinvestments being possible under special circumstances.

4. Distribution is effected annually within four months of the end of the relevant financial year.

Accumulation

As regards the accumulating unit classes, the Company shall reinvest in the UCITS Fund any interests, dividends and other income incurred during the financial year for the account of the UCITS Fund which have not been used for covering costs, and the accrued sales profits of the accumulating unit classes on a pro rata basis, giving due regard to the relevant income adjustment.

§ 9 Financial year

The UCITS Fund's financial year shall commence on 1 January and end on 31 December of each year.

FRANKFURT-TRUST

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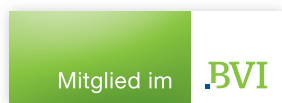
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Equity capital subscribed and paid-in:
EUR 16.0 million

Liable equity capital:
EUR 11.2 million

FRANKFURT-TRUST is a wholly-owned subsidiary
of BHF-BANK Aktiengesellschaft

Registration Court:
Frankfurt am Main, HRB 10692



Depository

The Bank of New York Mellon SA/NV,
Asset Servicing, Frankfurt am Main Branch
MesseTurm, Friedrich-Ebert-Anlage 49
60327 Frankfurt am Main

Liable equity capital:
EUR 2.0 billion

Management

Karl Stäcker
Spokesman

Also Member of the Board of Management and
Deputy Chairman of the Board of Directors
of FRANKFURT-TRUST Invest Luxembourg AG
and Member of the Board of Management of
BVI Bundesverband Investment und Asset
Management e.V.

Gerhard Engler

Also Member of the Board of Directors of
FRANKFURT-TRUST Invest Luxembourg AG

Supervisory Board

Björn H. Robens
Chairman

Spokesman of the Board of Managing Directors of BHF-BANK

Dr. Christian Wrede
Deputy Chairman

General Manager of BHF-BANK Aktiengesellschaft

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Member of the Board of Managing Directors of BHF-BANK

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Member of the Board of Managing Directors of BHF-BANK

Dr. Marcel V. Löhn
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Ulrich Lingenthal
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Dean at the Faculty of Economy and Law at
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Distributor/Initiator of the Fund

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