

# **Berenberg International Micro Cap**

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

including  
Management Regulations  
November 2021 edition



An investment fund of the Grand Duchy of Luxembourg

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

The purchasing of units on the basis on information or statements which are not contained in this Sales Prospectus is undertaken entirely at the purchaser's risk. The following Management Regulations, including the annex ("Fund overview") to the Sales Prospectus, form an integral element of this Sales Prospectus.

This Sales Prospectus together with the Management Regulations in the latest valid version, the latest annual report and additionally the latest semi-annual report, should the annual report be older than eight months, and the Key Investor Information shall be provided to unitholders free of charge from the registered office of the Management Company, Depositary and any Paying Agent. This Sales Prospectus is valid only in conjunction with the latest respective annual report, and also the latest semi-annual report, should the annual report be older than eight months. It is not permissible to give information or explanations which deviate from the Sales Prospectus. If the data given in the Sales Prospectus changes, the current information must be taken from the annual and semi-annual report.

Some jurisdictions may impose restrictions on the distribution of this Sales Prospectus and the offer of fund units. Furthermore, this Sales Prospectus does not constitute an offer to sell or an invitation to purchase in a jurisdiction in which such an offer or such an invitation to purchase is not permitted, or if the offer is made to anyone within a jurisdiction to whom it is unlawful to make such an offer or invitation.

### **U.S. persons, Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard (CRS)**

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

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

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

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

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

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

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

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

## **Management and administration**

### **Management Company and central administrator:**

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

Equity: EUR 23,321,572.91 EUR  
(as at: 30 September 2020\*)

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

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

Ludmila Careri  
Member of the Management Board  
Universal-Investment-Luxembourg S.A.  
Grevenmacher

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

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

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

Michael Reinhard  
Chairman of the Supervisory Board  
Universal-Investment Gesellschaft mbH  
Frankfurt am Main

Frank Eggloff  
Member of the Supervisory Board  
Universal-Investment Gesellschaft mbH  
Frankfurt am Main

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

**Depositary:**

State Street Bank International GmbH, Luxembourg Branch  
49, Avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Registrar and Transfer Agent as well as Paying Agent  
in the Grand Duchy of Luxembourg:**

State Street Bank International GmbH, Luxembourg Branch  
49, Avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

**Portfolio Manager:**

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

**Auditor:**

KPMG Luxembourg, Société coopérative  
39, Avenue John F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

(also the Auditor for Universal-Investment-Luxembourg S.A.).

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

## The Fund

The **Berenberg International Micro Cap** fund (hereinafter “Fund”) is a pooled investment in the form of an investment fund (fonds commun de placement (FCP)) pursuant to Part I of the Luxembourg Law of 17 December 2010 on undertakings for collective investment (“Law of 2010”) and in respect of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.

The Fund is managed by Universal-Investment-Luxembourg S.A. (hereinafter, “Management Company”), a public limited company (*Aktiengesellschaft*) according to the law of the Grand Duchy of Luxembourg which has its registered office in Grevenmacher, in its name for the collective account of the investors.

Two or more unit classes may be provided within the Fund. If unit classes are formed for the Fund, this shall be mentioned in the table entitled “Fund overview”, stating the specific features or rights. Currency-hedged unit classes may also be introduced. These are designed to hedge the foreign currency exposure of the investment fund against the currency of the unit class in question.

The Fund is set up for an indefinite period. The financial year begins on 1 January and ends on 31 December of each year.

A detailed description of the Fund can be found in the “Fund overview” annex to the Sales Prospectus.

According to the provisions of the Management Regulations set out below, a redemption fee may be charged for the redemption of units. The amount of the redemption fee and the conditions governing when it is to be charged can be found under “Fund overview” annex to the Sales Prospectus as well as in the Management Regulations.

The expenses and costs of the Fund are set out in Article 10 of the Management Regulations and under “Fund overview” in the annex to the Sales Prospectus.

The costs of establishing the Fund may be charged to the fund assets and written off within the first five financial years.

The investors hold a share of the assets of the Fund that is proportional to the units that they hold. All units issued have equal rights.

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

In addition, the portfolio turnover ratio (TOR) is calculated each year using the following formula and is published in the Fund’s annual report:  $TOR = [(Total1 - Total2) / M] \times 100$ , where:

Total1 = total transactions during the reference period = x + y  
x = value of purchased assets during the reference period  
y = value of sold assets during the reference period

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



t = value of repurchases during the reference period  
M = average net fund assets during the reference period.

The 100% MSCI World ex Europe Micro Cap Net (EUR) is the benchmark index used to measure fund performance.

The benchmark index used to measure performance is determined by the Management Company and may be changed if necessary. However, the Fund does not aim to replicate the performance of the benchmark index.

If the Fund assets are invested in target funds its performance may be impacted by a double charging of expenses, especially since costs and expenses as defined in Article 10 of the Management Regulations are charged to both the target fund and the Fund.

The investment principles, objectives and limits of the Fund are presented below in the section "Special remarks" and in the annex ("Fund overview") to the Sales Prospectus, in conjunction with Article 4 of the Management Regulations.

The current version of the Management Regulations has been filed at the Luxembourg Trade and Companies Register, and it came into force on 10 November 2021. A notice of its filing in the Trade and Companies Register was published on 15 November 2021 in the "Recueil électronique des sociétés et associations", the electronic platform of the Grand Duchy of Luxembourg (hereinafter, "RESA").

## **The Management Company**

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

The Articles of Association of the Management Company were published in *Mémorial C, Recueil des Sociétés et Associations* ("Mémorial") (replaced by RESA) on 3 June 2000 and were filed with the Luxembourg Trade and Companies Register (R.C.S. Luxembourg). The Articles of Association of the Management Company were last amended by a resolution of the General Meeting of Universal-Investment-Luxembourg S.A. on 5 December 2019. The amendment to the Articles of Association was published by RESA on 29 January 2020 and filed with the Luxembourg Trade and Companies Register.

The Management Company has three Supervisory Board members who form the Supervisory Board. In addition, the Management Company has a Management Board consisting of two members appointed by the Supervisory Board who, in accordance with the provisions of the Law of 2013 and within the limits of the powers granted by the Articles of Association, are entrusted with the day-to-day management and represent the Management Company vis-à-vis third parties (the "Management Board"). The Management Board ensures that the Management Company and all service providers perform their duties in accordance with the relevant laws and guidelines and this Sales Prospectus. The Board will report to the Supervisory Board on a regular basis or, if necessary, when a situation requires it to do so. The Supervisory Board exercises ongoing oversight over the Management Board's management of the Management Company, without itself being authorised to manage the business day-to-day; nor does it represent the Management Company in dealings with third parties.

The object of the Management Company is to launch and/or manage undertakings for collective investment in transferable securities ("UCITS") and/or undertakings for collective investment ("UCIs") as per the Laws of 17 December 2010 and 13 February 2007 in their currently valid

versions, as well as to carry out all activities that are connected with the launch and management of such UCITS and/or UCIs.

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

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

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

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

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

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

In addition, the Management Company may take advice from one or more investment advisers with the costs of this being borne by the Fund.

For the management of the Fund, in order to implement the investment objectives, the Management Company may commission one or more professional external fund management companies at the cost of the Fund to take the investment decisions necessary for this within the framework of the investment policy and limits established for the Fund, although control and responsibility still rest with the Management Company. The fund management companies ("portfolio managers") and/or investment advisers appointed for the Fund can be found in the annex ("Fund overview") to the Sales Prospectus.

These portfolio managers supply their extensive knowledge of the investment markets relevant to the Fund and make the investment decisions necessary for the proper implementation of the investment policy.

The role of Registrar and Transfer Agent has been outsourced to State Street Bank International GmbH, Luxembourg Branch.

The Management Company is subject to the applicable regulatory provisions governing the establishment of remuneration systems in accordance with Chapter 15 of the Law of 2010. The details of the system's structure have been specified by the Management Company in remuneration guidelines. Its structure is compatible with and facilitates the risk management procedures laid down by the Management Company, and it neither encourages the taking of risks that are incompatible with the risk profiles and the Management Regulations or Articles of Association of the funds that are managed by it, nor does it prevent the Management Company from acting according to its duty

in the best interests of the Fund. The remuneration policy accords with the business strategy, objectives, values and interests of the Management Company and of the UCITS managed by it and of the investors in such UCITS, and it includes measures to prevent conflicts of interest.

At least once a year, the Universal-Investment Group's remuneration committee checks the appropriateness of the Management Company's remuneration system as well as its compliance with all the legal rules. It includes fixed and variable remuneration elements. Payment of remuneration on the basis of performance appraisals is spread over several years in order to ensure that the remuneration is paid out in line with the longer-term performance of the administered investment assets taking account of the associated investment risks. Setting ranges for overall remuneration ensures that there is no significant dependence on the receipt of variable remuneration and that the relationship between the fixed and variable remuneration is appropriate. In addition to the aforementioned remuneration elements, employees of the Management Company can obtain voluntary employer benefits-in-kind as well as material and retirement benefits.

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

## **The Depositary**

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

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

The Management Company has appointed State Street Bank International GmbH, Luxembourg Branch as the Depositary. State Street Bank International GmbH is a limited liability company incorporated under German law with its registered office at Brienner Straße 59, 80333 Munich, Germany, and it is registered in the Commercial Register of the Munich District Court under number HRB 42872. It is a financial institution supervised by the European Central Bank (ECB), the German Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank. State Street Bank International GmbH, Luxembourg Branch is authorised by the CSSF as the Depositary. It specialises in depositary work, fund administration and related services. State Street Bank International GmbH, Luxembourg Branch is registered in the Luxembourg Trade and Companies Register under number B148186. State Street Bank International GmbH is part of the State Street Group, whose ultimate parent company is State Street Corporation, a company listed in the USA.

## **The Registrar and Transfer Agent / Paying Agent**

The Registrar and Transfer Agent and the Paying Agent for the Fund is State Street Bank International GmbH, Luxembourg Branch, whose registered office is at 49, Avenue J.F. Kennedy, L-1855 Luxembourg. The tasks of the Transfer Agent and Registrar comprise executing applications and orders for the subscription, conversion, redemption and transfer of units.

## Special information

### a) Investment policy and investment limits

The Fund's investment policy and investment limits are set down in the following Management Regulations in conjunction with the annex ("Fund overview") to the Sales Prospectus. The objectives of the investment policy are pursued while abiding by the principle of risk diversification. Particular note must be taken of Article 4 "General guidelines for investment policy and investment limits" of the Management Regulations, in which the other legally permissible assets and investment forms entailing increased risks are described. The latter comprise in particular transactions involving options and financial futures. In general, it should be pointed out that the performance of the fund units is largely determined by the changes in stock prices on each market day for the assets held in the Fund and the earnings. To achieve the investment objectives, it is also intended to use derivative financial instruments ("derivatives"). When using derivatives, the Fund shall not deviate from the investment objectives stated in the Sales Prospectus and Management Regulations. In general, it should be pointed out that the performance of the fund units is largely determined by the changes in stock prices on each market day for the assets held in the Fund and the earnings.

**The Management Company is authorised, while paying due attention to the principle of risk diversification, to invest up to 100% of the Fund's assets in securities from different issues which are issued or guaranteed by an EU Member State or its regional public authorities, by a non-EU OECD member country or by international public organisations to which one or more EU Member States belong. These securities must have been issued as part of at least six different issues, with securities from one and the same issue not making up more than 30% of the net fund assets.**

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

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

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

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

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

All income arising from the use of techniques and instruments for efficient portfolio management, less direct and indirect operational costs, accrue to the Fund in order to be reinvested in line with the Fund's investment policy. The counterparties to the agreements on the use of techniques and instruments for efficient portfolio management are selected according to the Management Company's principles for executing orders for financial instruments (the "best execution policy").

These counterparties will essentially comprise recipients of the direct and indirect costs and fees that are incurred in this connection. The costs and fees to be paid to the respective counterparty or other third party will be negotiated on market terms.

In principle, the counterparties are not affiliated companies of the Management Company.

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

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

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

The following risks may be encountered as a result of the Fund's investment policy.

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

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

In the case of units denominated in a foreign currency, the exchange rates entail risks and rewards. It must also be considered that such units are exposed to what is referred to as “transfer risk”. The purchaser of the units only makes a profit on selling his units if the increase in value exceeds the front-end load paid at the time of purchase, taking into account the redemption fee. In the case of just a brief duration of the particular investment the front-end load may reduce the performance for the investor or even result in losses.

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

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

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

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

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

##### **Risks entailed by equities**

Experience tells us that the prices of equities and equity-like securities (e.g. index certificates) are subject to major fluctuations. They therefore offer opportunities for considerable gains in price although there are also corresponding risks to be considered. The factors influencing the price of shares are in particular the profit development of individual enterprises and sectors as well as

general economic developments and political perspectives which determine expectations on the stock markets and ultimately the pricing.

### **Risk in the case of fixed-rate and variable-rate securities and zero-coupon bonds**

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

Variable-rate securities are subject to interest rate risks to a lesser extent than fixed-rate securities.

Duration management is a possible means of controlling interest rate risk. The duration is the weighted lock-in period for the capital employed. The longer the duration of a security, the more strongly the security will react to changes in interest rates.

Because of their comparatively longer term to maturity and the lack of regular interest payments, securities without regular interest payments and zero-coupon bonds react to a higher degree than fixed-rate securities to changes in the interest rates. During periods of rising capital market interest rates the marketability of such debt securities may be restricted.

### **Risks in the case of participation certificates**

Under their terms of issue participation certificates mainly have the character of bonds or of equities. The risks entailed by them are similar to those posed by bonds or equities.

### **Credit risk**

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

### **Credit risk**

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

### **Sector risk**

Sector risk is the dependence on the performance of corporate profits in a single sector or in related sectors. It includes risk factors within the business environment over which a company has minimal or no influence.

### **Counterparty risk**

For non-traded transactions there may be a counterparty risk in that the contracting party is either unable to meet his obligations to pay or settles them partially or with a delay. The contract parties are first-rate financial institutions which specialise in such business.

### **Concentration risk**

Risks may arise if the investment is concentrated on certain assets or markets. The Fund is then particularly dependent on the performance of these assets or markets. If the Fund focuses its investment activities on particular countries or regions, its level of risk diversification will be also reduced. As a consequence, the Fund is particularly dependent on the development of individual countries/regions or countries/regions with close ties and the companies domiciled and/or operating in them. Economic or political instability in countries where the Fund invests may lead to the non-payment or partial payment of funds it is owed despite the issuer of the respective security or other

asset being solvent. Reasons for this may include currency or transfer restrictions or other legislative changes.

### **Country risk**

If the Fund focuses its investment activities on particular countries, its level of risk diversification will be reduced. As a consequence, the Fund is particularly dependent on the development of individual or related countries and the companies domiciled or operating in them. Investments in emerging markets offer the chance of above-average earnings because of the fast economic growth of such upwardly aspiring markets. However, because of the higher volatility of the market and exchange rates and other default risks, this may entail greater risks.

### **Liquidity risk**

The liquidity of a financial market product is viewed as the ease and speed with which it can be resold at a fair price. With regard to the liquidity risks of the Fund's assets, various factors such as the instrument category or stock exchange turnover are taken into account.

Securities may also be acquired for the Fund which have a lower stock exchange turnover or are traded on less liquid markets. The acquisition of such securities involves the risk of accompanying price fluctuations and may result in delays and discounts in the event of the sale of the securities and, consequently, in a delay to the redemptions of units that are referred to in Article 8.

Taking into account the investment strategy, the Fund is therefore generally exposed to an increased liquidity risk.

### **Risks in the case of certificates**

Certificates grant the issuer a claim to be paid a redemption amount which is calculated according to a formula set in the particular terms of the certificate and depends on the price of the security underlying the certificate.

Leverage provides above-average risk-reward ratios for various types of certificate. Leverage (also: leverage effect) has the impact of a multiplier; it is brought about when only a fraction of the capital investment is paid in for financial instruments, although the investor has full participation in any price changes of the underlying security. By this means a particular price movement is simplified in relation to the capital employed and may lead to disproportionate profits or losses.

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

Financial futures (derivatives) can be concluded as traded contracts or as over-the-counter contracts. Exchange-traded contracts are usually more highly standardised, and they have high liquidity and a lower counterparty default risk. In the case of OTC transactions, these characteristics are not always so obvious (see counterparty risk and liquidity risk, among others).

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

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

This may render temporary rights acquired through financial futures worthless or reduce their value. Transactions through which it is intended to restrict or even exclude the risks arising through financial futures transactions may possibly not occur or may entail a loss-making market price.

The risk of loss increases when credit is used to satisfy obligations arising through financial futures or the commitment from such transactions or the consideration claimable for this is denominated in a foreign currency or unit of account. Listed options and futures also involve a market risk as a consequence of the change in exchange rates, interest rates, etc. or the corresponding underlying securities, e.g. rises and falls in share prices.

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

### **Currency risks**

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

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

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

### **Inflation risk**

Inflation risk means the danger of financial losses as a result of the devaluation of currency. Inflation can lead to the reduction of the Fund's earnings and the value of its investments with regard to purchasing power. Individual currencies are subject to varying degrees of inflation risk.

### **Risks with contingent convertibles**

In contrast to convertible bonds and bonds-cum-warrants, contingent convertible bonds must generally be converted into shares or else the capital must be completely or partially depreciated if the issuer fails to achieve the minimum equity ratio. Contingent convertible bonds are mostly issued by financial intermediaries, which entails specific risks. Investments in contingent convertible bonds may present the following risks inter alia:

#### *Risk of maturity extension*

Some contingent convertible bonds are issued as instruments with unlimited duration that can only be terminated at pre-set levels with the consent of the competent authority.

#### *Capital structure-inversion risk*

Contrary to classic capital hierarchy, investors in contingent convertible bonds may suffer a loss of capital when investors do not.

#### *Conversion risk*

It can be difficult for the portfolio manager and/or the co-portfolio manager of the relevant fund to evaluate how the securities will behave during conversion. In the case of conversion into equity capital, the portfolio manager and/or co-portfolio manager may be forced to sell these new equity holdings, because under the investment strategy of the relevant fund no equity capital is allowed in the portfolio. This forced sale may in turn lead to liquidity problems with these holdings.

#### *Cancellation of coupon payments*

With many contingent convertibles bonds, coupon payments can be cancelled by the issuers at any time and for arbitrarily long periods.



#### *Industry concentration risk*

Investments in contingent convertible bonds may lead to an increased industry concentration risk because this type of security is issued by a limited number of banks.

#### *Threshold value risks*

Threshold values are set in different ways; depending on the difference between equity capital and the threshold value, they determine the extent of the conversion risk. It can be difficult for the portfolio manager of the relevant fund to anticipate the event that triggers the conversion of debts into capital.

#### *Unknown risks*

The structure of the instrument is innovative and has not yet been tested.

#### *Valuation and depreciation risks*

The value of contingent convertible bonds may have to be reduced to the relevant approved markets due to the higher risk of overvaluation of this type of unit class. Therefore, a fund may lose the entire investment or be forced to accept cash or securities with a value below that of the original investment.

#### *Yield/valuation risk*

The often attractive yields of contingent convertible bonds attract investors, but this can also be regarded as a complexity premium.

### **Risks associated with Real Estate Investment Trusts (REITs)**

The Fund invests in shares of REITs (Real Estate Investment Trusts) which are traded on a regulated market, or in companies that qualify as such, as well as in shares of other listed real estate companies.

Investments in REITs, securities comparable to REITs, or listed property shares may involve very large fluctuations in value. REITs, companies which qualify as REITs, and other stock exchange-listed property companies comprise publicly traded assets which are organised – in particular under foreign law – in the legal form of a trust, or as a corporation, or in a similar way based on the investment policy described in this Issuing Document, and in which the invested funds are combined and primarily invested in commercial property.

These companies may invest in a wide range of properties or they may specialise in a specific type of property, such as office and commercial properties, shopping centres, hotels, residential properties, public buildings etc. When purchasing REITs, companies which are comparable to REITs and shares in real estate companies, account must be taken of risks resulting from the type of company, risks connected with the potential departure of shareholders, and the risks of changes in the framework conditions relating to taxation legislation and social legislation. This applies in particular if the issuers of the investment securities have their registered address abroad. It must also be considered that if shares are acquired in property companies they may be subject to obligations and risks which are difficult to identify.

Finally, if it is intended to sell the securities there may not be sufficient liquidity on the respective stock exchange despite the stock exchange listing. The value of property may fluctuate, for example as a result of the general or local economic conditions, an excessive level of building activity and increased competition, rising land taxes and operating costs, changes to building regulations, losses due to property damage or compulsory purchases, government/local authority restrictions on rent levels, changes in the value of a residential district, changes in the assessment of the attractiveness of properties from the viewpoint of the tenants, and rising interest rates. In addition to changes in the value of the properties on which they are based, the value of REITs and other companies may

also be adversely affected by the failure of borrowers, tenants or lessees to fulfil payment obligations.

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

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

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

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

### **Legal and tax risk**

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

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

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

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

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

fully compensate for said charges in all cases. If the applicable partial exemption regime changes, or the requirements relating thereto cease to apply, then the investment unit shall be regarded as sold.

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

#### ATAD

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

#### DAC6

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

There is a possibility that the new disclosure requirements may have an impact on transparency, disclosure and/or reporting in respect of the Fund and its investments and on investors' interests in the Fund

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

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

Sustainability risk is defined as an environmental, social or governance event or condition that could have a material adverse effect on the value of the investment. Sustainability risks can therefore lead to a material deterioration in the financial profile, liquidity, profitability or reputation of the underlying investment. If sustainability risks are not already taken into account in the investment valuation

process, they may have materially adverse effects on the expected/estimated market price and/or the liquidity of the investment, and consequently on the return provided by the Fund. Sustainability risks may have a significant impact on all known risk types, and they may be a factor contributing to the materiality of all those risk types.

As part of the selection of assets for the (sub-)fund, the influence of the risk indicators, including sustainability risks, is assessed alongside the objectives and investment strategies.

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

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

This (sub-)fund is not classified as a product which promotes environmental or social characteristics within the meaning of the Disclosure Regulation (Article 8), nor as a product which has sustainable investment as its objective (Article 9).

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Explanations of any adverse sustainability impacts pursuant to Article 7(1) of the Disclosure Regulation will be included in this Issuing Document and in the Company's annual reports as from 30 December 2022.

#### **d) Potential conflicts of interests**

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

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

In addition, the investment adviser may also combine purchases or sales of investments made for the account of one or more sub-funds with purchases or sales made for other clients, and in doing so he/it may average out the purchase/sales prices that are payable/achieved (block trading with average prices). As a result, the sub-funds may benefit from better or worse prices than if the Portfolio Manager had always executed the transactions for the sub-funds individually.

## **e) Risk management procedure**

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

The risk management principles set out in the supervisory authority documents must enable, for example, measurement of the market risk (including the overall risk) which is of potential significance for the funds with regard to their investment objectives and strategies, the management styles or methods used to manage the funds and the valuation processes, and which therefore could also have a direct impact on the interests of the investors of the managed funds.

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

### *Commitment approach:*

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

### *Value-at-Risk (VaR) approach:*

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

### *Relative VaR approach:*

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

### *Absolute VaR approach:*

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

### *Leverage:*

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

The point is made that regardless of the maximum limit of market risk prescribed by law which arises from the relative VaR calculation, the leverage effect may be higher because its calculation is based on the total notional values (sum of the notionals) of the derivatives held by the Fund. Any effects

of reinvestment arising from collateral are also taken into account. The actual leverage effect is subject to fluctuations on the securities markets over time and may therefore also in the end be greater due to extraordinary market conditions.

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

#### **f) Repayment of collected management fees to certain investors and commission sharing agreements**

At its sole discretion, the Management Company may agree with individual investors to repay to these investors part of the management fee which it has collected from them.

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

There is no arrangement for repaying any of the management fees received to the investors of unit class I of the Fund.

#### **g) Issue, redemption and exchange of units**

Any natural person or legal entity may acquire units through their purchase and payment of the issue price, subject to Article 7 of the Management Regulations. All units issued have equal rights to the Fund's pooled investments.

The purchase, sale and conversion of units takes place on the basis of this Sales Prospectus and the Management Regulations in the latest applicable version as well as the Key Investor Information, and may take place on any valuation day in accordance with the annex ("Fund overview") to the Sales Prospectus.

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

Once the Management Company resumes issuing units, it shall notify investors of this by means of a communication on its website at [www.universal-investment.com](http://www.universal-investment.com).

The Management Company may at any time at its own discretion issue additional units of the Fund to unitholders via the Depositary free of charge for the purpose of splitting units. When this is done, the unit split for all units issued is made using the same ratio.

Orders to purchase, redeem or convert registered units may be addressed to the Registrar and

Transfer Agent, Management Company and any applicable distributors.

Orders to purchase, redeem or convert bearer units – generally securitised in the form of a global note – will be forwarded to the Registrar and Transfer Agent by the investor's securities account holder.

Orders received by noon (Luxembourg time) on a valuation day as defined in the annex ("Fund overview") to the Sales Prospectus shall be settled on the basis of the issue/redemption price on that valuation day. Orders received after noon (Luxembourg time) shall be settled on the basis of the issue/redemption price on the next valuation day.

The issue price is the net asset value per unit in accordance with Article 5 of the Management Regulations for the corresponding valuation day, plus any applicable sales commission and/or front-end load pursuant to the annex "Fund overview". The issue price is payable within the number of banking days following the valuation day as stipulated in the annex ("Fund overview") to the Sales Prospectus. The issue price is paid in the currency of the Fund or, where there are several unit classes, in the relevant unit class currency. If a country's laws prescribe lower levels of sales commission, the banks involved in that country may sell units at a lower sales commission, but this must not fall below the maximum permitted sales commission that applies there. If savings plans are offered, sales commission shall be charged only on payments actually made. The issue price increases to include payments or other charges incurred in various countries in which units are sold. If distributions pursuant to Article 13 of the Management Regulations are immediately reinvested in units, a reinvestment discount set by the Management Company may be granted.

The units are issued without delay by the Registrar and Transfer Agent on behalf of the Management Company following the receipt of the issue price by the Depository. In this respect the Management Company may issue fractions of up to 0.001 of a unit. Investors are informed that units held by Clearstream or Euroclear are registered in the name of the respective Depository (Clearstream or Euroclear). Please note that Clearstream offers the option of issuing fractions of units, whereas Euroclear does not.

There is no right to receive physical certificates.

The redemption price is the net asset value per unit calculated in accordance with Article 5 of the Management Regulations, where appropriate less a redemption fee in accordance with the annex entitled "Fund overview", which is charged in favour of the Fund. The redemption fee is applied uniformly to every redemption of units. Payment of the redemption price is made in accordance with the annex entitled "Fund overview" or Sales Prospectus within the number of banking days defined therein after the corresponding valuation day. The redemption price is paid in the currency of the Fund or, where there are several unit classes, in the relevant unit class currency. In the case of redeeming registered units, payment is made to the reference account specified by the investor.

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

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

Conversion of units from one unit class into units of a different unit class is possible subject to the modalities specified in the annex ("Fund overview") to the Sales Prospectus.

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

#### **h) Annual and semi-annual reports**

After the close of each accounting year, the Management Company shall prepare an audited annual report for the Fund. This annual report shall provide information on the fund assets, its management and financial results. After the close of the first half of the accounting year, the Management Company shall prepare a semi-annual report for the Fund, which shall provide information on the fund assets and its administration during the corresponding half year. These reports are available free of charge to unitholders from the registered office of the Management Company, Depositary and any Paying Agent.

#### **i) Use of earnings**

The net income of the Fund resulting from dividends, interest and capital gains, as well as proceeds from the sale of subscription rights and other non-recurring income, can be capitalised and reinvested in the Fund or distributed to the unitholders. The Management Company will make a decision on this. Information about the use of income of the Fund and its unit classes decided on by the Management Company can be found in the annex ("Fund overview") to the Sales Prospectus.

It is also at the Management Company's discretion whether to distribute capital gains, as well as proceeds from the sale of subscription rights and other income for the Fund in whole or in part.

The associated income equalisation is taken into account.

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

#### **j) Taxation of fund assets and income**

The Fund is not subject to any taxes in the Grand Duchy of Luxembourg apart from the "*taxe d'abonnement*" pursuant to Articles 174–176 of the Law of 2010. However, income and profits of the Fund may be subject to withholding tax and other such taxes in countries in which the assets of the Fund are invested. Neither the Management Company nor the Depositary will obtain individual or collective receipts for such taxes.

As a matter of principle, the Fund is subject to a "*taxe d'abonnement*" amounting to 0.05% p.a., payable quarterly on a pro rata basis on the net assets reported at the end of each quarter. The "*taxe d'abonnement*" rate falls to 0.01% p.a. if the investment in sub-funds or unit classes is restricted to "institutional investors". An exemption from the "*taxe d'abonnement*" applies to the value of the units held by the Company in other UCIs insofar as they have already been subject to the "*taxe d'abonnement*".

The Fund's dividend distributions are not subject to any Luxembourg withholding tax and are not



taxed in Luxembourg in the case of shareholders who do not have their tax domicile in Luxembourg.

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

#### **k) Data protection**

##### Privacy statement

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

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

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

#### **k) Prevention of money laundering**

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

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

Investors must enclose with the subscription documents the legally prescribed documents proving the investors' identity. These documents vary depending on the type or corporate form of the investor. Investors' depositary institutions are required to implement identification and identity verification processes.

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

liable for any interest, costs or compensation.

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

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

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

#### **l) Governing law and contract language**

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

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

#### **m) Investor information**

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

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

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

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

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

The Management Company shall inform investors of the fact that an investor may only assert investor rights in their entirety directly against the UCITS if the investor has been entered into the

investment register of the UCITS in his own name. In cases where an investor has invested in a UCI or UCITS via an intermediary agent, which makes the investment in its own name but on behalf of the investor, the investor may not necessarily be able to assert all the investor rights directly against the UCI or UCITS. Investors are advised to be aware of their rights.

# ANNEX

## Fund overview

<b>Fund name</b>	<b>Berenberg International Micro Cap</b>
<b>Fund currency</b>	EUR
<b>Investment objective</b>	<p>The Fund's investment objective is to achieve the highest possible increase in value.</p> <p>The MSCI® World ex Europe Micro Cap Net (EUR) is the benchmark index for the Fund. The Management Company determines the benchmark index for the Fund and may change this as necessary. However, the Fund does not aim to replicate the performance of the benchmark index. The Portfolio Manager may invest at his own discretion in securities or sectors that are not included in the benchmark in order to capitalise on specific investment opportunities. The investment strategy limits the extent to which the portfolio holdings may differ from the benchmark index. The difference may be significant.</p> <p><b>No assurance can be given that the objectives of the investment policy will be achieved.</b></p>
<b>Investment strategy</b>	<p>Investments are mainly made in high-growth, small-cap stocks ("micro-caps") provided by non-European issuers with a market capitalisation of up to EUR 1 billion. The Fund endeavours to outperform its benchmark, the MSCI World ex Europe Micro Cap Net (EUR). In order to guarantee this investment strategy, the Management Company reserves the right to temporarily suspend the issue of unit certificates if the fund volume reaches a significant level. The Fund is actively managed.</p>
<b>Investment principles</b>	<p>The Fund invests in equities and in securities with characteristics similar to those of equities.</p> <p>A maximum of 10% of the Fund's net assets may be invested in bonds and in securities with characteristics similar to those of bonds.</p> <p>A maximum of 10% of the Fund's net assets may be invested in contingent convertibles.</p> <p>A maximum of 5% of the Fund's net assets may be invested in closed-ended real estate investment trusts (REITs), provided that these qualify as eligible securities.</p> <p>In accordance with Article 41(1)(e) of the Law of 17 December 2010, a maximum of 10% of the Fund's net assets may be invested in target funds (UCITS and other UCIs).</p> <p>Financial derivative instruments (FDI) traded on a regulated market may be used for investment and hedging purposes. Derivative financial instruments (FDIs) include futures and options. Other FDIs are not used.</p> <p>A maximum of 10% of the Fund's net assets may be invested in 1:1 certificates on equities and indices. 1:1 certificates are exchange-traded investment instruments which are classified as securities under Article 41(1)(a) - (d) of the Law of 2010 and which do not contain any embedded derivatives. Investments in certificates with embedded derivatives are not made.</p> <p>The aforementioned investment opportunities extend to issuers from industrialised countries and emerging countries. The share of emerging countries is limited to a maximum of 10%.</p> <p>The sub-fund will not conclude any securities financing transactions or total return swaps in accordance with Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.</p> <p>No direct or indirect investments shall be made in asset backed securities (ABS) or mortgage backed securities (MBS).</p> <p>Up to 100% of the net sub-fund assets may be temporarily invested in bank deposits (including overnight money and deposits).</p> <p><b>Start-up phase</b></p> <p>After a start-up phase of six months as from the date of official approval of the Fund by the CSSF (granting of the visa stamp), the Fund shall comply with the aforementioned investment limits.</p>

	<p>In addition, the following applies for German taxation purposes:</p> <p>The Fund or the sub-fund continuously invests more than 50% of its assets directly, or indirectly via other investment funds within the meaning of Section 1(2) of the Investment Tax Act (InvStG), in equity investments (equity funds – equity investment ratio). Equity investments in this sense are:</p> <ul style="list-style-type: none"> <li>• Units in corporations admitted for official trading on a stock exchange or another organised market, or included in such a market, provided that they are not units in investment funds. For these purposes, an organised market is a market which is recognised, open to the public and operates regularly and therefore complies with the requirements of Article 50 of the UCITS Directive (Directive 2009/65/EC);</li> <li>• Units in other investment funds which, in accordance with their investment conditions, specify a continuous minimum investment of 25% or a higher percentage in equity investments within the meaning of Section 2(8) of the InvStG, in the amount of the percentage that is specified for this minimum investment.</li> </ul> <p>The amount of the assets is determined by the value of the assets of the investment fund within the meaning of Section 1(2) InvStG without taking its liabilities into account. In the case of indirect investment in equity investments via other investment funds, the fund assets or sub-fund assets shall base compliance with its equity fund equity investment ratio on the actual equity investment ratios published by these investment funds on each valuation day. An indirect investment in equity securities through other investment funds requires that those investment funds carry out a valuation at least once a week.</p>
<b>Benchmark</b>	<p>The Fund measures its performance against a benchmark and therefore falls within the scope of the Benchmark Regulation (Regulation (EU) 2016/1011). The benchmark, MSCI World ex Europe Micro Cap Net (EUR), is administered by MSCI Limited, ("Administrator"). The administrator is registered with the European Securities and Markets Authority (ESMA) in a public register of administrators and benchmark assets.</p> <p>The Management Company has drawn up robust written plans outlining actions it would take if the benchmark were to change significantly or cease to exist. A copy of the contingency plan is available free of charge at the registered office of Universal-Investment-Luxembourg S.A.</p>
<b>Investor profile</b>	<p>The Fund is designed for investors who are able to assess the risks and the value of the investment. The investor must be prepared and able to deal with significant fluctuations in the value of the units, and potentially a considerable capital loss. The Fund may not be suitable for investors who wish to withdraw their money from the Fund within a period of less than seven years.</p>
<b>Management Company</b>	Universal-Investment-Luxembourg S.A.
<b>Depository</b>	State Street Bank International GmbH, Luxembourg Branch
<b>Registrar and Transfer Agent</b>	State Street Bank International GmbH, Luxembourg Branch
<b>Paying Agent in Luxembourg</b>	State Street Bank International GmbH, Luxembourg Branch
<b>Portfolio manager</b>	Joh. Berenberg, Gossler & Co. KG, Hamburg
<b>Valuation date pursuant to Article 5 of the Management Regulations</b>	The Fund is subject to daily valuations. Valuation days are full banking days in Luxembourg and Frankfurt am Main, except 24 and 31 December. Where a valuation day coincides with a public holiday in Luxembourg or Frankfurt am Main, or if it is a day on which no valuations take place (24 and 31 December), the next following banking day shall be treated as the valuation day.
<b>Payment of issue and redemption price</b>	Two banking days after the relevant valuation day.
<b>Cut-off time for subscription/redemption</b>	12:00 noon (Luxembourg time)
<b>Financial year</b>	1 January to 31 December

<b>First financial year</b>	01 June 2021 to 31 December 2021		
<b>Fund term</b>	Indefinite		
<b>Publication in the RESA and deposit with the Trade and Companies Register</b>	Notice of deposit of the Management Regulations for the first time on 15 November 2021		
<b>Unit classes</b>	Berenberg International Micro Cap R A	Berenberg International Micro Cap M A	Berenberg International Micro Cap B A*
<b>ISIN code</b>	LU2347482627	LU2347482890	LU2347482973
<b>Securities ID No.</b>	A3CQ34	A3CQ35	A3CQ36
<b>Initial issue price (excluding front-end load)</b>	EUR 100	EUR 100	EUR 100
<b>Minimum initial investment**</b>	None	EUR 500,000	None
<b>Minimum subsequent investment</b>	None	None	None
<b>Savings plan</b>	Information may be obtained from your portfolio manager		
<b>Types of unit issued</b>	The units are only issued as bearer units		
<b>Current front-end load applicable</b>	Up to 5%	None	None
<b>Current redemption fee</b>	None	None	None
<b>Launch date / activation date and place of launch</b>	10 November 2021 in the Grand Duchy of Luxembourg	10 November 2021 in the Grand Duchy of Luxembourg	10 November 2021 in the Grand Duchy of Luxembourg
<b>Use of earnings</b>	Accumulative	Accumulative	Accumulative
<b>Taxe d'abonnement</b>	0.05%	0.05%	0.05%
<b>Unit classes hedging</b>	No	No	No
<b>Management fee</b>	Up to 0.25% p.a.; minimum of EUR 50,000 p.a.		
<b>Portfolio manager's fee</b>	Up to 1.50 % p.a.		
<b>Depository fee</b>	On average, 0.10% p.a. of the net fund assets. Depending on the depository available for the respective target investment this fee may be higher or lower, but shall be at least EUR 25,200 p.a.		
<b>Registrar and Transfer Agent fee</b>	At least EUR 2,500 per unit class		
<b>Performance fee</b>	The Portfolio Manager may also be paid a performance fee for each unit class. This fee amounts to 20% (participation) of the value by which the unit value performance exceeds the performance of the benchmark at the end of the settlement period (outperformance of the benchmark) multiplied by the average of all net asset values in the settlement period. The Portfolio Manager is free to set a lower fee for the Fund or the respective unit class*).		

If the unit value performance falls below the performance of the benchmark at the end of a settlement period (negative benchmark deviation), the Portfolio Manager does not receive a performance fee. The negative amount is calculated for each unit value in accordance with the calculation of the positive benchmark deviation and carried forward to the next settlement period. The Portfolio Manager only receives a performance fee for the subsequent settlement period if the amount calculated from the positive benchmark deviation exceeds the negative amount brought forward from the previous settlement period at the end of the settlement period. There is an entitlement to a fee in this case from the difference between the two amounts. A remaining negative amount per unit value will be carried forward again into the new settlement period. If there is another negative benchmark deviation at the end of the next settlement period, the existing negative amount brought forward will be increased by the amount calculated from this negative benchmark deviation. Negative amounts brought forward from the previous five accounting periods will be taken into account when calculating the entitlement to a fee.\*

The accounting period begins on 1 January and ends on 31 December of each calendar year. The first accounting period begins with the launch of the Fund and ends on the second 31 December following the launch.

The following index is stipulated as the benchmark: MSCI World ex Europe Micro Cap Net (EUR).

The performance fee is calculated during the accounting period by comparing the performance of the benchmark with the unit value performance which is calculated according to the BVI method. Before this comparison is made, all costs that can be charged to the Fund must be deducted from it.

The costs charged to the Fund must not be deducted from the performance of the benchmark before the comparison.

Any performance fee incurred by the Fund will be set aside for each issued unit according to the result of a daily comparison, or a provision that has already been booked will be accordingly reversed. If the unit value performance during the accounting period is below the benchmark, then any performance fee already set aside during the relevant accounting period will be refunded in accordance with the daily comparison. The current performance fee retained at the end of the accounting period can be withdrawn.

If the benchmark ceases to exist, the Company will stipulate another appropriate index which will replace the aforementioned index.

The performance fee can also be withdrawn if the unit value at the end of the settlement period falls below the unit value at the beginning of the settlement period (absolute negative unit value performance).

\*) To make this clear, the descriptions are represented in a mathematical formula.

$$\text{PERF\_FEE } t = \text{PART} * \text{MAX}(\text{PERF}_{\text{FUND } t} - \text{PERF}_{\text{BENCHM } t}; 0) * \text{NAV}_{\text{DIVIDED BY } t}$$

$$\text{Loss carry-forward } t = \text{MIN}(\text{PERF}_{\text{FUND } t} - \text{PERF}_{\text{BENCHM } t}; 0)$$

$$\text{PERF\_FEE } t+1 = \text{PART} * \text{MAX}(\text{PERF}_{\text{FUND } t+1} + \text{loss carry-forward } t - \text{PERF}_{\text{BENCHM } t+1}; 0) * \text{NAV}_{\text{DIVIDED BY } t+1}$$

$$\text{Loss carry-forward } t+1 = \text{MIN}(\text{PERF}_{\text{FUND } t+1} + \text{loss carry-forward } t - \text{PERF}_{\text{BENCHM } t+1}; 0)$$

where:

- **PERF\_FEE:** Performance fee in the currency of the respective unit class at the end of period t, t+1, etc.
- **PART:** Participation
- **PERF<sub>FUND</sub>:** Performance of the fund in period t or t+1
- **PERF<sub>BENCH</sub>:** Performance of the benchmark in period t or t+1
- **NAV<sub>DIVIDED BY</sub>:** average net asset value of the unit class in the period t or t+1
- **Loss carry-forward:** Losses carried forward from periods t, t+1, etc.

The following example shows the possible scenarios over time:

- **PART t to t+5 = 20%**

1. Scenario (t): Performance of the fund is negative and worse than the performance of the benchmark

- **PERF<sub>FUND</sub> t** = -5%
- **PERF<sub>BENCH</sub> t** = -3%
- **NAV<sub>DIVIDED BY</sub> t** = EUR 50,000,000

$$\text{PERF\_FEE } t = 20\% * \text{MAX}(-5\% - -3\%; 0) * \text{EUR } 50,000,000$$

$$= 20\% * \text{MAX}(-2\%; 0) * \text{EUR } 50,000,000$$

$$= 20\% * 0 * \text{EUR } 50,000,000$$

$$= \text{EUR } 0$$

$$\text{Loss carry-forward } t = \text{MIN}(-5\% - -3\%; 0)$$

$$= \text{MIN}(-2\%; 0)$$

$$= -2\%$$

No performance fee is paid for period t, and a loss of -2% is carried forward.

2. Scenario (t+1): Performance of the fund is positive and better than the performance of the benchmark

- **Loss carry-forward t = -2%**
- **PERF<sub>FUND</sub> t+1** = 15%
- **PERF<sub>BENCH</sub> t+1** = 9%
- **NAV<sub>DIVIDED BY</sub> t+1** = EUR 60,000,000

$$\text{PERF\_FEE } t+1 = 20\% * \text{MAX}(15\% + -2\% - 9\%; 0) * \text{EUR } 60,000,000$$

$$= 20\% * \text{MAX}(4\%; 0) * \text{EUR } 60,000,000$$

$$= 20\% * 4\% * \text{EUR } 60,000,000$$

$$= \text{EUR } 480,000$$

$$\text{Loss carry-forward } t+1 = \text{MIN}(15\% + -2\% - 9\%; 0); 0)$$

$$= \text{MIN}(4\%; 0)$$

$$= 0$$

For the period t+1, a performance fee of EUR 480,000 is paid and no loss is carried forward.

3. Scenario (t+2): Performance of the fund is equal to the performance of the benchmark

- **Loss carry-forward t+1 = 0**
- **PERF<sub>FUND</sub> t+2** = 7%
- **PERF<sub>BENCH</sub> t+2** = 7%
- **NAV<sub>DIVIDED BY</sub> t+2** = EUR 70,000,000

$$\text{PERF\_FEE } t+2 = 20\% * \text{MAX}(7\% + 0 - 7\%; 0) * \text{EUR } 70,000,000$$

$$= 20\% * \text{MAX}(0; 0) * \text{EUR } 70,000,000$$

$$= 20\% * 0 * \text{EUR } 70,000,000$$

$$= \text{EUR } 0$$

$$\text{Loss carry-forward } t+2 = \text{MIN}(7\% + 0 - 7\%; 0); 0)$$

$$= \text{MIN}(0; 0)$$

$$= 0$$

For period t+2 no performance fee is paid and no loss is carried forward.



	<p>4. Scenario (t+3): Performance of the fund is negative, but better than the performance of the benchmark</p> <ul style="list-style-type: none"> <li>Loss carry-forward t+2 = 0</li> <li>PERF<sub>FUND</sub> t+3 = -3%</li> <li>PERF<sub>BENCH</sub> t+3 = -5%</li> <li>NAV<sub>DIVIDED BY</sub> t+3 = EUR 50,000,000</li> </ul> <p>PERF_FEE t+3 = 20% * MAX(-3% + 0 - -5% ; 0) * EUR 50,000,000  = 20% * MAX(2% ; 0) * EUR 50,000,000  = 20% * 2% * EUR 50,000,000  = EUR 200,000</p> <p>Loss carry-forward t+3 = MIN(-3% + 0 - -5% ; 0) ; 0  = MIN(2% ; 0)  = 0</p> <p>For the period t+3, a performance fee of EUR 200,000 is paid and no loss is carried forward.</p> <p>5. Scenario (t+4): Performance of the fund is positive, but worse than the performance of the benchmark</p> <ul style="list-style-type: none"> <li>Loss carry-forward t+3 = 0</li> <li>PERF<sub>FUND</sub> t+4 = 6%</li> <li>PERF<sub>BENCH</sub> t+4 = 10%</li> <li>NAV<sub>DIVIDED BY</sub> t+4 = EUR 60,000,000</li> </ul> <p>PERF_FEE t+4 = 20% * MAX(6% + 0 - 10% ; 0) * EUR 60,000,000  = 20% * MAX(-4% ; 0) * EUR 60,000,000  = 20% * 0% * EUR 60,000,000  = EUR 0</p> <p>Loss carry-forward t+4 = MIN(6% + 0 - 10% ; 0) ; 0  = MIN(-4% ; 0)  = -4%</p>
<b>Risk management procedure</b>	Relative VaR approach
<b>Derivative-free benchmark</b>	MSCI World ex. Europe Micro Cap Net Return (EUR)
<b>Expected leverage</b>	The sub-fund's level of leverage, calculated as the "total of the notional values" of the derivative financial instruments used, is expected to be 25% under normal market conditions, although lower and higher values are possible.
<b>Countries in which units are offered for sale</b>	Germany, Austria, Switzerland and France
<b>FATCA classification</b>	<p>According to the current Luxembourg FATCA provisions, the Fund qualifies as a "restricted fund" pursuant to Annex II, Section IV(E)(5) of the Luxembourg-USA IGA, and it is therefore deemed to be a "non-reporting Luxembourg financial institution" as well as a "deemed-compliant foreign financial institution" under FATCA. As a result, the following types of investor are not permitted and therefore cannot invest in the Fund:</p> <ul style="list-style-type: none"> <li>Specified U.S. persons pursuant to Article 1, Section 1 (et seq.) of the Luxembourg-USA IGA,</li> <li>Non-participating Financial Institutions pursuant to Article 1, Section 1 (r) of the Luxembourg-US IGA, and</li> <li>Passive Non-Financial Foreign Entities (NFFEs) with one or more substantial U.S. owners within the meaning of the relevant implementing regulations issued by Department of the Treasury of the United States of America.</li> </ul>
<b>CRS classification</b>	Luxembourg Financial Institution (Investment Entity)
<b>Classification according to the Disclosure Regulation</b>	The Fund is classified as an Article 6 Fund for the purposes of the Disclosure Regulation.

\* Unit class B A is exclusively available to investors for whom Joh. Berenberg, Gossler & Co. KG provides the financial service of financial portfolio management (asset management) throughout the period when that service is provided, and it may exclusively be subscribed to and/or exchanged by such persons.

\*\* The Management Company may permit lower minimum investment amounts at its own discretion.



## Management Regulations

### Article 1 – The Fund

Berenberg International Micro Cap, an investment fund which is subject to the laws of the Grand Duchy of Luxembourg, is a legally dependent investment fund (fonds commun de placement) established in accordance with Part I of the Luxembourg Law of 17 December 2010. It is an investment fund (hereinafter, the “Fund”) which is aimed at all investors and consists of securities and other legally permitted assets (the “fund assets”). It is managed on behalf of the Management Company and for the collective account of the holders of units (hereinafter, the “investors”), based on the principle of risk diversification, by Universal-Investment-Luxembourg S.A., a public limited company (*Aktiengesellschaft*) under the law of the Grand Duchy of Luxembourg which has its registered office in Grevenmacher (hereinafter, the “Management Company”).

The Fund qualifies as a UCITS pursuant to Article 1(2) of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (“UCITS Directive”), as amended, and may therefore be offered for sale subject to registration in each EU Member State.

The unit value is calculated separately for the Fund in accordance with the rules set out in Article 5 of these Management Regulations.

The investment restrictions set out in the Management Regulations are applicable to the Fund.

The Management Regulations provide for different unit classes in the Fund. The unit classes may differ in particular in terms of costs and expenses or the use of income or type of investor or level of applicable tax d’abonnement (pursuant to Chapter 23 of the Law of 2010) as well as regarding any other criteria as determined by the Management Company. All units bear equal entitlement to participate in yields, price gains and liquidation proceeds pertaining to their unit class from the date they are issued.

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

The contractual rights and obligations of the investors, the Management Company and the Depositary are set out in these Management Regulations, the current version of which and any amendments thereto are published in RESA, “Recueil électronique des sociétés et associations”, the electronic disclosure platform for the Grand Duchy of Luxembourg (hereinafter referred to as “RESA”), and deposited with the Luxembourg Trade and Companies Register from which they may be obtained.

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

### Article 2 – The Management Company

Subject to the investment restrictions in Article 4 of the Management Regulations, the assets of the

Fund are managed by the Management Company in its own name, but exclusively in the interests and for the collective account of the Fund's investors. The authority of the Management Company extends in particular, but not exclusively, to the purchase, sale, subscription, conversion and acceptance of securities and other legally permissible assets and to the exercise of any and all rights associated directly or indirectly with the assets of the Fund. The Management Company sets the investment policy of the Fund taking account of the legal and contractual investment restrictions in Article 4 of the Management Regulations and in the annex ("Fund overview") to the Sales Prospectus. The annex ("Fund overview") to the Sales Prospectus can provide a period within which the prescribed investment limits and restrictions can be deviated from ("start-up phase").

The Board of Directors of the Management Company may entrust one or more of its members and/or employees with the day-to-day management of the Fund. In addition, the Management Company may bring in one or more investment advisers and one or more portfolio managers at the cost of the Fund and on its own responsibility.

The Management Company is entitled to use the remuneration charged to the fund assets as determined in the Sales Prospectus, Management Regulations and in the annex ("Fund overview") to the Sales Prospectus.

### **Article 3 – The Depositary**

The Fund has appointed the Luxembourg branch of State Street Bank International GmbH in accordance with the Depositary Agreement as its depositary within the meaning of the UCI Act. State Street Bank International GmbH is a limited liability company incorporated under German law with its registered office at Brienner Straße 59, 80333 Munich, Germany, and it is registered in the Commercial Register of the Munich District Court under number HRB 42872. It is a financial institution supervised by the European Central Bank (ECB), the German Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank. State Street Bank International GmbH, Luxembourg Branch is authorised by the CSSF as the Depositary. It specialises in depositary work, fund administration and related services. State Street Bank International GmbH, Luxembourg Branch is registered in the Luxembourg Trade and Companies Register under number B148186. State Street Bank International GmbH is part of the State Street Group, whose ultimate parent company is State Street Corporation, a company listed in the USA

#### Duties of the Depositary

The Depositary's main duties are as follows:

- ensuring that units are sold, issued, redeemed and cancelled in accordance with applicable law and the Management Regulations;
- ensuring that the value of units is determined in accordance with applicable law and the Management Regulations;
- executing the instructions of the Management Company unless these infringe applicable law and the Management Regulations;
- ensuring that transactions relating to Fund assets are performed within the usual deadlines;
- ensuring that UCITS earnings are used in accordance with applicable law and the Management Regulations;
- monitoring Fund cash and cash flows;

- holding fund assets in safekeeping, including financial instruments to be held, and checking ownership and keeping records relating to other assets.

### Liability of the Depositary

In the event of the loss of a financial instrument held in custody that is established pursuant to the UCITS Directive, and in particular pursuant to Article 18 of the UCITS Regulation, the Depositary shall promptly return financial instruments of the same type to the Management Company that is acting on behalf of the Fund, or shall promptly reimburse the corresponding amount to it.

The Depositary shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive.

In the event of a loss of financial instruments that are held in custody, the investors may assert liability claims against the Depositary either directly or indirectly via the Management Company, provided that this does not lead to a duplicating of redress claims or the unequal treatment of investors.

The Depositary is liable to the Fund for all other losses incurred by the Fund as a result of the Depositary's negligent or wilful failure to fulfil its obligations as set out in the UCITS Directive.

The Depositary is not liable for indirect, consequential or special damages or for losses arising in connection with the fulfilment or non-fulfilment of its duties and obligations.

### Delegation

The Depositary has the widest-ranging powers to delegate its depositary function in full or in part. However, its liability shall not be affected by the fact that it has entrusted the assets to be held by it in custody to a third party in full or in part. The liability of the Depositary shall not be affected by any delegation of its depositary functions under the transfer agreement.

The Depositary has transferred the depositary tasks listed in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company, with its registered office in One Lincoln Street, Boston, Massachusetts 02111, USA, which it has appointed as its global sub-custodian. As global sub-custodian, State Street Bank and Trust Company has appointed local sub-custodians within the State Street Global Custody Network.

Information on the delegated custodian roles and the names of the relevant agents and sub-agents is available at the following link [www.statestreet.com/about/office-locations/luxembourg/subcustodians.html](http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html)

### Conflicts of interest

The Depositary is part of an international group which, in the normal course of business, acts both for a large number of clients and in its own name, which may give rise to actual or potential conflicts of interest. Conflicts of interest arise when the Depositary or a company affiliated with it performs work under the Depositary Agreement or under separate contractual or other arrangements. This includes:

- (i) providing the Fund with nominee, administration, registrar and transfer agent, research, agency securities lending, asset management and financial and/or other advisory services;
- (ii) carrying out banking, sales and trading transactions, including foreign exchange, derivatives,

lending, brokerage, market-making or other financial transactions with the Fund, either as the principal and in its own interests or on behalf of other clients.

In connection with the activities listed above, the Depository and its affiliated companies:

(i) shall seek to make a profit from such activities, in which case they shall be entitled to retain any profits or remuneration of any kind. They are not required to notify the Fund of the type or amount of such profits or remuneration, including fees, costs, commissions, shares of earnings, spreads, surcharges, markdowns, interest, refunds, discounts or other advantages received in connection with such activities;

(ii) shall buy, sell, issue, trade in or hold securities or other financial products or instruments on its own account, for its affiliated companies or for other principals acting for its other customers;

(iii) shall trade in the same or the opposite direction to the transactions undertaken, including based on information in its possession but not available to the Fund;

(iv) shall provide the same or similar services to other customers, including Fund competitors;

(v) may obtain creditor rights from the Fund, which can exercise these.

The Fund may enter into currency, spot or swap transactions on behalf of the Fund via an affiliated company of the Depository. In these cases, the affiliated company acts as the principal and not as a broker, contractor or trustee of the Fund. The affiliated company shall endeavour to generate profits from these transactions and is entitled to retain profits and not to notify the Fund. The affiliated company shall enter into such transactions under the conditions and provisions agreed with the Fund.

If Fund cash is deposited with an affiliated company that is a bank, there is a potential conflict relating to (any) interest that the affiliated company credits or charges to this account, and the other fees or other advantages it may generate due to the fact that it holds such cash as a bank and not as a trustee.

The Management Company may also be a customer or a counterparty to the Depository or its affiliated companies.

Any conflicts that may possibly arise through the Depository's use of sub-custodians can be classified under four general categories:

(1) conflicts resulting from the choice of sub-custodian and the allocation of assets in the case of several sub-custodians which, as well as objective valuation criteria, is influenced by (a) cost factors such as the lowest fees charged, reduced fees and similar incentives, and (b) the wide-ranging reciprocal business relationships in which the Depository is able to operate on the basis of the economic value of the wide-ranging business relationship;

(2) affiliated or non-affiliated sub-custodians acting for other clients and on their own behalf, from which conflicts with client interests may arise;

(3) affiliated or non-affiliated sub-custodians maintain only indirect relationships with clients and regard the Depository as their counterparty, through the Depository may be given an incentive to act in its own interests or in the interests of other clients to the disadvantage of the client, and

(4) sub-custodians may have market-based creditor rights over the assets of the clients in whose

enforcement they may be interested if they are not paid for securities transactions.

When performing its duties, the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Fund and its unitholders.

The Depositary separates the exercise of its duties in functional and hierarchical respects from that of its other duties which may possibly result in a conflict. The internal control system, the various reporting lines, the allocation of duties and the reporting to management enable potential conflicts of interest and matters in connection with the depositary role to be properly identified, managed and monitored. In addition, the Depositary, in relation to sub-custodians that it has employed, may impose contractual restrictions on them in order to take potential conflicts into account. The Depositary shall exercise due caution and supervise the activities of the sub-custodians in order to guarantee that these entities provide its clients with a high level of service. Furthermore, the Depositary shall submit regular reports on the activities of its clients and the portfolios held by them, with the underlying functions being subject to internal and external inspection audits. Finally, the Depositary separates the exercise of its depositary duties internally from its own company activities, and it follows a code of conduct which obliges employees to act ethically, honestly and in a transparent manner when dealing with clients.

Up-to-date information regarding the Depositary, its duties, any conflicts that may arise, depositary functions transferred by the Depositary, and the list of representatives and agents, as well as any conflicts of interest that may arise as a result of such a transfer, shall be made available to investors on request. The Depositary is obliged to provide all information to the CSSF if so requested which the Depositary has received while exercising its function for the Fund and which the CSSF requires in order to monitor compliance by the Fund with the provisions of the Law of 2010.

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

**A)** The Management Company may make certain types of investment in accordance with the investment policy set out in the annex (“Fund overview”) to the Sales Prospectus.

These investments of the fund assets may consist solely of:

1. Securities and money market instruments:
  - which are traded on a regulated market (as defined in Directive 2004/39/EU of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments);
  - which are traded on another regulated market of a Member State of the EU which operates regularly and is recognised and open to the public;
  - which are officially listed on a stock exchange in a third country or are traded on another regulated market in a third country which operates regularly and is recognised and open to the public (third countries are countries in North or South America, Australia including Oceania, Africa, Asia and/or Europe which are not EU member states);
  - new issues if the terms of issue include the obligation that admission to official listing on a stock exchange or another regulated market which operates regularly and is recognised and open to the public is applied for and the listing is obtained at the latest by one year after issue.
2. Sight deposits or other callable deposits with a maturity period of 12 months at most at qualifying credit institutions, provided the credit institution in question has its registered office in a Member State of the European Union or, if the registered office is in an OECD and GAFI Member State, that it is subject to supervisory provisions which are, in the opinion of the CSSF, equivalent to those under EU law.

3. Derivative financial instruments (“derivatives”) including equivalent instruments settled in cash which are traded on a regulated market referred to in the first, second and third indent of A(1), and/or derivatives which are not traded on a stock exchange (“OTC derivatives”), provided:
  - the underlying securities are instruments as defined in section A or are financial indices, interest rates, exchange rates or currencies in which the Fund is permitted to invest according to its investment objectives;
  - the counterparties in transactions with OTC derivatives are first-rate institutions of the categories permitted by the CSSF and subject to supervisory oversight; and
  - the OTC derivatives are subject to a reliable and verifiable assessment on a daily basis and can, at any time, be sold, liquidated or closed out through a counter transaction at a reasonable current value.
  
4. Money market instruments which are not traded on a regulated market and which do not fall under the definition of Article 1 of the Law of 17 December 2010, if the issue or the issuer of those instruments is already subject to provisions concerning the protection of deposits and investors, and provided that they are:
  - issued or guaranteed by a central, regional or local corporation or the central bank of a Member State, the European Union or the European Investment Bank, an OECD Member State or, in the case of a Federal state, a constituent state of the Federation, or by an international body under public law to which at least one Member State belongs;
  - issued by an undertaking whose securities are traded on the regulated markets referred to in A(1);
  - issued or guaranteed by an institution which is, in accordance with the criteria set out in EU law, subordinated to a supervisory authority, or an institute which is subject to supervisory provisions which are at least as rigorous, according to the CSSF, as those of EU law, and which complies with them;
  - issued by other issuers which belong to a category that has been admitted by the CSSF, insofar as investments in those instruments are subject to regulations for investor protection which are equivalent to those of the first, second or third indents and, insofar as this involves an issuer which is either company with equity of at least ten million euros (EUR 10 million), which provides and publishes its annual financial statements in keeping with Directive 78/660/EEC, or a legal entity which is responsible, within a group encompassing one or more companies quoted on the stock exchange, for financing that group, or else a legal entity whose task is to finance the securitisation of liabilities by making use of a credit line granted by a bank.
  
5. Units in target funds complying with the following definition (“target funds”): UCITS pursuant to EU Directive 2009/65 or UCIs as defined in Article 1(2)(a) and 1(2)(b) of EU Directive 2009/65, whose registered office is located in a Member State or a non-EC state, provided:
  - these UCIs were admitted in accordance with legal provisions which subject them to official supervision that the CSSF deems equivalent and there is sufficient guarantee of collaboration between the authorities; the degree of protection for the shareholders in the UCIs is equivalent to that of the shareholders in a UCITS, and particularly the provisions concerning the separate custody of special assets, borrowing, granting credit and short sales of securities and money market instruments are equivalent to the requirements of Directive 2009/65;
  - the business activities of the other UCIs are the subject of semi-annual and annual reports which allow an assessment to be made of the assets and liabilities, income and transactions in the reporting period; and
  - the UCITS or UCI whose units are to be acquired may, in accordance with its terms of contract or articles of association, invest a maximum of 10% of its assets in units of other UCITS or UCIs.
  
6. However, the Fund may invest a maximum of 10% of its net assets in other securities and money



market instruments than those mentioned in A.1–4.

7. The Fund also holds liquid assets and time deposits.

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

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

1. The Fund is permitted to invest up to 10% of its net assets in securities or money market instruments from a single issuer. This limit does not affect the holding of liquid assets. The Fund may invest up to 20% of its net assets in investments in a single institution. The risk exposure to a counterparty in transactions of the Fund in OTC derivatives must not exceed the following:
  - if the counterparty is a qualifying credit institution in accordance with the definition in A.2, 10%;
  - or otherwise 5% of the net fund assets.
2. The total value of the securities and money market instruments of issuers in which the Fund has invested more than 5% of its net assets must not exceed 40% of the value of its net assets. This restriction shall not apply to deposits and transactions in OTC derivatives with financial institutions which are subject to official oversight.
3. Notwithstanding the individual limits laid down in B)1., the Fund shall not combine more than 20% of its net assets in a single body, in any of the following:
  - investments in securities or money market instruments issued by that body and/or deposits made with that body and/or
  - exposures arising from OTC derivative transactions undertaken with that body.
4. The limit laid down in the first sentence of B) 1. shall be raised to 35% if the securities or money market instruments are issued or guaranteed by a Member State, by its local authorities, by an OECD member country or by public international bodies to which one or more Member States belong.
5. The limit laid down in the first sentence of B. 1 is raised to 25% if the debt instruments are issued by a credit institution that has its registered office in a Member State and is subject to particular public supervision based on legal provisions for the protection of the investors in these debt instruments. In particular, the income from the issue of these debt instruments must be invested, in compliance with the legal provisions, in assets which throughout the term of the debt instruments provide adequate cover for the liabilities resulting from them, and which are primarily intended for the repayment of capital and interest that becomes due if the issuer defaults. If the Fund invests over 5% of its net assets in debt instruments within the meaning of B(5) above which are issued by a single issuer, then the total value of these investments cannot exceed 80% of the value of the net fund assets.
6. The securities and money market instruments specified in B. 4 and 5 shall not be taken into consideration when applying the investment limit of 40% that is referred to in B. 2. The limits stated in B.1–5 are not cumulative and therefore investments as per B.1–5 in securities or money market instruments from a single issuer or in deposits with said issuer or in derivatives of same must never exceed 35% of the net fund assets.

Companies belonging to the same company group for the purposes of drawing up the consolidated accounts as defined in Directive 83/349/EEC or according to recognised international principles of accounting shall be regarded as a single issuer in the calculation of the investment limits provided for in B.1–6. Investments of the Fund in securities and money market instruments of a single group of companies may in total comprise 20% of its net assets.

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

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

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

- to securities and money market instruments issued or guaranteed by a Member State or its local authorities;
- to the securities and money market instruments issued or guaranteed by an OECD Member State;
- to securities and money market instruments issued by an international organisation under public law to which one or more Member States belong;
- to shares held by the Fund in the capital of a company in a third country which invests its assets mainly in securities of issuers which are domiciled in said country, if based on the legal provisions of that country such a participation is the only possible way for the Fund to make investments in securities of issuers domiciled in that country. However, this exemption only applies on condition that in its investment policy the company in the third country state does not exceed the limits laid down in B.1–6 and 8–10(a) and (b). In the event that the limits specified in B.1–6 and B.8–9 are exceeded, B.12 shall be applied by analogy.

11. (a) While observing the investment limits stated in B.10 (a) and (b), the upper limits stated in B. 1–6 for investments in shares or bonds of a single issuer are permitted to be raised to a maximum of 20% if according to the documentation of the UCITS the objective of investment policy is to replicate a share or bond index which is recognised by the Luxembourg supervisory authority. The index must meet the following requirements:

- the composition of the index must be sufficiently diversified;
- the index must provide an adequate benchmark for the market to which it refers;
- the index must be published by appropriate means.

(b) The limit specified under B.11 (a) amounts to a maximum of 35% if this is justified on the basis of extraordinary market conditions, and in particular on regulated markets where certain securities and money market instruments are highly dominant. Investment up to this limit is only possible with a single issuer.

12. (a) The Fund is not required to adhere to the investment limits outlined here when exercising subscription rights that are linked to securities or money market instruments which form part of the net assets. Irrespective of the obligation to adhere to the principle of risk diversification, the Fund may deviate from B. 1–9 and 11 for a period of six months after it is officially listed and after another UCITS is absorbed.

(b) If the limits set out in B.12 (a) are exceeded by the Fund either inadvertently or due to the exercising of subscription rights, then the primary objective of the Fund in its subsequent sales is to achieve the normalisation of the situation in accordance with the investors' best interests.

13. (a) Neither the Management Company, the Fund nor the Depositary are permitted to take out loans on behalf of the Fund. However, the Fund may acquire foreign currency by means of a “back-to-back” loan.

(b) Notwithstanding (a), the Fund may take out loans of up to 10% of its net assets, provided that they are temporary loans.

14. The Management Company or the Depositary is not permitted to grant loans or to stand surety for third parties on behalf of the Fund, regardless of the application of Section A). This does not impede the purchase by the Fund of not yet fully paid up securities, money market instruments or not yet fully paid up financial instruments mentioned in A.3–5.

15. The Management Company or the Depositary is not permitted to undertake short sales of securities or money market instruments on behalf of the Fund.

16. Further investment restrictions can be found in the “Fund overview”.

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

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

### **Efficient portfolio management techniques**

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

### **Use of derivatives**

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

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

### **Collateral management for OTC derivatives transactions**

The Fund may contain collateral for transactions involving OTC derivatives in order to reduce counterparty risk.

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

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

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

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

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

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

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

The criteria for reasonable diversification with respect to the issuer concentration shall be considered to be met if the Fund receives a collateral basket for the efficient management of the portfolio or for transactions with OTC derivatives of which the maximum total value of the open

positions in relation to a specific issuer does not exceed 20% of the net asset value. If the Fund has various counterparties, the various collateral baskets should be aggregated in order to calculate the 20% limit for the total value of the open positions in relation to a single issuer.

The discounts applied to collateral are influenced either by:

- the credit rating of the counterparty;
- the liquidity of the collateral;
- the collateral's price volatility;
- the credit rating of the issuer; and/or
- the country or the market on which the collateral is traded.

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

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

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

**(a) Permitted collateral**

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

Securities must be in one of the following currencies: EUR, USD, CHF, JPY or GBP. The counterparty and issuer of the collateral may not belong to the same group.

**(b) Non-permitted collateral**

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

**(c) Quality requirements**

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

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

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

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

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

The issuers have to be legally independent from the counterparty.

**d) Quantity requirements**

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

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

AAA government bonds are not subject to the aforementioned limits.

(2) Haircut

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

The currently defined haircuts are as follows:

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

Remaining term	Haircut
0–2 years	1%
2–5 years	2%
5–10 years	3%
> 10 years	5%

- Corporate bonds 15%.

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

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

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

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

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

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

A risk management procedure is used to allow the Management Company to monitor and measure the risk which is associated with the investment positions of the Fund as well as their respective share in the overall risk profile of the net fund assets in accordance with CSSF Circular 11/512 (or a circular to replace it or add to it). With regard to derivatives, a procedure shall be applied here enabling a precise and independent valuation of the risk associated with derivatives.

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

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

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

The value of a unit is denominated in the currency that is specified in the annex to the Sales Prospectus entitled “Fund overview” (hereinafter, the “fund currency”). It is calculated by the Management Company under the supervision of the Depositary on each valuation day. The valuation days can be seen in the annex to the Sales Prospectus entitled “Fund overview”. The calculation is done by dividing the Fund's net assets by the number of units of the Fund circulating on the valuation day. To counteract the practices of late trading and market timing, the calculation is made after the end of the time limit for the acceptance of subscription and/or conversion applications, as defined in the annex to the Sales Prospectus entitled “Fund overview”. The net fund assets (hereinafter also referred to as the “net asset value”) are calculated based on the following principles:

- (a) Securities and money market instruments listed on a stock exchange shall be valued at the

latest available trading price at the time when the net asset value is calculated.

- (b) Securities and money market instruments not listed on an exchange but traded on another regulated market which operates regularly and is recognised and open to the public shall be valued at a price that cannot be less than the bid price or more than the offer price at the time of valuation and which the Management Company deems to be the best possible price at which the securities and/or money market instruments can be sold.
- (c) Securities and money market instruments which are neither listed on the stock market nor traded on another regulated market shall be valued at the market value at the time of calculating the net asset value fixed by the Management Company in good faith abiding by generally recognised valuation rules that are verifiable by auditors.
- (d) Units in UCITS and/or UCIs shall be valued at their net asset value last determined and available at the time of the calculation of the net asset value, applying a redemption fee if necessary.
- (e) The liquid funds shall be valued at their nominal value (plus interest) at the time of calculating the net asset value. Fixed-term deposits with an original maturity of more than 30 days may be valued at the relevant yield value.
- (f) All assets not denominated in the currency of the Fund shall be converted to the currency of the Fund at the latest mean rate of exchange available at the time of the valuation.
- (g) Derivatives (e.g. options) shall be, in principle, valued at their most recent market or brokerage prices available at the time of valuation. If a valuation day coincides with the settlement day for a position, the valuation of the corresponding position shall be made at its settlement price. Options on indices without an average calculation shall be valued using the Black & Scholes model, and options with an average calculation (Asian style options) shall be valued with the Levy approximation. The valuation of swaps including credit default swaps shall take place in a regular and reproducible form. It should be noted that swap contracts are entered into under normal market conditions exclusively in the interests of the Fund.
- (h) The pro rata interest applicable to securities and/or money market instruments shall be included, if not expressed in the market value.

If different unit classes are established for the Fund in accordance with Article 1(4) of the Management Regulations, the following special features apply to the calculation of unit value:

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

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

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

An income equalisation procedure is calculated on the Fund's income. This means that the income which has accrued during the financial year which the purchaser of units has to pay as part of the issue price, and which the seller of unit certificates will receive as part of the redemption price, is



continuously netted. The expenses incurred are taken into account correspondingly. When calculating the income equalisation, the method is used which corresponds to the applicable rules given in the German Investment Act or Investment Tax Act.

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

The Management Company is not obliged to redeem more than 10% of the units currently in circulation at this point on a valuation day. If the Company receives redemption requests on a valuation day for more than the stated number of units the Management Company is entitled to postpone the redemption of units exceeding more than 10% of the units in issue at this point until the fourth valuation day afterwards. These redemption requests should be given preferential treatment over applications received later. Redemption requests submitted on the same valuation day are treated equally.

If the redemption requests cannot be satisfied after the fourth subsequent valuation day, the Management Company reserves the right to postpone redemptions until the Fund has sufficient liquidity.

#### **Article 6 – Issue of units**

The units may be issued at the issue price on any valuation day in accordance with the annex (“Fund overview”) to the Sales Prospectus.

In principle, all units in the Fund have the same rights, unless the Management Company decides to issue different unit classes in accordance with this Article.

The Management Company may decide, from time to time, to establish two or more unit classes within the Fund. The unit classes may differ from one another on account of their characteristics and rights, the investors that may acquire and hold units, their transferability, their use of income, fee structures or other specific characteristics and rights. From the day they are issued, all units have the same entitlement to the income, price gains and liquidation proceeds of their particular unit class. If unit classes are established for the Fund, this shall be mentioned in the corresponding table entitled "Overview of the Fund", stating the specific characteristics or rights.

Orders to purchase registered units may be submitted to the Registrar and Transfer Agent, the Management Company and any applicable distributors.

Orders to purchase bearer units – generally securitised in the form of a global note – will be forwarded to the Registrar and Transfer Agent by the investor's securities account holder.

Orders received by noon (Luxembourg time) on a valuation day in accordance with the annex (“Fund overview”) to the Sales Prospectus shall be settled on the basis of the issue price on that valuation day. Purchase orders received after noon (Luxembourg time) shall be settled on the basis of the issue price on the next valuation day.

The issue price is the net asset value per unit in accordance with Article 5 of the Management Regulations for the corresponding valuation day, plus any applicable sales commission and/or front-end load pursuant to the annex “Fund overview”. The issue price is payable within the number of banking days following the valuation day as stipulated in the annex (“Fund overview”) to the Sales

Prospectus. The issue price is paid in the currency of the Fund or, where there are several unit classes, in the relevant unit class currency. If a country's laws prescribe lower levels of sales commission, the banks involved in that country may sell units at a lower sales commission, but this must not fall below the maximum permitted sales commission that applies there. If savings plans are offered, sales commission shall be charged only on payments actually made. The issue price increases to include payments or other charges incurred in various countries in which units are sold. If distributions pursuant to Article 12 of the Management Regulations are immediately reinvested in units, a reinvestment discount set by the Management Company may be granted.

The units are issued without delay by the Registrar and Transfer Agent on behalf of the Management Company following the receipt of the issue price by the Depositary. In this respect the Management Company may issue fractions of up to 0.001 of a unit. Investors are informed that units held by Clearstream or Euroclear are registered in the name of the respective Depositary (Clearstream or Euroclear). Please note that Clearstream offers the option of issuing fractions of units, whereas Euroclear does not.

There is no right to receive physical certificates.

The Management Company may at any time at its own discretion issue additional units of the Fund to investors via the Depositary free of charge for the purpose of splitting units. When this is done, the unit split for all units issued is made using the same ratio.

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

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

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

The Management Company must observe the laws and regulations of all countries in which units are offered for sale when issuing units.

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

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

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

#### **Article 8 – Redemption and exchange of units**

Investors are entitled to request the redemption of their units at any time. Redemption shall only take place on a valuation day pursuant to the annex ("Fund overview") to the Sales Prospectus in exchange for the units.

Orders to redeem or convert registered units may be addressed to the Management Company and any applicable distributors. The entity concerned will forward the orders to the Registrar and Transfer Agent.

Orders to redeem or convert bearer units – generally securitised in the form of a global note – will be forwarded to the Registrar and Transfer Agent by the investor's securities account holder.

Orders to sell that are received by noon (Luxembourg time) on a valuation day in accordance with the annex ("Fund overview") to the Sales Prospectus shall be settled on the basis of the redemption price on that valuation day. Orders to sell that are received after noon (Luxembourg time) shall be settled on the basis of the redemption price on the next valuation day.

The redemption price is the net asset value per unit calculated in accordance with Article 5 of the Management Regulations, where appropriate less a redemption fee in accordance with the annex entitled "Fund overview", which is charged in favour of the Fund. The redemption fee is applied uniformly to every redemption of units. Payment of the redemption price is made in accordance with the annex entitled "Fund overview" or Sales Prospectus within the number of banking days defined therein after the corresponding valuation day. The redemption price is paid in the currency of the Fund or, where there are several unit classes, in the relevant unit class currency. In the case of redeeming registered units, payment is made to the reference account specified by the investor.

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

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

Investors who have requested the redemption of their units shall be notified immediately if the calculation of net asset value pursuant to Article 9 of the Management Regulations is suspended and shall be notified immediately when calculation of the net asset value resumes.

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

If different unit classes are created for the Fund in accordance with Article 1(4) of the Management Regulations, the investor may convert a part of or all of his units, against payment of a conversion fee set in the Sales Prospectus and with the attribution of any issue tax applicable, into units of a different unit class, provided this is permitted in the Sales Prospectus for the relevant unit classes of the Fund. This conversion is made at the next calculated net asset values in accordance with Article 5 of the Management Regulations per unit of the Fund. Any residual amount resulting from the conversion of units shall be paid to the investor.

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

## **Article 9 – Suspension of the issue and redemption of units and the calculation of net asset value**

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

- (a) during the period in which the calculation of the unit value is suspended in the case of target funds in which a major proportion of the fund assets is invested, or during which a stock exchange or other regulated market is closed on which a substantial proportion of the Fund's securities is traded (apart from normal weekends or public holidays), or trading at such a stock exchange is halted or restricted and/or the calculation of the unit value of target funds is suspended;
- (b) in emergency situations in which the Management Company cannot access the assets or in which it is impossible to transfer the countervalue for investment purchases or sales freely, or in which the calculation of net asset value cannot be properly conducted.

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

## **Article 10 – Fund costs and expenses**

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

- a) the fee that is payable to the Management Company plus statutory Value Added Tax as applicable, which is to be calculated based on the daily calculated net asset value and is payable at the end of each quarter, in accordance with the annex to the Sales Prospectus entitled "Fund overview";
- b) the fee that is payable to the Depositary, plus statutory value added tax as applicable, which is to be calculated based on the daily calculated net asset value and is payable at the end of each month, as well as its handling charges and normal bank charges in accordance with the annex to the Sales Prospectus entitled "Fund overview";
- c) the fee that is payable to the Portfolio Manager, plus statutory value added tax as applicable, which is to be calculated based on the daily calculated net asset value and is payable at the end of each quarter, in accordance with the annex to the Sales Prospectus entitled "Fund overview";
- d) a normal market fee for the Registrar and Transfer Agent plus statutory VAT as applicable;
- e) a normal market fee for distributors and paying and information agents;
- f) taxes and duties levied on the assets of the Fund, its earnings and expenses, and charged to the Fund;
- g) taxes in connection with the management;
- h) costs and expenses in connection with managing and distributing the Fund;
- i) a normal market payment for the provision of services which generate additional income for the investment fund;
- j) costs incurred by the Management Company or the Depositary for legal advice when acting in the interests of the investors of the Fund;
- k) auditor fees;
- l) costs of performance analyses and other special reports;
- m) the Management Company may make use of the services of third parties for the

management of collateral for derivative transactions. The Management Company has the right to charge a fee in respect of the assets of the Fund [or one or more unit classes]. These fee shall not be covered by the management fee and shall consequently be additionally charged to the Fund assets by the Management Company;

- n) all other costs associated with implementing new regulatory requirements;
- o) costs of obtaining analytical material or services from third parties in relation to one or more financial instruments or other assets or in relation to the issuers or potential issuers of financial instruments, or which are closely linked with a particular sector or market, up to a level of 0.07 % p.a. of the average value of the net Fund assets within a financial year, as calculated on the basis of the values on each valuation day;
- p) Costs incurred for the exercising of voting rights.

As the Fund assets may be invested in target funds, its performance may be impacted by a double charging of expenses, especially since costs and expenses are charged to both the target fund and the Fund assets. When the Fund acquires units in a target fund which is managed directly or indirectly by the same management company or by a company affiliated to the Management Company via shared management or control or by a considerable direct or indirect participation, then the Management Company or other company may not charge any fees for subscription or repurchase of units in this target fund by the Fund itself.

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

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

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

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

The costs and handling charges associated with the purchase or sale of assets are included in the cost price and/or subtracted from the sales proceeds.

#### **Article 11 – Audit**

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

## **Article 12 – Use of income**

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

A distribution is made to the units which are in circulation on the distribution date. An income equalisation shall be created and operated.

The associated income equalisation is taken into account.

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

## **Article 13 – Amendments to the Management Regulations**

The Management Company may fully or partially amend these Management Regulations at any time subject to prior approval by the Depositary.

Changes to the Management Regulations shall be deposited with the Luxembourg Trade and Companies Register and a notice of this deposit published in the RESA. The changes shall enter into force on the date of signing unless determined otherwise. The Management Company may instigate further publications in line with Article 14(1) of the Management Regulations.

## **Article 14 – Publications**

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

By at the latest four months after the close of each financial year the Management Company shall prepare an audited annual report which provides information on the fund assets, its management and the result. By two months at the latest after the end of the first half of each financial year the Management Company shall prepare a semi-annual report which provides information on the fund assets and its management during the corresponding half year.

The Sales Prospectus together with the Management Regulations, the Key Investor Information Document (KIID), the latest annual report and, should this report be older than eight months, the latest semi-annual report of the Fund are available to investors free of charge at the registered office of the Management Company or at the Depositary and each Paying Agent.

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

another daily newspaper that has sufficient circulation.

## **Article 15 – Term of the Fund and unit classes, merger, liquidation or winding up and closure**

The Fund was established for an indefinite period.

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

Liquidation or winding up is mandatory in the following cases:

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

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

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

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

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

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

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

## **Article 16 – Limitation period and presentation period**

Claims by investors against the Management Company or Depositary may no longer be legally asserted once five years have expired since the claim arose; the provisions set out in Article 15 of the Management Regulations are exempt from this limitation.

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

## **Article 17 - Governing law, jurisdiction and contract language**

These Management Regulations are subject to the law of the Grand Duchy of Luxembourg. The same applies to the legal relationship between the investors and the Management Company. The Management Regulations are deposited with the district court of Luxembourg.

Any legal dispute between investors, the Management Company and the Depositary shall be subject to the jurisdiction of the competent court in the judicial district of Luxembourg in the Grand Duchy of Luxembourg. The Management Company and the Depositary shall be entitled to subject themselves and the Fund to the jurisdiction and law of any country in which units of the Fund are publicly sold in relation to claims made by the investors which are domiciled in that country, and insofar as those claims concern matters relating to the issuing of units and the redemption of them by those investors.

The German version of these Management Regulations is binding. In relation to Fund units that have been sold to investors in the countries concerned, the Management Company and the Depositary may declare translations of the Management Regulations into the languages of countries where such units are admitted for public sale to be binding on themselves and the Fund.

## **Article 18 – Entry into force**

These Management Regulations shall enter into force on 10 November 2021.



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

### **INFORMATION AGENT**

in the Federal Republic of Germany

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

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

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

This Sales Prospectus, including the Management Regulations, the Key Investor Information, and the annual and semi-annual reports may be obtained by investors free of charge (in German) from the Management Company, Depositary, Registrar and Transfer Agent, and the Information Agent in the Federal Republic of Germany.

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

Issue and redemption prices in the Federal Republic of Germany are published online at [www.universal-investment.com](http://www.universal-investment.com). Notices to investors are published in the Bundesanzeiger.

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

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

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

The revocation period shall not begin until the buyer has been given a copy of the application to conclude the contract, or has been sent a bought note advising it/him of the right of revocation. Should there be any dispute as to when the revocation period began, the seller bears the burden of proof.

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

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

The right of revocation cannot be waived.

#### Investor rights

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

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

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

You are free to submit the complaint in English or German. The handling of complaints is a free service for investors. The reply letter will be sent within one month of the receipt of the complaint.

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

Commission de Surveillance du Secteur Financier  
Department Juridique CC  
283, route d'Arlon  
L-2991 Luxembourg,

by fax (+35226251601), or by email ([reclamation@cssf.lu](mailto:reclamation@cssf.lu)).

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

In order to enforce investors' rights, legal action may also be taken before the ordinary courts. There is the option of bringing an individual action.

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

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



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

Investment fund under Luxembourg law

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

### General remarks

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

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

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

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

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

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

If units are held as operating assets, the investment income is considered taxable as operating income. In this case, the tax will not have the effect of a final payment; there is no offsetting of losses

through the domestic custodian. The tax legislation requires a sophisticated review of the income components in order to determine the income which is taxable and/or liable for capital gains tax.

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

#### **Distributions**

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

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

If an investor keeps the units in a domestic securities account, the institution maintaining the securities account (as the Paying Agent) will not deduct tax if, before the date set for distribution, it receives an exemption order for a sufficient amount issued in accordance with the official template or a non-assessment certificate that is issued by the tax authorities for a maximum period of three years. In this case, the investor will be credited for the full amount of the distribution.

#### **Advance lump sums**

The advance lump sum is the amount which the distributions of the Fund exceed the basic income for this calendar year by within a calendar year. The basic income is calculated by multiplying the redemption price of the unit at the beginning of a calendar year at 70% of the basic interest rate, which is derived from the potential long-term return from public bonds. The basic income is limited to the surplus arising between the first and last redemption price fixed in the calendar year plus the distributions within the calendar year. The advance lump sum is reduced by one twelfth for each full month that precedes the month of the acquisition in the year the units are acquired. The advance lump sum is deemed to have been accrued on the first working day of the following calendar year. Advance lump sums are generally taxable. However, advance lump sums may remain partially tax-exempt (partial exemption) if the Fund meets the German Investment Tax Act requirements for an equity fund or a mixed fund. These requirements must also arise from the investment conditions.

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

If an investor keeps the units in a domestic securities account, the institution maintaining the securities account (as the Paying Agent) will not deduct tax if, before the time of accrual, it receives an exemption order for a sufficient amount issued in accordance with the official template or a non-assessment certificate issued by the tax authorities for a maximum period of three years. No tax is levied in this case. Otherwise, the investor must provide the domestic institution maintaining the securities account with the amount of the tax to be paid. For this purpose, the institution maintaining the securities account may recover the amount of the tax to be paid from an account held by it and which is in the name of the investor without the investor's consent. Unless otherwise stipulated by the investor before the advance lump-sum amount accrues, the institution maintaining the securities account may withdraw the amount of the tax to be paid from one of the accounts in the name of the investor, unless an overdraft agreed with the investor for this account has been used. If the investor does not fulfil their obligation to provide the amount of tax to be paid to the domestic institution maintaining the securities account, this institution must notify the competent tax office to that effect. The investor must specify the advance lump sum in this case in its income tax return.

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

If units are sold to the Fund, the capital gains are in principle taxable and generally subject to a tax deduction of 25% (plus solidarity surcharge and church tax as applicable). When calculating the

capital gain, the profit must be reduced by the advance lump sums employed during the ownership period.

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

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

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

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

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

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

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

#### **Distributions**

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

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

#### **Advance lump sums**

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

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

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

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

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

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

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

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

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

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

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

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

Proof of the tax exemption and proof of the investment unit inventory issued by the institution maintaining the securities account must be enclosed with the application. The proof of the investment unit inventory is an official certificate showing the number/value of units held by the investor throughout the calendar year and the date and amount of purchases and sales of units during the calendar year.

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

The Fund or company is not obliged to reimburse the relevant capital gains tax to the investor. It would be wise to get advice from a tax advisor due to the significant complexity of the regulation.



### **Settlement taxation**

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

### **Solidarity surcharge**

If the relevant tax thresholds are exceeded, a solidarity surcharge of 5.5% may be imposed on the tax deduction that is to be paid on distributions, advance lump sums and profits from the sale of units. The solidarity surcharge can be offset against income tax and capital gains tax.

### **Church tax**

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

### **Foreign withholding tax**

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

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

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

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

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

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

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

Reportable investors who hold an account and/or securities account with a credit institution that is resident in a participating country are specifically affected as a result. Luxembourgish credit

institutions will therefore report information on investors who are resident in other participating countries to the local tax authorities (Administration des Contributions Directes), which will forward the information to the relevant tax authorities of the investors' countries of residence. Accordingly, credit institutions in other participating countries will report information on investors who are resident in Luxembourg to their respective home tax authority.

**Note:**

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

## **ANNEX – Supplementary information for investors in Switzerland**

### **Representative**

The representative in Switzerland is 1741 Fund Solutions AG, Burggraben 16, CH-9000 St. Gallen.

### **Paying Agent**

The Paying Agent in Switzerland is Tellco AG, Bahnhofstrasse 4, 6430 Schwyz, Switzerland.

### **How to obtain relevant documents**

Publications relating to the Fund are published in Switzerland on the electronic platform of fundinfo AG ([www.fundinfo.com](http://www.fundinfo.com)). It contains, in particular, important notices for unitholders, such as changes to the Sales Prospectus or Management Regulations and the liquidation of the Fund. The Sales Prospectus, including the Management Regulations, Key Investor Information Document (KIID) and annual and semi-annual reports, can be obtained free of charge from the representative in Switzerland (telephone: 0041 (058) 458 48 00).

The issue, redemption and conversion prices and/or net asset value with the note "exclusive of commission" are published daily on the electronic platform fundinfo AG ([www.fundinfo.com](http://www.fundinfo.com)).

### **EU taxation of interest**

The European Community and Swiss Confederation have concluded an Agreement on rules which are equivalent to those laid down in the Directive on the taxation of savings income (the "Agreement"). On the basis of the Agreement and the relevant instructions published by the Swiss tax authorities, the significant points with regard to investment funds established outside Switzerland, but which are distributed by Swiss paying agents, may be summarised as follows:

- Swiss paying agents must pay a tax retention (the "Retention") on the payments of interest to beneficiaries who are natural persons resident in a Member State of the European Union (the "Investor"). The Investor may specifically give consent to a notification in place of the retention of tax.

- The following rules on marginality are applied:

Earnings from investment funds which directly and/or indirectly invest not more than 15% of their assets in claims as defined in Article 7(1)(a) of the Agreement are not deemed to be payments of interest.

Distributions from investment funds which directly and/or indirectly invest more than 15%, but not more than 40%, of their assets in claims as defined in Article 7(1)(a) of the Agreement are subject to retention. The earnings realised on the sale, redemption or return of the units of this investment fund are not subject to retention.

Distributions from investment funds or earnings from the sale, redemption or return of units of investment funds, investing directly and/or indirectly more than 40% of the assets in claims as defined in Article 7(1)(a) of the Agreement and realising interest within the scope of the Agreement, are subject to retention.

If the Paying Agent of the investment fund does not receive the necessary information concerning the proportion of the interest payments in the earnings, the overall amount of the distribution shall be deemed to constitute an interest payment and the Paying Agent must retain the entire amount of the distribution (Article 7(3) of the Agreement). The same rules apply in the case of the sale, redemption and return of units.

Interest payments from claims against debtors domiciled in Switzerland are not subject to the Agreement (with several exceptions, e.g. Swiss investment funds for which withholding tax does not have to be applied).

For investors for whom the qualification of the investment fund under the Agreement is important - i.e. the question as to whether an investment fund is covered by the rules on marginality in accordance with letters a and b above (which should typically be the case with equity funds) - are required to contact the Paying Agent before making an investment.

### **Payment of trailer fees and discounts**

The Company/Fund and its representatives may pay trailer fees to compensate for the distribution of Fund units in Switzerland or from Switzerland. This compensation may in particular include the following services:

- transfer of Fund units;
- service by the relevant order agent (bank, platform or equivalent).

Trailer fees are not categorised as discounts even if they are ultimately passed on to the investor.

The recipients of the trailer fees ensure transparent disclosure and shall inform investors, forthwith and free of charge, of the amount of compensation which they could receive for the distribution.

On request, the recipients of the trailer fees shall disclose the amounts actually received in respect of the distribution of the Fund units from such investors.

The Company/Fund and their agents do not pay any discounts for distribution in or from Switzerland in order to reduce the fees and costs accruing to the investors and charged to the Fund.

### **Fee-sharing agreement**

There are no agreements concerning the sharing of fees.

### **Place of performance and jurisdiction**

The place of performance and jurisdiction for units distributed in and from Switzerland is the representative's registered office.

## **ANNEX – Supplementary information for investors in Austria**

### **Contact and information point in Austria**

Contact and information point in Austria in accordance with the provisions of EU Directive 2019/1160 Art. 92:

Erste Bank der oesterreichischen Sparkassen AG

Am Belvedere 1,

A-1100 Vienna

Email: [foreignfunds0540@erstebank.at](mailto:foreignfunds0540@erstebank.at)