

**PROSPECTUS**  
**(Including appendices and Management Regulations)**

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**FMM-Fonds**

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EU UCITS Management Company

**DJE Investment S.A.**

Deposit:

**DZ PRIVATBANK S.A. Frankfurt branch**

**Version 2 April 2024**

**This translation of the Sales Prospectus is a convenience translation. Only the German language version of the Sales Prospectus shall have legal effect. In case of discrepancies between the German and the English text, the German text shall prevail.**

## REMARKS RELATING TO THE SALES PROSPECTUS

The purchase and sale of units in the FMM-Fonds investment fund is based on the Sales Prospectus, the Key Information Document and the General Terms and Conditions of Investment in conjunction with the Special Terms and Conditions of Investment, as amended from time to time. The General Terms of Investment and the Special Terms of Investment are part in this Sales Prospectus.

The Sales Prospectus must be made available free of charge upon request to anyone interested in acquiring a unit in the FMM-Fonds and to any investor in the fund, together with the most recently published annual report and any semi-annual report published after the annual report. In addition, the Key Information Document must be made available free of charge to anyone interested in acquiring a share in the FMM-Fonds in good time before the contract is concluded.

No information or statements deviating from the sales prospectus may be provided. Any purchase of units on the basis of information or statements not contained in the sales prospectus or in the Key Information Document is made exclusively at the risk of the purchaser.

The sales prospectus is supplemented by the latest annual report and the semi-annual report published after the annual report, if applicable.

### Investment restrictions for US Persons

DJE Investment S.A. and/or the **FMM-Fonds** are not and will not be registered in accordance with the United States Investment Company Act of 1940 in its latest applicable version. Units in the fund are not and will not be registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States of America. Units in the **FMM-Fonds** may not be offered or sold in the United States or to US Persons or for the account of US Persons. Potential purchasers of units may be required to state that they are not US Persons, are not acquiring units on behalf of US Persons and will not sell units on to US Persons.

For purposes of this limitation, the term "U.S. person" shall bear the following meaning:

- (1) A natural person who is considered a resident of the United States under a U.S. law or regulation;
- (2) a legal entity that is.

- i. a corporation, partnership, limited liability company, or other entity,
    - a) that is incorporated or organized under United States federal or state law, including agencies and branches of that entity located outside the United States; or
    - b) that, regardless of where it is formed or organized, is formed primarily for the purpose of passive investments (such as an investment company or mutual fund or similar legal entity other than employee benefit and retirement programs for employees, officers, and directors of a foreign corporation with its principal place of business outside the United States)
      - and which is owned, directly or indirectly, by one or more USP(s), which USP(s) (unless defined as "Qualified Eligible Person(s)" under CFTC Regulation 4.7(a)) directly or indirectly hold an aggregate material ownership interest of at least 10%, or
      - in which a USP serves as general partner, managing director, principal executive officer, or in any other capacity that confers on it the power to direct the activities of that entity, or
      - which is formed by or for a USP primarily for the purpose of investing in securities not registered with the SEC [U.S. Federal Securities and Exchange Commission], or
      - that has more than 50% of its voting or non-voting shares owned, directly or indirectly, by USPs; or
    - c) that is a U.S. resident agency or branch of a foreign corporation; or
    - d) that has its principal place of business in the United States; or
  - ii. is a trust created or organized under U.S. federal or state law, or, regardless of the place of creation or organization, is,
    - a) in which one or more USP(s) is vested with the power to control all substantial decisions of the trust; or
    - b) the administration of the trust or its constituent documents are subject to supervision by one or more U.S. court(s); or
    - c) the functions of the settlor, founder, trustee, or other person responsible for decisions with respect to the trust are performed by a USP; or
  - iii. is the estate of a deceased person, regardless of such person's residence during his or her lifetime, in which a USP performs the function of executor or administrator of the estate;
- (3) an employee benefit program established and administered in accordance with U.S. law;

- (4) a discretionary or non-discretionary investment account or similar account (other than an estate or trust) held by a foreign dealer or by a U.S. dealer or other investment manager for the benefit or account of a USP (as defined above).

For purposes of this definition, the terms "United States" and "U.S." mean the United States of America (including the individual States and the District of Columbia), its overseas territories and possessions, and other areas subject to its jurisdiction.

### **Important legal effects of the contractual relationship**

By purchasing units, the investor becomes the fractional co-owner of the assets held by the **FMM-Fonds**. The investor has no power of disposal over the assets. The units carry no voting rights.

### **Enforcement of rights**

German law governs the legal relationship between DJE Investment S.A. and the investor as well as the pre-contractual relationships. Investors who are consumers (see the following definition) and who reside in another EU country may bring an action before a competent court in their place of residence.

DJE Investment S.A. has undertaken to participate in dispute resolution proceedings before a consumer arbitration board.

In the event of disputes, consumers may call upon the "Ombudsstelle für Investmentfonds" of the BVI Bundesverband Investment und Asset Management e.V. as the competent consumer arbitration board. DJE Investment S.A. participates in dispute resolution proceedings before this arbitration board.

The contact details of the Investment funds Ombudsman:

Büro der Ombudsstelle des BVI  
Bundesverband Investment und Asset Management e. V.  
Unter den Linden 42  
10117 Berlin/Germany  
Phone.: + 49 (0) 30 6 44 90 46 - 0  
Fax: + 49 (0) 30 6 44 90 46 - 29  
Email: [info@ombudsstelle-investmentfonds.de](mailto:info@ombudsstelle-investmentfonds.de)  
[www.ombudsstelle-investmentfonds.de](http://www.ombudsstelle-investmentfonds.de)

Consumers are natural persons who invest in the fund for a purpose that can predominantly be attributed neither to their commercial nor to their independent professional activity, i.e. who act for private purposes.

In the event of disputes in connection with sales contracts or service contracts concluded electronically, consumers may also turn to the EU's online dispute resolution platform ([www.ec.europa.eu/consumers/odr](http://www.ec.europa.eu/consumers/odr)). The following e-mail can be used as contact address of the Management Company: [info@dje.lu](mailto:info@dje.lu). The platform is not itself a dispute resolution body, but merely puts the parties in contact with a competent national dispute resolution body.

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

### **Right to cancel a purchase made outside of permanent business premises**

If units in open-ended investment funds are purchased based on oral negotiations that take place outside the permanent premises of the seller or intermediary, the buyer has the right to cancel his undertaking to purchase within a period of two weeks without giving reasons; this cancellation must be given in text form. Buyers must be informed about their right of cancellation in the notice of sale or copy thereof. A right of cancellation also exists where the seller of the units or intermediary has no permanent business premises. No right of cancellation exists where the seller can prove that the buyer is either not a private individual entering into a legal transaction that cannot be attributed to his occupation (i. e. not a consumer) or that the negotiation took place at the buyer's initiative, i. e. the seller contacted the buyer for the negotiations on the basis of a prior solicitation by the buyer. No right of cancellation exists in respect of distance selling contracts, i. e. contracts that are made exclusively by remote communications (e.g. letters, telephone calls, e-mail).

## **SALES RESTRICTION**

The issued units of the **FMM Fonds** may only be offered for sale in countries in which such an offer or sale is permitted. Unless DJE Investment S.A. or a third party appointed by DJE Investment S.A. has obtained permission for distribution from the local regulatory authorities, this Prospectus does not constitute an offer for sale of investment units; the Prospectus may not then be used for the purpose of such an offer.

## **Administration and Management**

EU UCITS Management Company

**DJE Investment S.A.**

22 A Schaffmill

6778 Grevenmacher, Luxembourg

E-Mail: [info@dje.lu](mailto:info@dje.lu)

Internet: [www.dje.lu](http://www.dje.lu)

share capital as off 31 December 2022: 23,760,808,87 Euro

L-6778 Grevenmacher, Luxembourg

### **Board of Directors of the Management Company (supervisory board)**

#### **Chairman of the Board of Directors**

Dr. Jens Ehrhardt

Chairman of the Board DJE Kapital AG,  
Pullach/Germany

#### **Vice-Chairman of the Board of Directors**

Dr. Ulrich Kaffarnik

Vice-Chairman of the Board DJE Kapital AG,  
Pullach/Germany

#### **Members of the Board of Directors**

Peter Schmitz

Chairman DJE Kapital AG,  
Pullach/Germany

Thorsten Schrieber

Chairman DJE Kapital AG,  
Pullach/Germany

Bernhard Singer

Luxembourg

## **Managing Directors of the Management Company**

Mirko Bono  
Manuela Kugel  
Lukas Baginski

Depository  
**DZ PRIVATBANK S.A.**  
**Frankfurt branch**  
Platz der Republik 6  
D-60325 Frankfurt am Main

**Fund Manager**  
**DJE Kapital AG**  
Pullacher Straße 24  
82049 Pullach/Germany

**Distributor**  
**DJE Kapital AG**  
Pullacher Straße 24  
82049 Pullach/Germany

**Central Administration Agent**  
**DZ PRIVATBANK S.A.**  
4, rue Thomas Edison  
L-1445 Strassen, Luxembourg

## **Auditor of the Management Company**

**Deloitte Audit S.à r.l.**  
*Réviseurs d'Entreprises Agréé*  
20, Boulevard de Kockelscheuer  
L-1821 Luxemburg

## **Auditor of the fund**

**Deolitte GmbH Wirtschaftsprüfungsgesellschaft**  
Rosenheimer Platz 4 81669 München

## **further information**

Security code number / ISIN  
unit class P (EUR) 847811 / DE0008478116  
unit class I (EUR) A3ENF8 / DE000A3ENF88  
unit class XP (EUR) A3ENGF / DE000A3ENGF3

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## Basic information

### The investment fund

FMM-Fonds (the “fund”) is an undertaking for collective investment that pools capital from a number of investors in order to invest it for the benefit of those investors in accordance with a defined investment strategy (an “investment fund”). The fund is an investment fund that conforms to Directive 2009/65/ EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (a “UCITS”) and as referred to in the German Investment Code (Kapitalanlagegesetzbuch, the “Investment Code”). It is managed on a cross-border basis by DJE Investment S.A. (hereinafter referred to as the “Company”). The FMM- Fonds was launched on 17 August 1987 for an indefinite period. The fund has three share classes.

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

## **Sales documentation and disclosure of information**

The Prospectus, the “Key Information Document” document and the annual and semi-annual reports of the fund may be obtained free of charge from the registered office of the Management Company and the Distributor on a permanent data carrier. The documents may also be obtained from the website [www.dje.lu](http://www.dje.lu). On request the mentioned documents will also be provided in paper form.

Additional information on the investment limits applied in relation to the fund’s risk management, the risk management methods and the latest developments in relation to the risk and rewards of the main categories of assets is available from the Company in written form.

The Company also sends certain investors further information about the composition of the fund portfolio or its performance. This additional information serves to ensure compliance with the regulatory obligations of insurance companies and includes reporting under the German Insurance Supervision Act (Versicherungsaufsichtsgesetz, VAG). The Company will provide this information at the same time to any investor in the fund upon request. This will be subject to the signing of a non-disclosure agreement.

Publications relating to transparency in strategies for incorporating sustainability risks into investment decision-making processes and transparency of adverse sustainability impacts at the level of the management company are available free of charge on the management company's website [www.dje.lu](http://www.dje.lu).

The publication of the information according to with Art. 10 of the aforementioned Regulation is also published on the Management Company's website [www.dje.lu](http://www.dje.lu), which can be accessed under the fund. This publication shall include, inter alia, a description of the environmental or social characteristics or the sustainable investment objective and information on the methods used to assess, measure and monitor the environmental or social characteristics or the impact of the sustainable investments selected for the fund, including information on the data sources, the criteria for the valuation of the underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics or the overall sustainability impact.

## **Terms of Investment and changes thereto**

A copy of the Terms of Investment is included in this document after the Prospectus itself. The Company may amend the Terms of Investment. Changes to the Terms of Investment require approval from BaFin. Changes to the fund's investment principles also require the consent of the supervisory board of the Company. Changes to the fund's investment principles are only permitted on condition that the Company offers the investors the opportunity either to redeem their units at no additional costs before the change takes effect or to exchange their units free of charge for units in investment funds with similar investment principles, insofar as such funds are managed by the Company or another company in the Group.

Planned changes are announced in the *Bundesanzeiger* (German Federal Gazette) and on the Company's website, [www.dje.lu](http://www.dje.lu). If the changes concern fees and costs that may be taken from the fund, or if they concern the investment principles of the fund or significant investor rights, the investors will also be informed, via their custody account provider, through a medium on which information can be stored, accessed and reproduced unchanged for a period of time adequate for the purposes of the information, such as on paper or electronically (a "durable medium"). Such information will include the main content of the planned changes, the background thereto, the rights of investors in connection with the changes and an indication of where and how further information can be obtained.

The amendments shall enter into force no earlier than the day after they are announced. Amendments to the rules governing remuneration and reimbursement of expenses that are unfavorable to investors shall enter into force no earlier than four weeks after they are announced, unless an earlier date has been specified with the approval of BaFin. Amendments to the Terms and Conditions of Investment that are incompatible with the fund's previous investment principles shall also enter into force no earlier than four weeks after they are announced.

## **Management Company**

Name, legal form and registered office

The company is a EU-UCITS management company was established for an indefinite period on 19 December 2002 in accordance with the KAGB as a public limited company under the law of the Grand Duchy of Luxembourg (société anonyme) with registered office at 22A Schaffmill, 6778 Grevenmacher, Luxembourg and head office 22A, Schaffmill, 6778 Grevenmacher, Luxembourg.

The object of the Company is the management of undertakings for collective investment. These include undertakings for collective investment in securities ("UCITS") pursuant to the Law of 17 December 2010 on undertakings for collective investment, as amended ("Law of 2010"), and alternative investment funds ("AIFs") pursuant to the Law of 12 July 2013 on alternative investment fund Managers ("Law of 2013"), as well as other undertakings for collective investment ("UCIs") that are not subject to the aforementioned laws and for which the Management Company is subject to supervision, but whose units may not be distributed in other member-states of the European Union under the aforementioned laws. The Company may conduct its activities both domestically and abroad, and may engage in all other business dealings that are beneficial to the achievement of its objectives and permitted under the provisions of chapter 15 of the Law of 2010 and the Law of 2013. The Company may not engage in activities other than those pursuant to article 101 (2) of the Law of 2010 and article 5 (2) of the Law of 2013.

The management company complies with the requirements of the amended Council Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities. Furthermore, the Company is authorized to manage domestic UCITS by way of cross-border service pursuant to sections 51 and 52 of the KAGB.

The Company may engage an investment advisor/fund manager in connection with the management of the fund's assets under its own responsibility and control. The investment advisor/fund manager shall be remunerated for the service rendered out of the management fee of the Company.

The Management Company is solely responsible for investment decisions, order input and broker selection unless a fund Manager has been appointed to manage the fund in question.



The Management Company is entitled to outsource or transfer its activities to third parties in compliance with statutory requirements and in compliance with its own responsibility and control. The Management Company is responsible for the outsourcing provider's actions to the same extent as its own actions.

Delegation of tasks must not reduce the effectiveness of supervision by the Management Company in any way. In particular, delegation of tasks must not prevent the Management Company from acting in the interests of the investors.

### **Management and Supervisory Board**

Please refer to the beginning of the prospectus for more details on the Board of Directors and its composition.

The Board of Directors of the Management Company has appointed Mr. Mirko Bono, Mrs. Manuela Kugel and Lukas Baginski as Managing Directors and entrusted them with the overall management of the Company.

### **Equity Capital and additional own funds**

The share capital of the Management Company amounted to EUR **23,760,808.87 Euro** as at 31 December 2022.

The Company has covered the professional liability risks that arise from the management of alternative investment funds (AIFs), i. e. investment funds that do not conform to the UCITS Directive, and are attributable to the professional negligence of its boards or employees as follows: own funds of at least 0.01 % of the portfolio value of all AIFs under management, this amount being subject to annual review and adjustment. This amount of own funds is covered by the amount of paid-up capital disclosed.

## **Custodian**

### **Identity of the custodian**

The DZ PRIVATBANK S. A., Frankfurt am Main branch, Platz der Republik 6, 60325 Frankfurt am Main registered in the Commercial Register of the Frankfurt am Main Local Court under HRB 93030 has assumed the role of Custodian. The custodian is a branch office of the DZ PRIVATBANK S. A., a credit institution in the form of a public limited und Luxembourg law, rue Thomas Edison, 1445 Strassen, Grand Duchy of Luxembourg.

The main activities of the branch are banking and financial services business notified to BaFin in accordance with Annex I of the Banking Directive (2006/48/EC), in particular deposit and securities business and the exercise of the custodian function for investment assets under German law.

### **Duties of the Custodian**

The Investment Code requires the management and custodianship of funds to be kept separate. The Custodian holds the assets in blocked custody accounts or blocked bank accounts. Where the Custodian is unable to hold an asset, it checks whether the Management Company has acquired ownership of that asset. It monitors whether legal dispositions over the assets by the Company conform to the requirements of the Investment Code and to the Terms of Investment. The placing and withdrawal of bank deposits at other credit institutions requires the Custodian's consent. The Custodian must grant such consent if the placing or withdrawal conforms to the Terms of Investment and the provisions of the Investment Code.

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

- technical processing of the issue and redemption of the fund's units,
- ensuring that the issue and redemption of units and the valuation of units comply with the provisions of the KAGB and the fund's investment terms and conditions,
- to ensure that, in the case of transactions carried out for the joint account of the investors, the counter value is received into their custody within the usual time limits,
- to ensure that the fund's income is used in accordance with the provisions of the KAGB and the fund's investment conditions,

- monitoring borrowings by the Company for the account of the fund and, if necessary, approving such borrowings,
- ensuring that collateral for securities loans is legally valid and available at all times.

As its parent company, DZ PRIVATBANK S.A. supports the depositary in the performance of its general duties, e.g. in the technical processing of the issue and redemption of fund units.

### **Sub-custody**

The custodian has the option to outsource custody tasks within the meaning of section 72 KAGB to third parties ("sub-custodians") in accordance with section 73 KAGB.

The depositary has transferred the following custody tasks to another company (sub-custodian):

- The safekeeping of the assets held for the account of the fund.

With the exception of the custody tasks pursuant to section 72 KAGB, the depositary may not outsource its specified tasks.

The following list represents sub-custodians that may be used directly by the depositary:

AO Unicredit Bank  
 AS SEB Pank, Tallinn  
 Attrax Financial Services S.A.  
 Banco BNP Paribas Brasil S.A.  
 Banco Comercial Portugues Lissabon  
 Banco Nacional de Mexico  
 Bank Hapoalim B.M.  
 BNP Paribas, Australia Branch  
 BNP Paribas S.A. Athens Branch  
 BNP Paribas Succursale Italia  
 Brown Brothers Harriman & Co  
 Ceskoslovenska Obchodni Banka AS  
 Citi Handlowy (Bank Handlowy w Warszawie S.A.)  
 Citibank Canada  
 Citibank Europe PLC Luxembourg Branch  
 Citibank NA London Branch  
 Clearstream Banking S.A. Luxembourg  
 Credit Suisse (Schweiz) AG  
 Deutsche Bank SAE

Deutsche Wertpapier Service Bank AG  
DZ BANK AG Deutsche Zentral -Genossenschaftsbank  
Euroclear Bank SA/NV  
Euroclear SA/NV w/Irland  
Hongkong & Shanghai Banking Corp Manila Branch  
Hongkong & Shanghai Banking Corp Singapore Branch  
Hongkong & Shanghai Banking Corporation Limited  
Hongkong & Shanghai Banking Corporation Ltd., Seoul Branch  
HSBC Bank Malaysia Berhad  
MUFG Bank Ltd  
PT BANK HSBC Indonesia  
Raiffeisen Bank International AG  
Six Sis AG  
Standard Chartered Bank (HK) Ltd  
Standard Chartered Bank Johannesburg Branch  
Standard Chartered Bank Mumbai Branch  
Standard Chartered Bank (Singapore) Limited  
Standard Chartered Bank (Taiwan) Limited  
Standard Chartered Bank (Thai) PCL  
Türk Ekonomi Bankasi A.S.

An up-to-date overview of the sub-custodians is available on the Company's website [www.dje.lu](http://www.dje.lu) or can be requested from the Company free of charge. In general, not all sub-custodians listed in this overview are used for the fund.

### **Conflicts of interest**

In performing its duties, the custodian acts honestly, fairly, professionally and independently of the Company and solely in the interests of the investors.

The function of custodian or sub-custodians entrusted with custodial functions may also be performed by an affiliate of the Company. The Company and the custodian, if there is an affiliation between them, have appropriate structures in place to avoid potential conflicts of interest arising from the affiliation. If conflicts of interest cannot be prevented, the Company and the custodian will identify, manage, monitor and disclose them, if any. The Company knows that conflicts of interest may arise due to various activities that the Company carries out with respect to the management of the fund itself. The Company has sufficient and appropriate structures and control mechanisms in place in accordance with the Law of December 17, 2010 and the applicable administrative regulations of the CSSF, and in particular it acts in the best interest of the fund. The conflicts of interest that may arise from the delegation of tasks are described in the principles on the management of conflicts of interest.

The Company has published these on its website [www.dje.lu](http://www.dje.lu). Insofar as the interests of investors are affected by the occurrence of a conflict of interest, the Company will disclose the nature or sources of the existing conflict of interest on its homepage.

The following conflicts of interest could arise from the assumption of the function as custodian by DZ PRIVATBANK S.A. Frankfurt am Main Branch:

The custodian is a branch of DZ PRIVATBANK S.A. DZ PRIVATBANK S.A. supports the custodian in the performance of its general tasks, e.g. within the scope of the technical processing of the redemption of fund units.

The custodian may not perform any tasks in relation to the UCITS or for the company which could create conflicts of interest between the investors of the UCITS, the company and itself. This shall not apply if a functional and hierarchical segregation of duties has been implemented and the potential conflicts of interest are properly identified, managed, monitored, and, moreover, disclosed to the investors of the UCITS. In order to avoid conflicts of interest between the custodian, the company or the investors, the company may not perform the tasks of a custodian. The custodian may not reuse the assets belonging to the UCITS.

The following conflicts of interest could arise from this delegation of custodial tasks to sub-custodians or from the outsourcing of activities:

DZ BANK AG Frankfurt/Main is an affiliated company of the custodian. DZ BANK AG Frankfurt/Main holds a material interest in DZ PRIVATBANK S.A. and provides members of the Supervisory Board.

The information set out in this section has been provided to the Company by the custodian. The Company has checked this information for plausibility. However, it relies on the custodian to supply the information and is unable to verify its accuracy and completeness in detail.

## **Liability of the Custodian**

The Custodian is in principle responsible for all assets held in its custody or held with its consent in the custody of another body. In the event of the loss of such an asset, the Custodian is liable to the fund and its investors, unless the loss is attributable to events outside the Custodian's control. The Custodian will generally not be liable for damage that does not involve the loss of an asset unless it has failed to comply with its duties under the Investment Code, with negligence as the minimum criterion.

## **Additional information**

On request, the Company will send investors up-to-date information about the Custodian and its duties, on the sub-custodians and on potential conflicts of interest in connection with the activities of the Custodian or sub-custodians.

## **The Central Administration Agent**

The central administration agent of the fund is **DZ PRIVATBANK S.A.** with registered office at 4, rue Thomas Edison, 1445 Strassen, Luxembourg (société anonyme). The Central Administration Agent is a public limited company under the law of the Grand Duchy of Luxembourg and is entrusted with accounting duties, calculating the net asset value and preparing the annual financial statements in particular. In addition, the Central Administration Office performs administrative tasks for the fund.

The Central Administration Agent has, under its own responsibility and control, entrusted various administrative tasks, e.g. the calculation of the net asset values, to Union Service-Gesellschaft mbH, Weißfrauenstraße 7, 60311 Frankfurt am Main/Germany.

The following conflicts of interest could arise from DZ PRIVATBANK S.A. assuming the function of central administration agent:

The custodian is a branch of DZ PRIVATBANK S.A.

Currently, there are no known conflicts of interest arising from the group affiliation of the central administration agent and the custodian.

## **FUND MANAGER**

The Management Company has appointed **DJE Kapital AG**, a public limited company subject to German law with registered office at Pullacher Straße 24, 82049 Pullach/Germany as fund Manager and entrusted it with the management of the investments.

DJE Kapital AG is a company linked to the management company.

The fund Manager is authorised to conduct asset management and is subject to appropriate supervision.

In particular, the role of fund Manager includes the independent day-to-day implementation of the investment policy of the respective fund and the management of the day-to-day business of asset management, as well as other associated services under the supervision, responsibility and control of the Management Company. These tasks are fulfilled in compliance with the principles of the investment policy and the investment restrictions of the respective fund, as described in the Prospectus, as well as the statutory investment restrictions.

The fund Manager is authorised to select brokers and dealers to handle transactions in the fund's assets. The fund Manager is responsible for issuing investment decisions and order instructions.

The fund Manager has the right to seek advice, at its own expense and under its own responsibility, from third parties, in particular from various investment advisors.

Subject to the approval of the Management Company, the fund Manager is permitted to delegate its main duties in full or in part to third parties; the fees of these third parties are fully paid by the fund Manager. In such case the Prospectus will be updated accordingly.

The fund Manager bears all costs and expenses it incurs in connection with the services it provides. Commissions for brokers, transaction charges and other costs arising in connection with the purchase and sale of assets are borne by the fund.

## **DISTRIBUTOR**

The DJE Kapital AG, a joint-stock company under German law with registered office in Pullach/Germany, Pullacherer Straße 24 acts as the distributor of the fund. The distributor is authorised to accept subscription, redemption and conversion orders for the respective fund and will transmit them to the Register and Transfer Agent.

The Distributor will only distribute the shares of the funds in those countries in which the shares of the funds are authorised for distribution

## **INITIATOR**

The DJE Kapital AG, a joint-stock company under German law with registered office in Pullach/Germany, Pullacherer Straße 24 is the initiator of the fund.

## **Risk information**

Before deciding whether to purchase units in the fund, investors should read carefully the following risk information along with the other information in this Prospectus and take it into consideration in their investment decision. The occurrence of one or more of these risks may, either directly or in combination with other circumstances, have an adverse impact on the performance of the fund and/or its assets and thus on the unit value.

If investors sell units in the fund when the market prices of the assets held by the fund are lower than they were when the units were purchased, they will not recoup the full amount of capital they originally invested. Investors may lose some or all of the capital they have invested in the fund. Capital growth cannot be guaranteed. The investor's risk is limited to the amount invested. Investors are under no obligation to invest additional capital over and above the amount they originally invested.

As well as the risks and uncertainties described below or elsewhere in the Prospectus, the fund's performance may be adversely affected by further risks and uncertainties that are currently unknown. The order in which risks are listed below does not express any statement as to the likelihood of their occurrence or as to their extent or significance if they do occur. The section below sets out the risks that are typically associated with investing in an investment fund. These risks may have an adverse impact on unit values, on the capital invested by the investor and on the time for which the investor plans to remain invested in the fund.



## **Risks of a fund investment**

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

### *Fluctuation in unit price*

The price of fund units is calculated by dividing the price of the fund by the number of units in circulation. The price of the fund is the sum of the market values of all assets held in the fund, less the sum of the market values of all liabilities of the fund. The price of a fund unit therefore depends on the price of assets held in the fund and the amount of the liabilities of the fund. If the price of those assets falls, or the price of the liabilities rises, the price of a fund unit will fall.

### *Tax effects on personal outcomes*

The tax treatment of gains and income from investments depends on the investor's personal circumstances and may be subject to change in the future. Investors should consult their personal tax advisors on any specific queries, particularly as regards their personal tax situation.

### *Changes in the investment policy or Terms of Investment*

The Company may change the Terms of Investment, subject to approval by BaFin. Such changes may affect the rights of investors. By amending the Terms of Investment, for example, the Company may alter the investment policy of the fund or increase the fees charged to the fund. The Company may also change the investment policy within the scope of the legally and contractually permitted spectrum of investment without changing the Terms of Investment or obtaining approval from BaFin. The risk associated with the fund may change as a result.

### *Suspension of redemptions*

The Company may temporarily suspend the redemption of units in exceptional circumstances where it appears necessary to do so, having regard to the interests of the investors. Exceptional circumstances in this sense may include political or economic crises or an exceptional volume of redemption requests, or the closure of exchanges or markets, trading restrictions or other factors that adversely affect the determination of unit values. In addition, BaFin may instruct the Company to suspend the redemption of units if this is deemed necessary in the interests of investors or the general public. Investors will not be permitted to redeem their units during this period. Unit values may fall while the redemption of units is suspended, for instance if the Company is compelled to sell assets at below their market value during the suspension period. Once redemptions have resumed, unit values may be lower than they were before the suspension.

### *Winding-up of the fund*

The Company has the right to cease management of the fund. After ceasing management of the fund, the Company may wind up the fund. The right of disposition over the fund shall pass to the Custodian after a notice period of 6 months. This means that there is a risk that investors will be unable to hold units for the period they had planned. Upon transfer of the fund to the Custodian, the fund may become liable for taxes other than German income tax. The investor may be liable to income taxes when the units are removed from the investor's custody account at the end of the liquidation process.

### *Full transfer of fund assets to another open-ended retail investment fund (merger)*

The Company may transfer all of the fund's assets to another UCITS. If this occurs, investors may (i) redeem their units, (ii) keep them and become investors in the UCITS taking over the fund, or (iii) exchange them for units in an open-ended investment fund with similar investment principles, provided that the Company or one of its affiliates manages such an investment fund with similar investment principles. The same shall apply if the Company transfers all of the assets of another open-ended retail investment fund into

the fund. In such an event, investors will therefore have to take a new investment decision before they planned to. Redemption of the units may trigger a liability to income tax. If the units are exchanged for units in another investment fund with similar investment principles, the investor may be liable for tax, for instance if the value of the units received is higher than the value of the old units at the time of the original purchase.

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

The Company may transfer the fund to another investment management company. This will have no effect on the fund or on the position of the investors. However, in the course of the transfer, investors will have to decide whether they believe the new investment management firm is as suitable as the former one. If they do not wish to remain invested in the fund under new management, they will have to redeem their units. A liability for income tax may arise.

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

It cannot be guaranteed that investors will achieve their desired investment objectives. The unit value of the fund may fall, causing the investor to incur losses. Neither the Company nor any third party offers any guarantee as to a minimum redemption amount or the level of performance that the fund will achieve. Investors may therefore receive less back than the original amount invested. Any subscription fee levied on purchases of units or any exit charge levied on the sale of units may also reduce or entirely consume the positive returns from an investment, especially for short holding periods.

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

The risks associated with the fund's investment in individual assets are described below. These risks may affect the performance of the fund or the assets held in the fund and thus have a negative impact on the unit value and on the capital invested by the investor.

### *Risks of changes in value*

The assets in which the Company invests for the account of the fund are subject to risks. For example, losses in value may occur if the market value of the assets falls compared with the cost price or if spot and forward prices develop differently.

### *Capital market risk*

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

### *Share price risk*

Experience has shown that shares are subject to strong price fluctuations and thus also to the risk of price declines. These price fluctuations are influenced in particular by the development of the issuing company's profits as well as by developments in the industry and in the overall economy. The confidence of market participants in the respective company can also influence the development of the share price. This applies in particular to companies whose shares have only been listed on the stock exchange or another organized market for a short period of time; in the case of such companies, even minor changes in forecasts can lead to sharp price movements. If the proportion of freely tradable shares held by many shareholders (so-called free float) is low for a share, even small buy and sell orders can have a strong impact on the market price and thus lead to higher price fluctuations.

### *Interest rate risk*

Investments in fixed-income securities are associated with the possibility that the market interest rate that prevailed at the time a security was issued may

change. If market interest rates rise compared with the interest rate at the time of issue, then the prices of fixed-income securities tend to go down.

Conversely, if the market interest rate drops, the price of fixed-income securities goes up. Such price movements mean that the current yield on a fixed-income security more or less corresponds to the current market interest rate. These fluctuations can vary considerably, however, depending on the (residual) maturity of the fixed-income securities. Fixed-income securities with shorter maturities present less price risk than those with longer maturities. Fixed-income securities with shorter maturities tend to have lower yields than those with longer maturities. Money market instruments tend to have lower price risks, due to their short maturity periods of not more than 397 days. In addition, interest rate movements for different interest-bearing financial instruments denominated in the same currency with comparable residual terms may not be the same.

#### *Risk of negative interest on credit balances*

The Company invests the fund's liquid assets with the Custodian or other banks for the account of the fund. In some cases, an interest rate is agreed for these bank balances which is equal to the European Interbank Offered Rate (Euribor) less a certain margin. If Euribor falls to less than the agreed margin, the interest rate on the account in question will be negative. Depending on the interest rate policy of the European Central Bank, short-term, medium-term and even long-term bank deposits may produce negative interest.

#### *Price risk for convertible and warrant-linked bonds*

Convertible and warrant-linked bonds grant holders the right to convert bonds into shares or to buy shares. Movements in the value of such bonds therefore depend on movements in the underlying share price. Risks affecting the performance of the underlying shares may therefore affect the performance of the convertible and warrant bonds. Reverse convertible bonds, which grant the issuer the right to supply the investor with a predetermined number of shares instead of repayment of the principal, are especially dependent on the relevant share price.

#### *Risks associated with derivatives trading*

The Company may enter into derivative transactions for the fund. The purchase and sale of options, and the conclusion of futures contracts or swaps, involve the following risks:

- The use of derivatives may cause unforeseeable losses to arise that could even exceed the original amounts employed for the derivative transaction.
- Changes in the price of the underlying asset may reduce the value of an option right or futures contract. If the value drops and the derivative is rendered worthless as a result, then the Company may be forced to allow the rights acquired to lapse. The fund may also suffer losses due to changes in the value of an asset underlying a swap.
- There may be no liquid secondary market for a particular instrument at a given point in time. In such cases, under certain circumstances, it may not be possible to neutralise (close out) a derivatives position.
- Due to the leverage effect, options may have a more significant effect on the fund than would be the case if the underlying asset were purchased directly. It may not be possible to determine the risk of loss when making a trade.
- The purchase of options carries the risk that the option will not be exercised because the prices of underlying assets fail to move as expected, resulting in forfeit of the option premium paid by the fund. Selling options entails the risk that the fund will be obliged to purchase assets at a higher price than the current market price, or to deliver assets at a lower price than the current market price. The fund will then incur a loss corresponding to the price difference less the option premium collected.
- Futures contracts carry the risk that the Company may be obliged, for the account of the fund, to bear the difference between the price set when the contract was made and the market price at the time the contract is closed out or falls due. This would result in the fund incurring losses. The risk of loss cannot be determined when the futures contract is concluded
- Costs are incurred through any offsetting transaction (closing out) that needs to be concluded.

- The Company's forecasts for the future development of the underlying assets, interest rates, prices and currency markets may prove to be incorrect in retrospect.
- It may not be possible to buy or sell the assets underlying the derivatives at a favourable point in time, or it may not be possible to avoid buying or selling them at an unfavourable point in time. Off-exchange transactions, also known as "over-the-counter" (OTC) transactions, may entail the following risks:

The following risks may arise in the case of over-the-counter (OTC) transactions:

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

#### *Risks related to the receipt of collateral*

The Company receives collateral for derivative transactions. Derivatives may increase in price. The collateral received may then no longer be sufficient to fully cover the Company's delivery or retransfer claim against the counterparty.

The Company may invest cash collateral in blocked accounts, high quality government bonds or money market funds with a short maturity structure. However, the financial institution at which the bank deposits are held may default. Government bonds and money market funds may perform negatively. When the transaction is terminated, the collateral invested may no longer be available in full, although it must be returned by the Company to the fund in the amount originally granted. The fund would then have to bear the losses incurred on the collateral.

#### *Risk in the case of securitization positions without a deductible*

The fund may only acquire securities securitizing receivables (securitization positions) issued after January 1, 2011 if the debtor retains at least 5 percent

of the volume of the securitization as a so-called deductible and complies with other requirements. The Company is therefore obliged to initiate remedial measures in the interests of investors if there are securitizations in the fund assets that do not comply with these EU standards. As part of these remedial measures, the Company could be forced to dispose of such securitization positions. Due to legal requirements for banks, fund companies and insurance companies, there is a risk that the Company may not be able to sell such securitization positions, or may only be able to sell them at a significant discount or with a long delay.

#### *Inflation risk*

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

#### *Currency risk*

Assets of the fund may be invested in a currency other than the fund currency. The fund receives income, redemptions and proceeds from such investments in the other currency. If the value of this currency falls against the fund currency, the price of such investments is reduced and therefore also the value of the fund assets.

#### *Concentration risk*

If there is a concentration of investment in certain assets or markets, then the fund is particularly dependent on the performance of these assets or markets.

#### *Risks associated with investment in investment units*

The risks associated with shares in other investment funds acquired for the fund (so-called "target funds") are closely related to the risks of the assets contained in these target funds or the investment strategies pursued by them. However, since the managers of the individual target funds act independently of each other, it is also possible that several target funds pursue identical or opposing investment strategies. As a result, existing risks may accumulate



and possible opportunities may cancel each other out. As a rule, it is not possible for the Company to control the management of the target funds. Their investment decisions do not necessarily correspond to the assumptions or expectations of the Company. The Company will often not know the current composition of the target funds in a timely manner. If the composition does not correspond to its assumptions or expectations, it may only be able to react with a significant delay by redeeming target fund units.

Open-ended investment funds in which the fund acquires units could also temporarily restrict or suspend the redemption of units. In such cases, the Company is prevented from selling the units in the target fund by returning them to the Management Company or custodian of the target fund in return for payment of the redemption price.

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

In compliance with the investment principles and limits laid down by law and the investment conditions, which provide a very broad framework for the fund, the actual investment policy may also be geared to focusing on the acquisition of assets in only a few sectors, markets or regions/countries, for example. This concentration on a few specific investment sectors may be associated with risks (e.g. market narrowness, high volatility within certain economic cycles). Information on the content of the investment policy is provided retrospectively in the annual report for the past reporting year.

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

The risks that may affect the liquidity of the fund are presented below. This may result in the fund being temporarily or permanently unable to meet its payment obligations or in the Company being temporarily or permanently unable to meet investors' redemption requests. Investors may not be able to realize their planned holding period and the invested capital or parts thereof may not be available to them for an indefinite period. In addition, the realization of liquidity risks could reduce the value of the fund assets and thus the unit value, for example if the Company is forced, to the extent permitted by law, to sell assets for the fund below their market value. If the Company is unable to meet investors' redemption requests,

this may also lead to the restriction or suspension of redemption and, in extreme cases, to the subsequent dissolution of the fund.

#### *Risk arising from investment in assets*

Assets may also be acquired for the fund that are not admitted to a stock exchange or admitted to or included in another organized market. These assets may only be resold at a high discount, with a time lag or not at all. Depending on the market situation, the volume, the time frame and the planned costs, assets admitted to a stock exchange may also not be sold or may only be sold at a high price discount. Although only assets may be acquired for the fund that can in principle be liquidated at any time, it cannot be ruled out that these may temporarily or permanently only be sold at a loss.

#### *Risk from borrowing*

The Company may take out loans for the account of the fund. Loans with variable interest rates may have a negative impact on the fund assets due to rising interest rates. If the Company has to repay a loan and cannot offset it with follow-up financing or liquidity available in the fund, it may be forced to dispose of assets prematurely or on less favorable terms than planned.

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

Liquidity flows into and out of the fund assets as a result of investors' buy and sell orders. After netting, the inflows and outflows may result in a net inflow or outflow of the fund's liquid assets. This net inflow or outflow may cause the fund manager to buy or sell assets, thereby incurring transaction costs. This applies in particular if the inflows or outflows cause the fund to exceed or fall below a quota of liquid assets set aside by the Company for the fund. The resulting transaction costs are charged to the fund and may adversely affect the fund's performance. In the case of inflows, increased fund liquidity may have a negative impact on the fund's performance if the Company is unable to invest the funds on reasonable terms or at all in a timely manner.

### *Risk in the event of public holidays in certain regions/countries*

According to the investment strategy, investments for the fund are to be made in particular in certain regions/countries. Due to local holidays in these regions/countries, there may be differences between trading days on stock exchanges in these regions/countries and valuation days of the fund. The fund may not be able to respond to market developments in the regions/countries on the same day on a day that is not a valuation day or may not be able to trade in the market there on a valuation day that is not a trading day in those regions/countries. As a result, the fund may be prevented from selling assets in the required time. This may adversely affect the fund's ability to meet redemption requests or other payment obligations.

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

The following section describes the risks that may arise for the fund in the context of a business relationship with another party (known as a counterparty). This involves the risk that the counterparty may no longer be able to meet its agreed obligations. This may impair the performance of the fund and thus also have a negative impact on the unit value and the capital invested by the investor.

#### *Counterparty risk / counterparty risks (except central counterparties)*

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

#### *Risk due to central counterparties*

A central counterparty ("CCP") enters into certain transactions for the fund as an intermediary institution, in particular transactions on derivative financial instruments. In this case, it acts as buyer vis-à-vis the seller and as seller vis-à-vis the buyer. A

CCP protects itself against the risk that its counterparties may not be able to perform as agreed by means of a number of protective mechanisms that enable it at any time to offset losses arising from the transactions entered into (e.g. through collateralization). Despite these protective mechanisms, it cannot be ruled out that a CCP may in turn become over-indebted and default, which may also affect claims of the Company for the fund. This may result in losses for the fund.

## **Operational and other risks of the fund**

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

### *Risks arising from criminal acts, wrongdoing or natural disasters*

The fund may fall victim to fraud or other criminal acts. It may suffer losses due to mistakes made by employees of the Company or external third parties, or be damaged by external events such as natural disasters or pandemics.

### *Cyber Crime*

The fund, the custodian or the service providers or counterparties with whom the fund works may be affected by incidents that compromise the security of electronic data processing, which may result in the realization of operational and data protection risks. These incidents may result from targeted attacks or unintended (side) effects of other events, e.g. unauthorized access to electronic systems by so-called hacking, Trojans, viruses, phishing or pharming in order to misappropriate assets or sensitive data, to modify data, or to cause the failure of one or more systems. The latter can also occur without gaining unauthorized access to data processing systems, for example by slowing down or blocking a website from the intended use of the addressees through a large number of external calls. If the fund, the Company, fund managers, custodians or financial intermediaries are affected by impairments to IT security, business operations may be impaired, e.g., the fund's ability to determine its net asset value or to carry out transactions, issue or redeem unit certificates. This may result in financial losses for which the fund may not receive compensation. Furthermore, breaches of data protection or applicable regulatory requirements may result in fines, costs and damages, including reputational damage, which the fund

may have to bear. Similar consequences may arise from compromising the IT security of issuers of assets in which the fund invests, counterparties to the fund's transactions, governmental authorities and other regulators, exchanges and operators of financial markets, banks, brokers, dealers, insurers and other parties. While information risk management systems, and business continuity planning in the event of an emergency, have been developed that mitigate the above risks, these measures have inherent limitations, including the risk that certain risks have not been identified.

#### *Country or transfer risk*

There is a risk that a foreign debtor, despite its ability to pay, may not be able to provide services on time, at all, or only in a different currency due to a lack of transferability of the currency, a lack of willingness to transfer on the part of its country of domicile, or for similar reasons. For example, payments to which the Company is entitled for the account of the fund may not be made, may be made in a currency that is not (or no longer) convertible due to foreign exchange restrictions, or may be made in another currency. If the debtor pays in another currency, this position is subject to the currency risk described above.

#### *Legal and political risks*

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

#### *Changes of tax conditions, tax risk*

The tax information in this sales prospectus is based on the currently known legal situation.

The brief information on tax regulations is directed at persons subject to unlimited income tax liability or unlimited corporate income tax liability in Germany. However,

no guarantee can be given that the tax assessment will not change as a result of legislation, case law or decrees issued by the tax authorities.

#### *Key person risk*

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

#### *Custody risk*

The custody of assets, especially abroad, involves a risk of loss that may result from insolvency or breaches of duty of care by the custodian or force majeure.

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

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

### **Risk of ESG investments**

The fund may intend to invest its assets in companies with measurable social results as determined by the fund manager and to select specific companies and sectors. The main social outcomes measured are ESG-related. This may affect the exposure of the fund to certain companies or industries and the relevant fund will not pursue certain investment opportunities. The results of the relevant fund may be lower than those of other funds that do not seek to invest in companies based on expected ESG results and/or to screen specific companies or sectors. The Investment Manager seeks to identify companies that it believes may have a positive ESG impact. However, investors may have different views on the positive or negative impact of ESG. As a result the fund may invest in companies that do not reflect the beliefs and values of a particular investor or group of investors. In order to evaluate a security or an issuer based on ESG criteria the management company may rely on information and data provided by third parties (including ESG data providers). This data may possibly be incomplete, incorrect or unavailable. Therefore, there is a risk that the Management

Company may incorrectly assess or evaluate a security or an issuer based on this data, so that a security is wrongly included in or excluded from the portfolio of the respective fund.

### **Sustainability risks**

Sustainability risk is an environmental, social or governance event or condition that could have an actual or potential material adverse effect on the value of the fund's investment. These effects may affect the assets, financial position and earnings of the respective fund as well as the reputation of the Company. Sustainability risks can have a significant impact on all known types of risk (market risk, liquidity risk, counterparty risk and operational risk) and may contribute to the materiality of these types of risk as a factor. Companies in which the respective fund invests may be subject to physical risks of climate change such as temperature fluctuations, rising sea levels, etc.

## **GENERAL DESCRIPTION OF RISK PROFILES**

The investment funds managed by the fund Management Company are organised into the following risk profiles. The risk profile for each fund shall be stated in the relevant annex to the Sales Prospectus. The following profile descriptions were drawn up under normal market conditions. In unexpected market situations or market disturbances due to non-functioning markets, greater risks may occur than those stated in the risk profile.

### Risk profile - Security-oriented

The fund is suited to security-oriented investors. The composition of the fund's Net Assets presents a very high level of overall risk matched by the potential for very high returns. The risks may primarily consist of currency, creditworthiness, share price risks as well as changes in market interest rate risks.

### Risk profile - Conservative

The fund is suited to conservative investors. The composition of the fund's Net Assets presents a moderate level of overall risk matched by moderate potential returns. The risks may primarily consist of currency, creditworthiness, and share price risks as well as from changes in market interest rate risks.

### Risk profile - Growth-oriented

The fund is suited to growth-oriented investors. The composition of the fund's Net Assets presents a high level of overall risk matched by high potential returns. The risks may primarily consist of currency, creditworthiness, and share price risks as well as from changes in market interest rate risks.

### Risk profile - Speculative

The fund is suited to speculative investors. The composition of the fund's Net Assets presents a very high level of overall risk matched by very high potential returns. The risks may primarily consist of currency, creditworthiness, share price risks as well as changes in market interest rate risks.

## **DESCRIPTION OF THE RISK PROFILE OF THE FUND**

### Risk Profile - Growth Oriented

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

- In addition to general risks, the fund is also subject to opportunities and risks - compared with other fund types - arising from investments in bonds or money market securities, equities, but also from the assumption of currency risks.
- With regard to the equity market-related components, the general market risk, the credit risk, the counterparty risk and the counterparty default risk in particular determine the risk component of the fund.
- Sustained declines in stock market prices have a negative impact on fund assets.
- In addition, the market risks of the bond and money markets also influence the risk content of the fund. In particular, interest rate risk, company-specific credit risk and counterparty default risk determine the risk of the fund's bond components.
- Portfolio components not denominated in euros are also subject to the risk of changes in exchange rates against the fund currency, the euro.



- In general, derivatives also influence the risk profile of the fund by hedging the fund against the described market risks, but can also be used to increase risk. With regard to the special risks associated with the use of derivatives, please refer to the sections entitled "Special risks associated with the use of derivatives" and "Derivatives".

**The risk profile classification available at the time of acquisition of units should be understood as a guide. It cannot be ruled out that the risk classification shown may change during the term of the fund.**

### **ESG risk profile**

ESG risk class 4

Further information can be found in the section "Consideration of sustainability risks" of the sales prospectus.

### **Increased volatility**

**The fund exhibits increased volatility as a result of its composition, i. e. unit values may be subject to substantial upward or downward fluctuations even over short time periods.**

### **Typical investor profile**

The fund is aimed at all investors whose objective is to build or maximise capital. Investors should be able to tolerate fluctuations in value and significant losses. They should not require a guarantee that their invested capital will be returned to them.

The fund may not be suitable for investors who wish to withdraw their capital within a period of 5 years. The Company's assessment does not constitute investment advice. Its purpose is to give investors an initial indication of whether the fund is appropriate for them, given their level of experience, risk appetite and investment horizon. The fund may be suitable for investors who have basic requirements in relation to sustainable investments.

## **INVESTMENT OBJECTIVES, STRATEGIES, PRINCIPLES AND LIMITS**

### **Investment objectives and strategies**

The investment objective of **the FMM-Fonds** ("fund") is to achieve appropriate capital growth considering the investment risk (including sustainability risk).

The fund Manager of the fund, DJE Kapital AG, has signed the United Nations Principles for Responsible Investments (UN Principles for Responsible Investments, abbreviated "UN PRI") and is therefore obliged to integrate factors such as environmental, social and good corporate governance, so-called ESG factors, into its investment analysis, decision-making processes and the practice of actively exercising shareholders' rights. Consequently, sustainability risks are also taken into account in the fund's investments.

The fund Manager shall take into account the main adverse effects of the fund's investment decisions on sustainability factors within the meaning of Article 7(1)(a) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector. Sustainability factors are defined in this sense as environmental, social and employee concerns, respect for human rights and the fight against corruption and bribery. This only applies to direct investments.

Further information can be found in the sections "ESG Integration", "Consideration of adverse sustainability impacts on sustainability factors" and "Consideration of Sustainability Risks" of the Prospectus.

The fund is an equity fund within the meaning of the German Investment Tax Act (Investmentsteuergesetz). With the exception of the condition mentioned below the portfolio is structured actively and independently of any benchmark index, sector, country, maturity, market capitalisation and rating requirements under consideration of ESG factors and adverse sustainability impacts on sustainability factors

In managing the fund the Company takes into account, among other things, environmental and/or social characteristics and invests in companies that apply good corporate governance practices. The fund manager follows a best-in-class approach taking into account the restrictions specified in the fund's investment policy.

The fund is a product in accordance with Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector (hereinafter "Disclosure Regulation"). The information on environmental and/or social characteristics is included in the following annex.

The FMM-Fonds makes diversified investments worldwide, primarily in equities. It may also invest in government bonds and corporate bonds.

FMM stands for a fundamental, monetary and market-technical analysis. This analysis forms the basis for selecting equities in which the fund invests, and for determining what proportion of the fund is invested in equities. Individual stock selection and management of the portfolio are at the discretion of the investment manager, DJE Kapital AG.

The fund does not track a stock index, nor is the fund management based on a fixed benchmark for the fund. The fund is subject to active management, which constantly searches for promising investment objects that are expected to perform well. The respective stock selection and asset allocation decisions are also based on in-depth market analyses and ESG analyses as well as macroeconomic studies. It aims to achieve positive performance.

Research services and fundamental, qualitative and/or quantitative analyses form further cornerstones of active investment decision-making. In addition, the use of the "top-down" approach, the "bottom-up" approach or a combination of both. The objective of an investment in the FMM-Fonds is to participate in the performance of the global equity markets.

At least 50 per cent of the asset value of the UCITS must be invested in securities with an ESG rating of at least BB by MSCI ESG Research LLC.

Companies will be excluded that are active in the following controversial business areas and generate sales through involvement in the following business areas:

- controversial/outlawed weapons (e.g. landmines, cluster bombs, weapons of mass destruction)
- classification "Red" for controversies related to the environment<sup>1)</sup>
- classification "Red" for controversies related to the climate<sup>2)</sup>

<sup>1)</sup> Environmental Controversy Flag: This indicator measures the assessment of controversies (if any) related to a company's impact on the environment. Factors affecting this assessment include whether a company is involved in controversies related to land use and biodiversity, toxic releases, energy and climate change, water management, non-hazardous operational waste, environmental impacts of products and services, and management of supply chain environmental impacts.

<sup>2)</sup> Environment Climate Flag: This indicator measures the severity of controversies related to a company's climate change and energy policies and initiatives. Factors affecting this score include previous involvement in legal cases related to greenhouse gases, widespread or egregious impacts due to the company's greenhouse gas emissions, resistance to improved practices, and criticism from NGOs and/or other observers.

- military equipment<sup>3)</sup>
- coal for power generation<sup>4)</sup>
- tobacco products<sup>5)</sup>

On the other hand companies that pursue controversial business practices are excluded. This includes companies that clearly violate one or more of the ten principles of the "United Nations Global Compact" without any prospect of positive change (available on the Internet at <https://www.unglobalcompact.org/whatis-gc/mission/principles>). These consist of requirements regarding human and labour rights, environmental protection and corruption.

In addition, sovereign issuers are excluded if they have an inadequate score<sup>6)</sup> according to the Freedom House Index (<https://freedomhouse.org/>) and/or according to the World Bank Governance Indicators (<https://info.worldbank.org/governance/wgi/>).

The above exclusions only apply to direct investments.

The principle of "avoidance of significant detriment" applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities within the meaning of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation").

The investments underlying the remaining part of this financial product do not take into account the EU criteria for environmentally sustainable economic activities as defined in the Taxonomy Regulation.

The fund does not seek to make a minimum level of sustainable investments with an environmental objective that are compliant with the EU taxonomy (environmentally sustainable investments). However, the sustainable investments made by the fund may be compliant with the EU taxonomy.

<sup>1)</sup> Exclusion if sales > 5% of total sales

<sup>2)</sup> Exclusion if sales > 30% of total sales from production and/or distribution

<sup>3)</sup> Exclusion if sales > 5% of total sales from production and/or distribution

The Company will not enter into swaps, inter alia total return swaps or other derivatives with the same characteristics for the fund. Securities lending and repurchase agreements pursuant to §§ 13 and 14 of the General Terms and Conditions of Investment will not be entered into.

**No assurance can be given that the objectives of the investment policy will actually be achieved.**

<sup>1)</sup> Exclusion if classification "not free"

### **ESG Integration**

In the context of its investment objectives the fund may take into account that the fund managers considers factors such as environmental, social and good corporate governance, so-called ESG factors, in its investment analysis, decision-making processes and practice of actively exercising shareholders' rights. This also takes into account sustainability risks that may have a significant material adverse effect on the return on an investment of the fund.

The aforementioned ESG factors may relate to, among others, the following topics listed as examples:

#### **Environmental**

- Climate protection
- Adaptation to climate change
- Protection of biological diversity
- Sustainable use and protection of water and marine resources
- Transition to a circular economy, waste avoidance and recycling
- Prevention and reduction of environmental pollution
- Protection of healthy ecosystems
- Sustainable land use

#### **Social issues**

- Compliance with recognized labor law standards (no child and forced labor, no discrimination)
- Compliance with occupational health and safety regulations
- Appropriate remuneration, fair workplace conditions, diversity and opportunities for training and further education
- Freedom of trade unions and assembly

- Ensuring adequate product safety, including health protection
- Same requirements for companies in the supply chain
- Including projects or consideration of the interests of communities and social minorities

### **(Corporate) Governance - Corporate Management**

- Tax honesty
- Measures to prevent corruption
- Sustainability management by the Executive Board
- Remuneration of the Board of Management dependent on sustainability
- Enabling Whistle Blowing
- Guarantee of employee rights
- Guarantee of data protection
- Disclosure of Information

### ESG integration in relation to target funds

The fund will consider ESG factors when selecting units in other UCITS or other UCIs (referred to as "Target funds"), considering the following criteria:

Target funds are excluded from acquisition if they contain investments of more than 0.49% in issuers that are

- clearly and without any prospect of positive change violate one or more of the ten principles of the United Nations Global Compact
- generate more than 10% of their turnover from armaments
- generate more than 30% of their total turnover from the production and/or sale of thermal coal
- generate more than 5% of their total turnover from tobacco production and/or sales
- which violate social regulations (state emitters)

The aforementioned threshold of 0.49% refers in each case to the individual exclusion criterion.

Furthermore, target funds are excluded from the acquisition if more than 0% of their investments are in companies which

- produce controversial/outlawed weapons (e.g. landmines, cluster bombs, weapons of mass destruction)

The fund Manager of the fund shall take into account the principal adverse impacts ("PAI's") of investment decisions on sustainability factors as defined in Article 7(1)(a) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector. Sustainability factors are defined in this sense as environmental, social and labour concerns, respect for human rights and the fight against corruption and bribery. This only applies to direct investments.

To this end, the fund manager of the respective fund systematically integrates the most important adverse effects of investment decisions on sustainability factors in its investment analysis, its decision-making processes and the practice of actively exercising shareholder rights.

The possibility of systematically taking into account the most important adverse sustainability impacts depends to a large extent on the available data quality. This can differ per asset class. In addition, data for an individual issuer may not be available to a sufficient extent. Furthermore, these data may be based on estimates. Further information on the process can be found on the Management Company's website ([www.dje.lu](http://www.dje.lu)).

The Statement of Principal Adverse Impacts of Investment Decisions on Sustainability Factors is updated annually by 30 June and is available on the Management Company's website ([www.dje.lu](http://www.dje.lu)).

The following sets out the main adverse effects of investment decisions on sustainability factors ("PAI") considered by the fund in the context of its investment decisions and the measures intended to avoid or reduce them:

Given the above, the following tables show which measures are intended to mitigate significant adverse impacts on individual sustainability factors.

The main adverse sustainability impacts listed correspond to those listed in Table 1 of Annex I to Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088. April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council as regards regulatory technical standards specifying the details of the content and presentation of information related to the principle of avoidance of significant adverse impacts, the content, methods and presentation of information related to sustainability indicators and adverse sustainability impacts, and the content and presentation of information related to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, websites and periodic reports.

Statement on principal adverse impacts of investment decisions on sustainability factors			
Adverse sustainability indicator		Metric	Actions taken
Greenhouse gas emissions	1. GHG-Emissionen	Scope-1-GHG emissions	Exclusion criteria Voting rights
		Scope-2-GHG emissions	Exclusion criteria Voting rights
		Scope-3-GHG emissions	Exclusion criteria Voting rights
		Total GHG-emissions	Exclusion criteria Voting rights
	2. Greenhouse gas emissions	Greenhouse gas emissions	Exclusion criteria
	3. GHG- intensity of investee companies	GHG- intensity of investee companies	Exclusion criteria Voting rights
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	Exclusion criteria Voting rights
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Engagement Voting rights	
			6. Energy consumption intensity per high impact climate sector
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive	Exclusion criteria Voting rights



		areas where activities of those investee companies negatively affect those areas	
Water	8. Emissionen to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	Exclusion criteria Voting rights
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	Exclusion criteria Voting rights
<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>			
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Exclusion criteria Voting rights
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	Exclusion criteria, Engagement

	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	Engagement Voting rights
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	Engagement Voting rights
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	Exclusion criteria
Indicators applicable to investments in sovereigns and supranationals			
environmental	15. GHG-intensity	GHG- intensity of investee countries	Exclusion criteria
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	Exclusion criteria
other indicators for principal adverse impacts on sustainability factors			
Additional climate and other environment-related indicators <b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>			
Emissions	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	Engagement Voting rights

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters			
Indicators applicable to investments in investee companies			
Human Rights	Lack of due diligence	Share of investments in entities without a due diligence process to identify, prevent, mitigate and address adverse human rights impacts	Engagement Voting rights

**Consideration of sustainability risks**

As part of its investment process, the fund manager of the respective fund includes relevant financial risks in its investment decision and evaluates these on an ongoing basis. This also takes into account sustainability risks that could have a significant and material negative impact on the return on an investment of the respective fund.

Possible financial risks and the definition of sustainability risks are described in the section "Risk Disclosures".

The relevant non-financial risks include in particular the

- **General market risk**
- **Counterparty default risk**
- **Liquidity risk**

These relevant financial risks as well as other financial risks are examined as part of the traditional securities analysis, which is part of the investment process, before the investment decision is made. The examination is based on balance sheet ratios, key figures from the income statement or fundamental balance sheet and company analysis.

When selecting companies for investment purposes the fundamental analysis takes into account the sustainability risk by classifying the target investments. Due to the increased sustainability risk involved, companies that violate the UN Global Compact in a rude manner are also excluded. Exclusion reduces the company-specific investment risk, as risks triggered by violations of human rights and labor rights or by

environmental pollution are avoided. The exclusion is carried out with the help of a special database into which ESG data from other research companies (MSCI ESG Research LLC.) as well as our own research results are incorporated. With the help of the indicators contained in the database an aggregated overall assessment is calculated for each company based on various subsections. The final assessment, which is made by the analyst on the basis of the fundamental analysis and personal contact with the company, is one of these elements. Like all the other subsections the analyst quantifies this with a rating of -10 to 10. In combination with the interview quality resulting from the personal contact with the company, the analyst's assessment enters into the final individual stock evaluation. The fund manager may review the evaluation of the database by a committee. When reviewing the database valuation the committee may decide that the database valuation needs to be corrected and that therefore an investment can be made in the target investment. If in the case of existing target investments the target investment receives a negative evaluation on the basis of an updated analysis and the committee agrees with the evaluation of the database, these target investments are generally sold. In its review the committee takes into account other criteria such as development prospects with regard to ESG factors, exercise of voting rights or general economic development prospects.

In the evaluation model companies perform better that counter the sustainability risks to which they are exposed with adequate or even exemplary risk management. The model also takes into account the CO<sub>2</sub> intensity of the companies in order to counteract the risk of a possible environmental or climate-related decline in value (so-called "stranded assets"). Further information on the procedure can be found on the Management Company's website ([www.dje.lu](http://www.dje.lu)).

Depending on the type of risk, sustainability risks can have a more or less significant negative impact on the return on the investment of the respective fund. Negative triggers can be

- **Physical damage due to extreme weather conditions**
- **Disproportionately high capital expenditure**
- **Penalty payment due to disregard of applicable laws**
- **Damage to reputation due to disregard for climate, environmental or social values & norms**

**However, a negative impact of sustainability risks on the return on the investment of the respective fund cannot be completely excluded.**

The respective fund-specific sustainability risk is measured using the following procedure of the Management Company:

Based on the ESG ratings and the respective weighting of the securities held in the respective fund, an ESG rating can be aggregated at fund level. Bank deposits and derivatives are excluded from this.

MSCI ESG Research LLC. is used as the data provider for this purpose. The ESG rating indicates how well an issuer manages its most relevant ESG risks compared to a peer group. Issuers with low risk and good management receive a higher rating in this regard compared to issuers with higher risk exposure or weaker risk management.

The aggregated ESG rating is used for the subsequent assignment of the ESG risk class:

<b>ESG Risk class</b>	<b>ESG Risk</b>	<b>Aggregated ESG rating</b>
ESG Risk class 1	low ESG risk	AAA
ESG Risk class 2		AA
ESG Risk class 3	Midium ESG risk	A
ESG Risk class 4		BBB
ESG Risk class 5	high ESG risk	BB B CCC

### **Assets**

The Company may purchase the following assets for the account of the fund:

- Securities pursuant to section 193 KAGB
- Money market instruments pursuant to section 194 KAGB
- Bank deposits pursuant to § 195 KAGB
- Investment units pursuant to § 196 KAGB
- Derivatives pursuant to section 197 KAGB
- So-called other investment instruments pursuant to section 198 KAGB.

The Company may acquire these assets within the investment limits set out in particular in the sections entitled "Investment limits for securities and money market instruments,

including those using derivatives, and bank deposits" and "Investment units and their investment limits". Details of these assets and the investment limits applicable to them are described below.

### *Securities*

The Company may acquire securities of German and foreign issuers for the account of the fund

1. if they are admitted to an exchange in a Member State of the European Union (EU) or another signatory state to the Agreement on the European Economic Area (EEA) or are admitted to or included in another organised market in one of these states,
2. if they are exclusively admitted to trading on an exchange outside the EU member states or outside other states that are party to the agreement on the EEA or are admitted to or traded on another organised market in one of these states, provided that BaFin has approved the selection of that exchange or organised market.

New issues of securities may be acquired if their terms of issue require an application to be made for their admission to or inclusion in one of the exchanges or organised markets referred to in (1) or (2) above and such admission or inclusion occurs within one year of issue.

Securities in this sense additionally include:

- units in closed-end investment funds in either contractual or corporate form that are subject to control by the unitholders, in the sense of the "control of a business", i. e. the unitholders must have voting rights in relation to material decisions and the right to control the investment policy by means of appropriate mechanisms. The investment fund must also be managed by a legal entity subject to the regulations governing investor protection, except where the fund has been established in the form of a company and the asset management activity is not performed by another legal entity.
- financial instruments that are collateralised by other assets or linked to the performance of other assets. Where such financial instruments contain embedded

derivative components, further requirements must be met before the Company may acquire them as securities.

Securities may only be acquired subject to the following conditions:

- The potential loss that the fund may incur must not exceed the purchase price of the security. There must be no additional payment obligation.
- Illiquidity of the security acquired by the fund must not render the fund unable to meet the statutory requirements governing unit redemptions. This applies subject to the statutory possibility of suspending unit redemptions in special cases (see sections on the “Issue and redemption of units” and “Suspension of redemptions”).
- A reliable valuation of the security through precise, reliable and up-to-date prices must be available; such prices must either be market prices or be provided by a valuation system which is independent of the issuer of the security.
- Suitable information about the security must be available in the form of regular, precise and comprehensive market information on the security or where relevant a linked portfolio, i. e. a portfolio securitised by the security.
- The security must be tradable.
- Acquisition of the security must be consistent with the fund’s investment objectives and investment strategy.
- The risks associated with the security are suitably addressed by the fund’s risk management system.

Securities may also be acquired in the following form:

- Equities to which the fund is entitled in the context of a capital increase from the Company’s reserves.
- Securities acquired through the exercise of subscription rights belonging to the fund.

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

### *Money market instruments*

The Company may invest for the account of the fund in money market instruments that are normally traded on the money market, as well as in interest-bearing securities that either

- have a maturity or remaining maturity of no more than 397 days at the time of their acquisition for the fund.
- have a maturity or remaining maturity of over 397 days at the time of their acquisition for the fund, but whose interest rate must be regularly adjusted to market terms at least once every 397 days.
- have a risk profile that matches the risk profile of securities that satisfy either the maturity criterion or the interest adjustment criterion.

Money market instruments may be acquired for the fund if they

1. are admitted to an exchange in a Member State of the EU or another signatory state to the EEA Agreement, or are admitted to or included in another organised market in one of these states,
2. are exclusively admitted to an exchange outside the Member States of the EU and other signatory states to the EEA Agreement, are admitted to or included in another organized market outside those states, provided that BaFin has approved the selection of that exchange or organised market,
3. are issued or guaranteed by the EU, the German Federal Government, a special fund (Sondervermögen) of the German Federal Government, a German Federal State, another Member State or another governmental, regional or local authority or the central bank of an EU Member State, by the European Central Bank or European Investment Bank, by a third country or, in the case of a federal state, a member of the federation, or by an international public institution to which at least one EU Member State belongs,
4. are issued by an undertaking whose securities are traded on the markets referred to in (1) and (2) above,
5. are issued or guaranteed by a credit institution subject to prudential supervision in accordance with the criteria laid down in EU law or by a credit institution that is subject to and complies with prudential rules considered by BaFin as equivalent to those laid down in Community law, or
6. are issued by other issuers provided that each such issuer



- a. is an undertaking with equity of at least € 10 million that prepares and publishes its financial statements in accordance with the European Directive on the annual financial statements of companies, or
- b. is a legal entity that is responsible for the financing of a corporate group that includes one or more exchange listed companies, or
- c. is a legal entity that issues money market instruments backed by liabilities arising from the use of a credit facility granted by a bank. These are products where credit claims of banks are securitized in securities (“asset backed securities”).

All of the foregoing money market instruments may only be acquired if they are liquid and their value can be accurately determined at any time. Money market instruments are liquid if they can be sold within a sufficiently short period at limited cost. Account should be taken in this regard of the Company’s obligation to redeem units in the fund on request by the investors and to be able to sell such money market instruments at short notice accordingly. A precise, reliable valuation system must also exist for the money market instruments that allows the net portfolio value of the instruments to be determined and is based on market data or valuation models (including systems based on amortised cost).

Money market instruments are deemed liquid if they are admitted to or included in an organised market within the EEA or are admitted to or included in an organised market outside the EEA where BaFin has approved the choice of that market. This does not apply if the Company has indications that the instruments are not sufficiently liquid.

For money market instruments that are not listed on an exchange or admitted for trading on a regulated market (see nos. 3 to 6 above), the issuer or the issuer of the instruments must be subject to deposit and investor protection regulations. Sufficient information must therefore be available for these instruments to enable the credit risks associated with them to be appropriately evaluated, and the instruments must be freely transferable. Credit risks may, for instance, be assessed by way of a creditworthiness check by a rating agency.

The following requirements also apply to these money market instruments, unless they are issued or guaranteed by the European Central Bank or the central bank of an EU Member State:

- If they are issued or guaranteed by the following institutions (referred to in no. 3 above):
  - the EU,
  - the German federal government,
  - a special fund (Sondervermögen) of the German federal government
  - a German federal state,
  - another member state,
  - another central government authority,
  - the European Investment Bank,
  - a third country or, in the case of a federal state, a member of the federation,
  - an international public institution to which at least one EU Member State belongs,

sufficient information must be available about the issue and/or issue programme or about the legal and financial status of the issuer before the instrument is issued.

- If they are issued or guaranteed by a credit institution supervised in the EEA, (see no. 5 above), suitable information must be available about the issue and/or issue programme or about the legal and financial status of the issuer before the issue of the instrument, which must be updated at regular intervals and upon the occurrence of significant events. In addition, data (e. g. statistics) must be available on the issue and/or the issue programme to enable an appropriate evaluation to be made of the credit risks associated with the investment.
- If they are issued by a credit institution subject to prudential rules outside the EEA which, in the view of BaFin, are equivalent to the requirements for credit institutions in the EEA, one of the following conditions must be met:
  - The credit institution maintains a registered office in a member state of the Organisation for Economic Cooperation and Development (the “OECD”) that belongs to the Group of Ten (the group of the foremost industrial nations – G10).
  - The credit institution has a rating that qualifies as investment grade. “Investment grade” refers to a score of BBB/Baa or higher from a rating agency following a creditworthiness check.

- It can be shown by way of a detailed analysis of the issuer that the supervisory regulations applying to this credit institution as at least as stringent as those under EU law.
- For other money market instruments that are not listed on an exchange or admitted to trading on a regulated market (see under nos. 4, 6 and relevant parts of 3 above), suitable information must be available about the issue and/or issue programme or about the legal and financial status of the issuer before the issue of the instrument, which must be updated at regular intervals and upon the occurrence of significant events and reviewed by qualified third parties independent of the issuer. In addition, data (e. g. statistics) must be available on the issue and/or the issue programme to enable an appropriate evaluation to be made of the credit risks associated with the investment.

#### *Bank deposits*

The Company may hold bank deposits on behalf of the fund with a maturity of up to 12 months.

These deposits shall be held in blocked accounts at credit institutions whose registered office is in an EU member state or another signatory state to the EEA Agreement. They may also be held at credit institutions whose registered office is maintained in a third country, the prudential rules of which are considered by BaFin as equivalent to those laid down in EU law.

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

The Company may invest in total up to 10 % of the fund's value in the following other assets:

- Securities that are neither admitted to trading on an exchange nor admitted to or included in another organized market, but which in principle satisfy the criteria for securities. A reliable valuation must be available for these securities which, in variance of the rule for traded/admitted securities, must be in the form of a valuation performed at regular intervals and derived either from information provided by the issuer or from a competent financial analysis. Appropriate information must be available on securities that are not admitted/ traded or, where applicable, on the related (i. e. securitised) portfolio in the form of regular and accurate information.
- Money market instruments issued by issuers who do not satisfy the above requirements, provided that they are liquid and their value can be precisely determined at any time. Money market instruments are liquid if they can be sold

within a sufficiently short period at limited cost. Account should be taken in this regard of the Company's obligation to redeem units in the fund on request by the investors and to be able to sell such money market instruments at short notice accordingly. A precise, reliable valuation system must also exist for the money market instruments that allows the net portfolio value of the instruments to be determined and is based on market data or valuation models (including systems based on amortised cost). Money market instruments are deemed liquid if they are admitted to or included in an organised market within the EEA or are admitted to or included in an organised market outside the EEA where BaFin has approved the choice of that market.

- Shares from new issues, provided that under their terms
  - an application is to be made for their admission to an exchange or their admission to or inclusion in an organized market in an EU Member State or another signatory state to the EEA Agreement, or
  - an application is to be made for their admission to trading on an exchange or their admission to or inclusion in an organised market outside an EU Member State or another signatory state to the EEA Agreement, provided that the choice of that exchange or organised market is approved by BaFin, provided that such admission or inclusion takes place within one year after the issue.
- Borrower's note loans that can be assigned at least twice after purchase for the fund and are granted by one of the following institutions:
  - a. the German federal government, a special fund (Sondervermögen) of the German federal government, a German federal state, the EU or an OECD member state,
  - b. another domestic authority or a regional government or local authority of another Member State of the EU or another signatory state to the EEA Agreement, provided that, under the Regulation on prudential requirements for credit institutions and investment firms, the claim can be treated in the same way as a claim on the central government in whose territory the regional government or authority is based,
  - c. other public-law bodies or establishments whose head office is in Germany, another EU Member State or another signatory state to the EEA Agreement,
  - d. undertakings that have issued securities that are admitted for trading on an organised market within the EEA or on another regulated market that satisfies the essential requirements for regulated markets within the meaning of the Markets in Financial Instruments Directive in its currently applicable version, or
  - e. other debtors, where a body listed under a) to c) above has guaranteed payment of the interest and repayment of principal.

### **Investment limits for securities, money market instruments (including where derivatives are used) and bank deposits**

At least 60 % of the value of the UCITS fund must be invested in securities in form of shares as per §5 of the General Terms and Conditions of Investment.

At least 50 per cent of the price of the UCITS fund must be invested in securities with an ESG rating of at least BB by MSCI ESG Research LLC.

The Company may invest up to 40 % of the value of the fund in money market instruments as per §5 of the General Terms and Conditions of Investment. The Company may invest up to 10 % of the value of the fund in securities and money market instruments issued by the same issuer (debtor). The total value of the securities and money market instruments issued by such issuers (debtors) may not exceed 40 % of the value of the fund. Furthermore, the Company may only invest 5 % of the value of the fund in securities and money market instruments issued by any one issuer.

The Company may invest a total of up to 40 percent of the fund's price in bank deposits in accordance with § 7 sentence 1 of the "General Terms and Conditions of Investment". The Company may only invest up to 20 percent of the fund's price in bank deposits at any one credit institution.

#### *Investment limits for bonds with special cover assets*

The Company may invest up to 25 % of the fund's assets respectively in covered bonds, municipal bonds and bonds issued by a credit institution whose registered office is in an EU Member State or another signatory state to the EEA Agreement. This is subject to the condition that the money raised from the bonds is invested so as to cover the liabilities on the bonds throughout their lifetime and ranks primarily for the repayment of the principal and interest in the event that the bond issuer defaults. If the Company invests more than 5 % of the fund's value in bonds of the same issuer, the total value of these bonds must not exceed 80 % of the fund's value. Securities held under repurchase agreements are included in the total for the purposes of this investment limit.

#### *Investment limits for public-sector issuers*

The Company may invest up to 35 % of the value of the fund in debt securities, borrower's note loans and money market instruments issued by particular national

and supranational public-sector issuers. These public-sector issuers are the German federal government, the German federal states, EU Member States or their local or regional authorities, third countries and supranational public institutions to which at least one EU Member State belongs

#### *Combination of investment limits*

The Company may invest no more than 20 % of the fund's value in a combination of the following assets:

- securities or money market instruments issued by a single institution,
- deposits with this institution, i. e. bank deposits,
- attributable amounts for the counterparty risk on derivative, securities lending and repurchase transactions entered into with that institution.

For particular public-sector issuers (see under "Investment targets, strategy, terms and limits - Investment limits for securities, money market instruments, including where derivatives are used, and bank deposits – investment limits for public issuers"), a combination of the above assets may not exceed 35 % of the fund's value.

The individual upper limits continue to apply.

#### *Investment limits where derivatives are used*

For the purposes of the above limits, the amounts of securities and money market instruments issued by a single issuer may be reduced through the use of hedging derivatives for which the underlying assets are securities and money market instruments issued by the same issuer. In other words, securities or money market instruments issued by a single issuer may be acquired for the fund in excess of the above limits if the increased issuer exposure is lowered by means of hedging transactions.

#### *Tax-driven investment limits*

Over 50 % of the UCITS fund's assets (the amount of the assets is determined according to the value of the investment fund's assets without taking liabilities into account) is invested in such equity investments (within the meaning of section 2(8) of the Investment Tax Act) which may be acquired for the UCITS fund pursuant to these

Terms of Investment (equity fund). As such, the actual equity interest rates of target investment funds can be taken into account.

*Investment units and their investment limits*

The Company may invest a total of up to 10 percent of the fund's price in investment units in accordance with § 8 of the "General Terms and Conditions of Investment". The selection of the target funds shall be made taking into account the exclusion criteria described in the section "ESG integration in relation to target funds" of the sales prospectus. With regard to the investment units that may be acquired for the fund pursuant to sentence 1 in accordance with § 8 of the General Terms and Conditions of Investment no focus is set with regard to the permissible types of investment units that may be acquired. Within the permissible maximum limit of 10 percent of the fund's price, there is no further restriction with regard to the amount of acquisition for the various types of permissible investment units that may be acquired.

The target funds may invest a maximum of 10 percent in units in other open-ended investment funds in accordance with their investment conditions or their articles of incorporation.

The Company may not acquire for the account of the fund more than 25 percent of the issued units of a target fund.

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

- The target fund must have been authorized under legal provisions that subject it to effective public supervision for the protection of investors, and there must be sufficient guarantee of satisfactory cooperation between BaFin and the target fund's supervisory authority.
- The level of investor protection must be equivalent to the level of protection of an investor in a domestic UCITS, in particular with regard to the separation of management and custody of assets, for borrowing and lending, and for short sales of securities and money market instruments.

- The business activity of the target fund must be the subject of annual and semi-annual reports and must allow investors to form an opinion on the assets and liabilities as well as the income and transactions during the reporting period.
- The target fund must be a mutual fund in which the number of units is not limited in number and investors have a right to redeem the units.

*Informing investors in the event of a restriction or suspension of the redemption of target fund units*

Target funds may temporarily restrict or suspend the redemption of units within the legal framework. In such cases, the Company may not redeem the units in the target fund or may only redeem them to a limited extent from the management company or custodian of the target fund in return for payment of the redemption price (see also the section entitled "Risk Warnings - Risks Associated with Investing in Investment Units"). The Company's homepage at [www.dje.lu](http://www.dje.lu) lists whether and to what extent the fund holds units of target funds that have currently suspended the redemption of units.

## **Derivatives**

**The Company may enter into trades in derivatives for the fund, not only for hedging purposes but also as part of the investment strategy. This includes trading in derivatives for efficient portfolio management and to achieve additional returns, i. e. including for speculative purposes. This may increase the fund's risk of loss, at least temporarily.**

A derivative is an instrument whose price depends on movements in the actual or expected price of another asset (the "underlying"). The statements below concern both derivatives and financial instruments with derivative components (hereinafter collectively referred to as "derivatives").

The use of derivatives may, as a maximum, double the fund's exposure to market risk (the "market risk limit"). Market risk is the risk of loss resulting from fluctuations in the market value of assets held in the fund, attributable to changes in variable prices and/or rates on markets such as interest rates, exchange rates, equity prices, commodities prices or changes in the credit rating of an issuer. The Company must adhere to the market risk limit



at all times. The utilisation of market risk limit capacity must be calculated daily in accordance with the statutory provisions of the German Ordinance on risk management and risk measurement for the use of derivatives, securities loans and repurchase transactions in investment funds pursuant to the Investment Code (hereinafter the “Derivatives Ordinance”).

To determine the utilisation of market risk limit capacity, the Company uses what is known as the “qualified approach” pursuant to the Derivatives Ordinance. To this end, the Company compares the fund’s market risk with the market risk of a hypothetical reference portfolio that contains no derivatives. The derivative-free benchmark is a virtual portfolio whose value always precisely matches the current value of the fund, but without any increases or hedges of market risk through derivatives. The composition of the reference portfolio must also match the investment objectives and investment policy applicable to the fund. The derivative-free reference portfolio for the fund consists entirely of global equities in line with the investment universe.

The use of derivatives must at no time cause the value of the fund’s market risk to exceed more than twice the market risk for the derivative-free reference portfolio.

The market risk of the fund and the derivative-free reference portfolio is determined using a suitable in-house risk model (the value-at-risk method). As modelling procedure, the Company employs historical simulation. This modelling procedure is based in particular on historical changes in equity, yield curve, credit spread, commodity, foreign currency and other index or security prices and implicit volatilities. In so doing, the Company determines the market price risks from all trades. The Company uses the risk model to quantify the change in the value of the fund’s assets over time. This produces what is known as the “value at risk”, which expresses the potential loss on a portfolio between two given points in time as an amount of money. This change in value is the outcome of chance events, namely future movements in market prices, and therefore cannot be predicted with certainty. In each case, the calculable market risk can be estimated with a satisfactory degree of probability, but no more.

The Company may invest in any derivatives for the account of the fund, provided that a suitable risk management system is in place. This is subject to the proviso that the derivatives are derived from assets that are acquirable for the fund or from the following underlyings:

- interest rates
- exchange rates

- currencies
- financial indices that are sufficiently diversified, provide an adequate benchmark for the market to which they refer and are published in an appropriate form.

These include, in particular, options, financial futures and swaps, as well as combinations of these.

#### *Futures contracts*

Futures contracts are agreements to buy or sell a certain quantity of a certain underlying asset at a certain pre-set price either at a certain point in time, the due date, or within a certain period that are unconditionally binding on both contracting parties. The Company may, within the scope of the investment principles, enter into futures contracts for the account of the fund for securities and money market instruments, interest rates, exchange rates or currencies that are acquirable for the fund, as well as for Qualified Financial Indices.

#### *Option trading*

Option trades involve granting a third party, in return for consideration (the option premium), the right to receive or sell assets at a price agreed in advance (the strike price), or to obtain the payment of a price difference, or to acquire corresponding option rights, on demand during or at the end of a specific period of time.

The Company may buy and sell call and put options and trade in warrants for the account of the fund within the scope of the investment principles. The options transactions must pertain to securities and money market instruments, interest rates, exchange rates or currencies, as well as financial indices that are sufficiently diversified, provide an adequate benchmark for the market to which they refer and are published in an appropriate form. The options or warrants must provide for exercise throughout the term or at the end of the term. In addition, the option value at the time of exercise must have a linear dependency on the positive or negative difference between the strike price and the market price of the underlying asset and be zero if the difference has the opposite sign.

#### *Securitised financial instruments*

The Company may also acquire the financial instruments described above for the account of the fund in securitised form. Trades in financial instruments may also be only partially securitized (e.g. warrant-linked bonds). The statements regarding risks

and rewards apply to such securitised financial instruments accordingly, provided that the risk of loss on the securitized financial instruments is limited to the value of the security.

#### *OTC derivative trades*

The Company may trade for the account of the fund in derivatives that are admitted to trading on an exchange or admitted to or included in another organised market and may enter into off-exchange trades, which are known as over-the-counter (OTC) trades. The Company may only enter into trades in derivatives that are neither admitted to trading on an exchange nor admitted to or included in another organised market based on standardised framework agreements with suitable credit institutions or financial services institutions. For OTC derivatives, the counterparty risk in relation to any one contracting partner is limited to 5 % of the value of the fund. However, the counterparty risk may be up to 10 % of the value of the fund if the contracting partner is a credit institution whose registered office is in an EU Member State, another signatory state to the EEA Agreement or a third country with a comparable level of prudential supervision. OTC derivatives entered into with the central clearing body of an exchange or other organised market as contracting partner shall not be included in the total for the purposes of determining counterparty exposure if the derivatives are valued daily at market prices and are subject to daily margin settlement. Claims of the fund against an intermediary must be included in the total for the purposes of determining exposure, even if the derivative is traded on an exchange or another organised market.

#### ***Collateral strategy***

The Company accepts collateral for the account of the fund in the course of derivatives, securities lending and repurchase transactions. The collateral serves to fully or partially mitigate the risk that the counterparty to such transactions will default.

#### *Types of collateral permitted*

The Company accepts as collateral for the fund in respect of derivatives trades, securities lending transactions and repurchase transactions the following assets:

- cash securities in the form of bank deposits
- government bonds or in the form of debt securities issued by public international bodies to which one or more member states of the European Union belong, and
- covered bonds.

The cash collateral received is not reinvested. The other collateral received is not sold, reinvested or pledged.

The collateral provided by a counterparty must be appropriately risk-diversified with respect to issuers, among other things. If several contracting parties provide collateral from the same issuer, this must be aggregated. If the value of the collateral provided by one or more counterparties of the same issuer does not exceed 20 percent of the price of the fund, the diversification shall be deemed adequate. Appropriate diversification shall also be deemed to exist if this limit is exceeded, if securities or money market instruments of the following issuers or guarantors are exclusively granted to the fund as collateral to this extent:

If all collateral granted consists of securities or money market instruments of such issuer or guarantor, such collateral must have been issued within the scope of at least six different issues. The price of the securities or money market instruments issued as part of the same issue may not exceed 30 percent of the value of the investment fund.

Collateral received by the Company under OTC derivatives must meet the following criteria, among others:

- i. cashless collaterals have to be sufficiently liquid and have to be traded on a regulated market or within a multilateral trading system
- ii. collaterals are observed and valued daily on market basis
- iii. collaterals with high price volatility have to be accepted with reasonable haircuts
- iv. creditworthiness of the issuer has to be high
- v. collaterals have to be adequately diversified regarding country, markets and issuer
- vi. collaterals which are not provided in cash have to be issued by a company not related to the counterparty

There are no requirements for a restriction on the remaining term of collateral.

#### *Scope of collateralization*

Derivative transactions must be collateralized to an extent that ensures that the attributable amount for the default risk of the respective contracting party does not

exceed five percent of the price of the fund. If the counterparty is a credit institution domiciled in a member state of the EU or in another state party to the EEA Agreement or in a third country in which equivalent supervisory provisions apply, the attributable amount for the default risk may amount to ten percent of the fund's price.

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

The Company applies gradual valuation haircuts to the collateral received, taking into account the specific characteristics of the collateral as well as the issuer (so-called haircut strategy). The following table provides details on the lowest applied haircuts for each type of collateral:

<b>Collateral</b>	<b>Minimum haircut</b>
Cash (fund currency)	0%
Cash (foreign currencies)	8%
Government bonds	0.50%
Bonds issued by international institutions under public law consisting of one or more member states of the European Union and covered bonds	0.50%

Details of the agreements may be obtained free of charge from the Management Company at any time.

The collateralization is based on individual contractual agreements between the counterparty and the Company. These agreements define, among other things, the type and quality of collateral, haircuts, allowances and minimum transfer amounts. The prices of the OTC derivatives and any collateral already provided are determined on a daily basis. If an increase or reduction of collateral is necessary due to the individual contractual terms, it will be requested from or returned to the counterparty. Details of the agreements can be obtained from the Company free of charge at any time.

**Investment of cash collateral**

Cash collateral received shall not be reinvested. Cash collateral in the form of bank deposits may be held in blocked accounts with the fund's custodian or, with its consent, with another credit institution.

### *Custody of securities as collateral*

The Company may accept securities as collateral for the account of the fund within the scope of derivative transactions. If these securities have been transferred as collateral, they must be held in custody with the custodian. If the Company has received the securities pledged as collateral within the framework of derivative transactions, they may also be held in custody with another entity that is subject to effective public supervision and is independent of the collateral provider. Reuse of the securities is not permitted.

### **Borrowing**

Short-term loans of up to 10 % of the value of the fund may be taken out for the common account of the investors, provided that the loan is subject to normal market conditions and the Custodian consents to the loan.

### **Leverage**

Leverage means any method used by the Company to increase the fund's investment ratio. Such methods include borrowing, entering into securities lending or repurchase transactions and the acquisition of derivatives with embedded leverage finance. The Company may use such methods for the fund within the scope described in this Prospectus. The option to use derivatives is described in the section "Investment targets, strategies, terms and limits – assets – derivatives. The possibility to into securities lending is set out in the sections on "Investment targets, strategies, terms and limits – borrowing".

The fund's leverage is the ratio between its risk exposure and its net asset value. Calculation of net asset value is explained under "Issue and redemption price". The fund's risk exposure is calculated using a gross method. Risk exposure is the sum of the absolute values of all positions held by the fund, as valued in accordance with the statutory requirements. Individual derivative transactions or securities positions may not be offset against each other (i. e. any netting and hedging agreements are disregarded). Any effects due to reinvestment of collateral in the case of securities loans and repurchase transactions are taken into account. The Company expects that the fund's risk as calculated using the gross method will not exceed 3 times the net asset value. Depending on market conditions, however, leverage may fluctuate in such a way that this target is exceeded despite constant monitoring by the Company.

## **ASSET VALUATION**

Assets are valued in accordance with Sections 168 and 169 of the German Investment Code ("KAGB") and the Capital Investment Accounting and Valuation Ordinance ("KARBV").

### **General rules for asset valuation**

#### *Assets admitted to an exchange or traded on an organised market*

Assets that are admitted to trading on an exchange or admitted to or included in another organised market, and subscription rights held for the fund, are valued at the last available trading price offering a reliable valuation, unless otherwise stated under "Special rules for the valuation of specific assets" below.

#### *Assets not listed on an exchange or traded on an organised market, or assets with no trading price*

Assets that are neither admitted to trading on exchanges nor admitted to or included in another organised market, or for which no trading price is available, are valued at the current fair value that is appropriate on the basis of a careful assessment using suitable valuation models and taking overall market circumstances into account, unless otherwise stated under "Special rules for the valuation of specific assets" below.

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

### *Unlisted bonds and borrower's note loans*

For the valuation of bonds that are neither admitted to trading on an exchange nor admitted to or included in another organized market (e. g. unlisted bonds, commercial papers and certificates of deposit), and for the valuation of borrower's note loans, the agreed prices for similar bonds and borrower's note loans and, where appropriate, the market prices of bonds from similar issuers with the same maturity period and interest rate are used, subject where necessary to a discount to reflect limited sale ability.

### *Options and futures contracts*

Where they are admitted to trading on an exchange or are admitted to or included in another organised market, options belonging to the fund and liabilities on any options granted to a third party are valued at the latest available trading price that guarantees a reliable valuation.

The same applies to receivables and liabilities on any futures contracts sold for the account of the fund. Any margin payments made at the fund's expense shall be added to the value of the fund, taking account of the valuation gains and losses ascertained on the trading day.

### *Bank deposits, fixed-term deposits, units in investment funds and loans*

Bank deposits are generally valued at their nominal value plus any interest received.

Fixed-term deposits are valued at their fair value, where the deposit can be terminated at any time and the repayment on termination is not made at the nominal value plus interest.

Units in investment funds are generally valued at their most recent redemption price or at the last available trading price that guarantees a reliable valuation. If these prices are unavailable, units in investment funds are valued at the current fair value that is appropriate on the basis of a careful assessment using suitable valuation models and taking overall market circumstances into account. Claims for repayment



of lending transactions are valued at the current market price of the assets transferred as collateral.

#### *Assets denominated in foreign currency*

The market value of assets denominated in foreign currencies is converted into the corresponding fund currency at the last average exchange rate. Gains and losses on foreign exchange transactions are added or deducted as appropriate.

## **FUND**

The fund is not a fund within an umbrella structure.

## **UNITS**

The rights of investors are certified in global certificates only. These global certificates are deposited with a central securities depository. Investors may not demand the issue of individual unit certificates. Units may only be purchased for holding in custody accounts. The units are nominated to the bearer and are quoted to three decimal places.

### **Obligation to surrender physical securities**

In the past, bearer units were issued for the fund's units in the form of physical securities. Under the Investment Code, such physical securities may no longer be held by the investors, and must instead be deposited for collective safekeeping with a custodian bank, a licensed and/or recognised German or foreign central custodian or another suitable foreign custodian, together with any coupons that are not yet payable.

Investors cannot demand the return of these physical securities. The Company must replace the physical securities surrendered by certifying the units in question in a global certificate.

Bearer units that were not held in collective custody at one of the aforementioned institutions on 31 December 2016 became void as from the end of that day. The same applied to any coupons not yet due. Since 1 January 2017, the rights of the affected investors have instead been certified in a single global certificate. The investors

became co-owners of the global certificate and of the overall holding to which the certificate pertains in proportion to their holdings in the fund. They can hand in their void bearer units to the fund's Custodian and demand in exchange that their holding in the fund be credited to a custody account.

## **Issue and redemption of units**

### *Issue of units*

The number of units in issue is unlimited in principle. Units may be purchased from the Company. They are issued by the Custodian at the issue price, which represents the net asset value per unit (the "unit value") plus a subscription fee. Units may also be acquired via third-party intermediaries; additional costs may arise in this case. The Company reserves the right to discontinue the issue of units wholly or in part, either temporarily or permanently.

The minimum investment amounts\* are

Unit Class P (EUR) none

Unit Class I (EUR) EUR 75,000

Unit Class XP (EUR) 3,000,000 Euro

\* The Company is authorised to accept lower amounts at its discretion

### *Redemption of units*

Investors may request unit redemptions on any valuation day, unless the Company has temporarily suspended unit redemptions (see "Suspension of redemptions"). Redemption orders must be placed with the Custodian, the Company itself or to an intermediary third party (e.g. custodian).

The Company has an obligation to redeem the units for the redemption price valid on the date of settlement, which will correspond to the unit value determined on that date. Units may also be redeemed via third-party intermediaries; additional costs may arise in this case.

## **Settlement of unit issues and redemptions**

The Company adheres to the principle of equal treatment of investors by ensuring that no investor is able to gain an advantage by buying or selling units at previously known unit values. It therefore imposes a daily cut-off time for orders. Issue and redemption orders that reach the Custodian or the Company by the order cut-off time (t) are settled at the latest on the day after the order is received (= settlement date t+1) at the unit value determined on that day. Orders that reach the Custodian or the Company after the cut-off time (t) are settled on the next-but-one valuation day (= t+2) at the unit value determined on that day. The order cut-off time is currently 5 p.m. and can be changed by the Company at any time.

Furthermore, third parties, for example the institution at which the investor's custody account is held, may act as intermediaries for the issue and redemption of units. This may lead to longer settlement periods. The Company has no influence over the different settlement terms of institutions providing custody accounts. Payment of the issue price or payment of the redemption price shall be made within the number of banking days specified in the "Overview of unit classes" overview after the relevant value determination date.

## **Suspension of redemptions**

The Company may temporarily suspend the redemption of units in exceptional circumstances where it appears necessary to do so, having regard to the interests of the investors. Such exceptional circumstances exist, for instance, if an exchange at which a material part of the fund's securities are traded is subject to unplanned closure, or if the fund's assets cannot be valued. In particular, the Company may also be forced to suspend redemption if an investment fund whose units or shares have been acquired for the fund in turn suspends unit redemption and these account for a significant proportion of the fund's assets. In addition, BaFin may instruct the Company to suspend the redemption of units if this is deemed necessary in the interests of investors or the general public.

The Company reserves the right not to redeem or exchange units until it has promptly sold assets belonging to the fund; in so doing, it must have regard to the interest of all investors. Such redemptions will be made at the redemption price valid after the sales. Temporary suspension may be followed directly by the winding-up of the fund without any resumption of redemptions (in this regard, see under "Winding-up, transfer and merger of the fund").

The Company shall inform investors of the suspension and resumption of unit redemptions by way of an announcement in the Bundesanzeiger (German Federal Gazette) and on the Company's website at [www.dje.lu](http://www.dje.lu). Investors will also be informed by means of a durable medium, for instance in paper or electronic form, via their custody account provider.

## **LIQUIDITY MANAGEMENT**

The Company has laid down written principles and procedures for the fund that enable it to monitor the fund's liquidity risks and ensure that the liquidity profile of the fund's investments covers the underlying liabilities. The principles and procedures comprise the following:

- The Company monitors liquidity risks that may arise at fund or asset level. In doing so, it assesses the liquidity of the assets held in the fund in relation to the fund assets and determines a liquidity ratio for this purpose. The assessment of liquidity includes, for example, analysis of the difference observed on the market between the supply and demand of the financial instruments held by the fund and the market capitalisations of the respective issuer. The Company also monitors the investments in the Target fund and their redemption policy and any resulting impact on the fund's liquidity.
- The Company monitors liquidity risks that may arise as a result of increased investor demand for redemptions of units. In doing so, it forms expectations of changes in net funds taking into account available information about the investor structure and past experience of net historical changes. It takes into account the effects of wholesale recall risks and other risks (for example reputational risks).
- The Company has set adequate limits for liquidity risks for the fund. It monitors compliance with these limits and has established procedures for exceeding or possibly exceeding the limits.
- The procedures established by the Company ensure consistency between the liquidity ratio, the liquidity risk limits and the expected net asset changes.

The Company reviews these principles regularly and updates them accordingly.

The Company performs regular stress tests at least once a month with which it can evaluate the fund's liquidity risks. The Company performs the stress tests on the basis of reliable, up-to-date quantitative or, if this is unsuitable, qualitative information. Where appropriate, the stress tests simulate a lack of liquidity in the fund's assets.

Redemption rights under normal and exceptional circumstances, and the suspension of redemptions, are set out under “Suspension of redemptions”. The associated risks are described under “Risk information”.

## **STOCK EXCHANGES AND MARKETS**

The Company does not intend to list the fund units or trade them on exchanges or other markets. It cannot be ruled out that units may be traded on markets without the Company’s consent. A third party may cause units to be traded on unregulated markets or included in another form of off-exchange trading.

The market price underlying trading on an exchange or another market will not be determined solely by the value of the assets held in the fund, but also by supply and demand. Such a market price may therefore deviate from the unit value determined by the Company or the Custodian.

## **FAIR TREATMENT OF INVESTORS AND UNIT CLASSES**

According to section 16 (2) of the General Terms of Investment, unit classes may be established for the fund which differ with regard to the income distribution policy, subscription fee, currency of unit value including the use of currency hedging transactions, management fee, custodian fee, minimum investment amount or any combination of these features. The investment strategy remains unchanged across the unit classes.

The following unit classes currently exist:

FMM Fund - P (EUR)

Security identification number: 847811

ISIN: DE0008478116

FMM Fund - I (EUR)

Security identification number: A3ENF8

ISIN: DE000A3ENF88

FMM-Fonds – XP (EUR)

Security identification number: A3ENGF

ISIN: DE000A3ENGF3

Due to the different structure of the unit classes, the economic result generated by the investor's investment in the Fund may vary depending on the unit class to which the units purchased by the investor belong. This applies both to the return generated by the investor before tax and to the return after tax. The creation of Share classes is permitted at any time and is at the discretion of the Company. The rights of investors who have acquired units from existing unit classes shall remain unaffected by the formation of new unit classes. The costs incurred on the occasion of the introduction of a new unit certificate class may only be charged to the investors of this new unit class. The acquisition of assets is only permitted uniformly for the entire Fund; it cannot be made for individual unit classes or groups of unit classes.

A description of the structures can be found in the section "Unit classes at a glance" of this Sales Prospectus.

The Company must treat the investors in the fund fairly. In the course of managing liquidity risk and unit redemptions, it must not place the interests of one investor or group of investors above the interests of another investor or group of investors.

See under "Settlement of unit issues and redemptions" and "Liquidity management" for the procedures the Company uses to ensure the fair treatment of investors.

## **ISSUE AND REDEMPTION PRICE AND FEES**

### **Issue and redemption price**

To calculate issue and redemption prices for the units, the Company determines the value of the fund's assets and liabilities (the "net asset value") on each valuation day, subject to review by the Custodian. Dividing the net asset value thus determined by the number of units in issue gives the value of each unit (the "unit value").

The value of the units in the fund is determined on each German exchange trading day. The Company and the Custodian may abstain from determining the value on public holidays in Germany within the scope of the Investment Code that are trading days, as well as on 24 and 31 December of each year. At present, no unit value is calculated on New Year's Day, Shrove Monday, Good Friday, Easter Monday, May Day, Ascension Day, Whit Monday, Corpus Christi, German Unity Day, All Saints' Day, Christmas Eve, Christmas Day, Boxing Day or New Year's Eve.

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

The Company may temporarily suspend calculation of the issue and redemption price under the same conditions as for unit redemptions. These conditions are described in more detail under “Suspension of redemptions”.

### **Subscription fee**

A subscription fee may be added to the unit value when setting the issue price. The subscription fee shall be up to 5 % of the unit value. The subscription fee may reduce or even cancel out any performance gains of the fund, especially for short holding periods. The subscription fee is essentially a fee for the sale of units of the fund. The Company may pass on the subscription fee to intermediaries in consideration for marketing services.

### **Redemption fee**

A redemption fee is not charged.

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

The issue and redemption prices and, if applicable, the net asset value per unit shall be published on the Company's website [www.dje.lu](http://www.dje.lu) for each issue and redemption.

### **Charges upon unit issue and redemption**

Units are issued and redeemed by the Company or Custodian at the issue price (unit value plus subscription fee) and redemption price (unit value) respectively, without the levying of any additional charges.

If an investor acquires units via an intermediary, the charges levied by the intermediary may be higher than the entry charge. If an investor redeems units via an intermediary, the intermediary may levy its own charges upon redemption.

### **Management fee and other charges**

The following fees are payable to the Company:

1. The Company receives an annual fee for the fund's management of up to 1.6 % of the average value of the fund in the accounting period based on the net asset

value as determined each valuation day. It is entitled to charge monthly pro rata advances on this amount. The management fee may be withdrawn from the fund at any time. The Company is free to charge a lower management fee for one or more unit classes. The Company will state the management fee charged in the Prospectus and in the annual and half-yearly reports.

2. The following fees are payable to third parties: The Company pays an annual fee from the fund for market risk and liquidity risk measurement as per the German Derivatives Ordinance of up to 0.028 % of the average value of the fund in the accounting period based on the net asset value as determined each valuation day. The management fee from No. 1 shall cover the remuneration of the Central Administration Agent.

3. Custodian

The Custodian receives an annual fee from the fund for its services of up to 0.1 % of the average value of the fund in the accounting period based on the net asset value as determined each valuation day, subject to a minimum of € 9,800 per annum. It is entitled to charge monthly pro rata advances on this amount. The Custodian fee may be withdrawn from the fund at any time. The Custodian is free to charge a lower fee for one or more unit classes. The Company shall state the Custodian fee charged in the Prospectus and in the annual and half-yearly reports.

4. Annual maximum amount permitted as per paragraphs 1, 2 and 3

The total amount withdrawn from the fund pursuant to paragraphs 1, 2 and 3 by way of fees may be up to 2.1 % of the average value of the fund in the accounting period based on the net asset value as determined each valuation day.

5. Expenses

In addition to the above fees, the following expenses are charged to the UCITS fund:

- a. normal bank charges for custody accounts and bank accounts, including where relevant normal bank charges for the custody of foreign assets abroad;
- b. the costs of printing and distributing the legally prescribed marketing documents intended for the investors (annual and half-yearly reports, prospectuses, Key Information Document);
- c. the costs of publishing the annual and half-yearly reports, the issue and redemption prices and, where applicable, the distributions or income reinvestments and the winding-up report;
- d. costs of preparation and use of a durable medium, except in the case of information on mergers of investment assets and except in the case of information



on measures in connection with investment limit violations or calculation errors in unit value determination;

- e. the costs of the audit of the fund performed by the fund's auditor;
- f. Costs for the publication of the taxation bases and the certification that the tax information was determined in accordance with the rules of German tax law;
- g. the costs of the assertion and enforcement by the Company of legal claims for the account of the fund and of defence by the Company against claims made against the Company to the detriment of the fund;
- h. fees and charges levied by authorities in relation to the fund;
- i. costs of legal and tax advice in relation to the fund
- j. Costs and any fees that may be incurred with the acquisition and/or use or mention of a benchmark or financial indices;
- k. costs of appointing proxy voters
- l. costs of analysis of the fund's investment performance by third parties;
- m. costs of creating and using a durable medium, except in the case of notices about mergers of investment funds or notices about measures in connection with breaches of investment limits or calculation errors in the determination of unit values;

#### 6. Transaction costs

In addition to the fees and expenses above, costs arising in connection with the acquisition and disposal of assets are charged to the fund.

#### 7. Acquisition of investment funds

The Company shall disclose in the annual report and in the semi-annual report the amount of the issue premiums and redemption discounts charged to the fund in the reporting period for the acquisition and redemption of units within the meaning of Section 196 KAGB. When acquiring units that are managed directly or indirectly by the Company itself or by another company with which the Company is affiliated through a significant direct or indirect holding, the Company or the other company may not charge any front-end load and redemption fees for the acquisition and redemption. The Company shall disclose in the annual report and in the semi-annual report the remuneration charged to the fund by the Company itself, by another (capital) management company or by another company with which the Company is affiliated through a material direct or indirect holding as management remuneration for the units held in the fund.

**Please note that the fees stated above are maximum rates. Actual fees and entry charges are indicated under “unit class overview”. However, the Company reserves the right to raise fees up to the maximum fee rates.**

### **Third-party remuneration**

The fund has engaged a fund manager, who receives a remuneration from the Company’s administrative charges.

### **Special features regarding the purchase of fund units**

In addition to the management fee, the fund is directly or indirectly charged the costs of the target fund, particularly the custodian fee, performance fees, other fees, entry and exit charges, expense reimbursements and other costs.

The annual and half-yearly reports disclose the entry and exit charges charged to the fund in the reporting period for the purchase and redemption of units of target funds. Also disclosed are fees charged to the fund by domestic and foreign companies and by companies to which the company is related through a material direct or indirect shareholding as a management fee for target fund units held by the fund.

### **Indication of total expense ratio (ongoing charges)**

Management expenses incurred by the fund are disclosed in the annual report and presented as a proportion of the average fund size (“total expense ratio”). The management expenses are made up of fees for managing the fund, fees for the Custodian, and other expenses chargeable to the fund (see “Management fee and other charges” and “Special features regarding the purchase of fund units”). The total expense ratio does not include charges and ancillary expenses incurred upon the purchase and sale of assets (transaction costs).

### **Divergent cost quotation by distributors**

If the investor is advised by third parties when purchasing units or if these third parties arrange the purchase, they may indicate costs or cost ratios that are not identical to the cost information in this prospectus and in the Key Information Document and may exceed the total cost ratio described here. This may be due in particular to the fact that the third party additionally takes into account the costs of its own activities (e.g. brokerage, advisory services or custody account management). In addition, he may

also take into account one-off costs such as issue surcharges and usually uses other calculation methods or also estimates for the costs incurred at fund level, which in particular include the fund's transaction costs.

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

## **REMUNERATION POLICY**

The Management Company has defined a remuneration policy and practices which comply with the statutory provisions, in particular to the principles specified in article 111 ter of the Law of 17 December 2010, and apply these. Regarding the definition and implementation of the remuneration policy the Management Company applies these principles in manner and degree to the company's size, the internal organisation and to the size and complexity of their business. These are consistent with the risk management procedure laid down by the Management Company, are conducive to this, and neither encourage the assumption of risks that are inconsistent with the risk profiles and the management regulations of the funds it manages, nor prevent the Management Company from acting as duty-bound in the best interests of the fund.

The remuneration policy and practices comprise fixed and variable components of salaries and voluntary retirement benefits.

The remuneration policy and practices apply to the categories of employees (including management, risk bearers, employees with control functions and employees who, as a result of their total remuneration, are at the same income level as the management and risk bearers) whose activities have a significant impact on the risk profiles of the management company or of the funds it manages.

The remuneration policy of the Management Company is consistent with sound and effective risk management and is in line with the business strategy, objectives, values and interests of the Management Company and the UCITS it manages, as well as its investors. Compliance with remuneration principles, including their implementation, is reviewed once a year. Fixed and variable components of total remuneration are proportionate to each other. Whereas the fixed components of the total remuneration are high enough in order to offer full flexibility with regard to the variable components, including the possibility to waive the payment of variable

components. A performance-related remuneration depends on the qualification and skills of the employee as well as the responsibility and the value creation contribution of the position for the Management Company. Considering the company's size, the internal organisation as well as the manner, the quantity and the complexity of the business of the Management Company, the performance assessment is carried out on a multiannual basis, applying to the holding period, which is recommended to the investors for the UCITS managed by the Management Company in order to ensure a valuation corresponding to the long-term performance of the UCITS and the investment risks. Furthermore the effective payments of performance-based remuneration component cover the same period. The pension scheme is in line with the business strategy, objectives, values and long-term interests of the Management Company and the UCITS it manages.

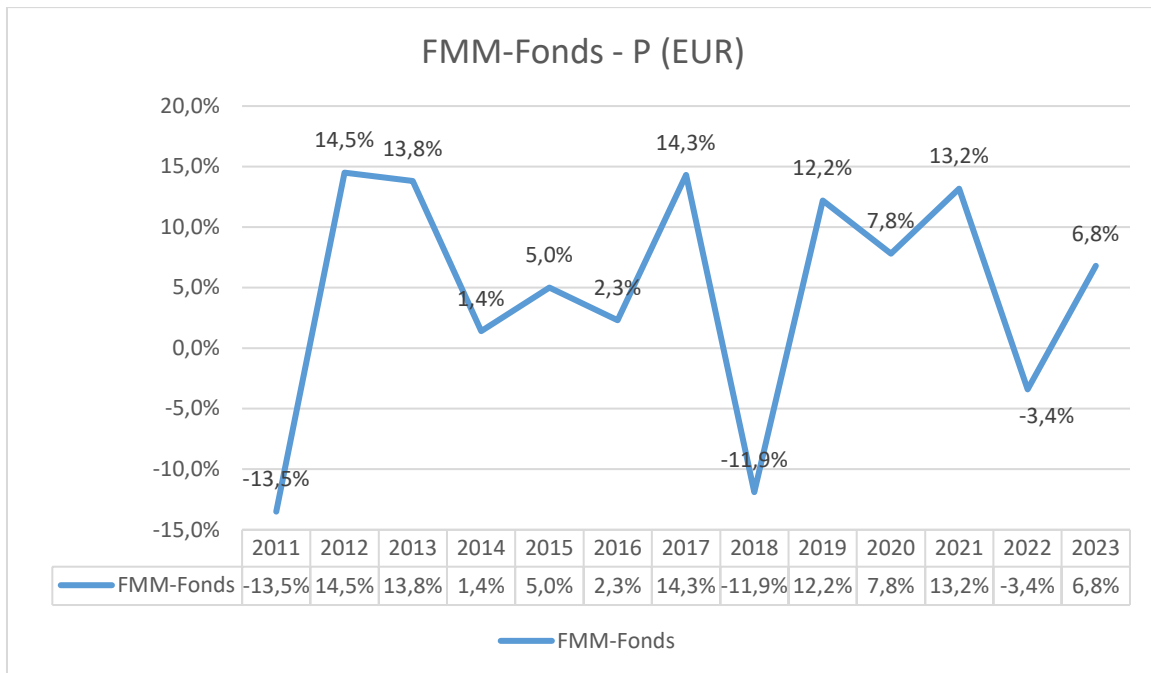
Details of the current remuneration policy, including a description of how the remuneration and other benefits are calculated, and the identity of the persons responsible for the allocation of remuneration and other benefits, including the composition of the remuneration committee, if there is such a committee, can be retrieved free of charge from the website of the management company, [www.dje.lu](http://www.dje.lu). On request, a paper version will be made available to investors, free of charge.

## PERFORMANCE, ASSESSMENT AND UTILIZATION OF INCOME, FISCAL YEAR

### Performance

#### FMM-Fonds – P(EUR)

Annual performance\* from 2011 to 2023



Source: In-house calculations using the BVI method

\* Basis of calculation: unit price (excluding entry charge), payable taxes reinvested.

Not a guarantee of future performance.

#### FMM Fund - I (EUR)

The launch date of unit class I (EUR) is still being determined. Therefore, data on the performance of the fund cannot yet be provided.

#### FMM Fund - XP (EUR)

The launch date of unit class XP (EUR) was 1<sup>st</sup> March 2024. Therefore, data on the performance of the fund cannot yet be provided.

Current information on the performance of the unit classes can be found in the annual and semi-annual reports.

**The historical performance of the fund does not allow a forecast of future performance.**

#### Determination of income, income equalisation procedure

The fund obtains income in the form of accrued interest, dividends and other income earned during the year, less costs. Additional income may result from the sale of assets held on the fund's behalf.

The Company applies an income equalisation procedure to the fund. This prevents the proportion of distributable income contained within the unit price from fluctuating as a result of cash paid into and out of the fund. Otherwise every new investment into the fund during the year would mean there was less income per unit available for distribution on the distribution dates than would be the case if the number of units in issue were constant. Conversely, cash paid out on redemptions would mean that more income per unit was available for distribution than would be the case if the number of units in issue were constant.

To prevent this, the amount of distributable income which unit purchasers must pay for as part of the issue price and which unit sellers receive as part of the redemption price is computed on an ongoing basis, such amounts being treated as a distributable item in the income statement. Account is thus taken of the fact that investors who, for example, purchase units of a unit class shortly before the distribution date will be repaid the portion of the issue price that relates to accrued income in the form of a dividend, even though the capital they paid in played no part in earning it.

### **Income distribution policy and financial year**

The income of unit class P (EUR) and I (EUR) is not distributed but reinvested in the fund accumulation).

For unit class XP (EUR), the Company shall generally distribute the interest and dividends accrued during the financial year for the account of the unit class and not used to cover costs - taking into account the associated equalisation paid - to the investors each year in the month of distribution. Realised capital gains and other income - taking into account the related income equalisation - may also be used for distribution. The Company determines the amount, timing and composition (e.g. income, realised and/or unrealised capital gains, substance) of the distribution. The Company has the right not to make a distribution.

In the past, bearer units were issued for the fund's units in the form of physical securities. Under the Investment Code, these physical securities must be surrendered into collective custody. Bearer units that were not held in collective custody on 31

December 2016 became void as from the end of that day (see “Obligation to surrender physical securities”).

The fund's fiscal year begins on January 1 of each year and ends on December 31 of the same year.

## **WINDING-UP, TRANSFER AND MERGER OF THE FUND**

### **Preconditions for the winding-up of the fund**

Investors are not entitled to demand the winding-up of the fund. The Company may relinquish its right to manage the fund, subject to a notice period of at least 6 months, by way of an announcement in the German Federal Gazette and in the annual or half-yearly report. Investors will also be informed of the notice to relinquish by means of a durable medium, for instance in paper or electronic form, via the institutions at which their custody accounts are held. The Company's right to manage the fund expires once the relinquishment takes effect.

The Company's right to manage the fund will also expire if insolvency proceedings are opened in respect of the Company's assets or when a legal decision rejecting an application to open insolvency proceedings on the grounds of lack of assets becomes final and absolute.

Upon expiry of the Company's right to manage the fund, the right of disposition over the fund's assets shall pass to the Custodian, who shall both wind up the fund and distribute the proceeds to the investors or, subject to approval from BaFin, transfer the management to another investment management company.

### **Procedure upon winding-up of the fund**

Upon transfer to the Custodian of the right of disposition over the fund's assets, the issue and redemption of units shall cease and the fund shall be wound up.

The proceeds from the disposal of the fund's assets, less any costs still to be borne by the fund and the costs incurred by virtue of the winding-up, shall be distributed to the investors, who shall have a claim to payment of the liquidation proceeds in proportion to their respective holdings in the fund.

The Company shall draw up a winding-up report up to the date on which the right of management expires; this report shall fulfil the requirements for an annual report. The winding-up report shall be announced in the German Federal Gazette no later than 3 months after the date of winding-up of the fund. While the Custodian is winding up the fund, it shall draw up a report that meets the requirements for an annual report once a year and as at the date on which the winding-up is ended. These reports shall also be published in the German Federal Gazette no later than three months after the reporting date.

### **Transfer of the fund**

The Company may transfer the right to manage and the right of disposal over the fund to another investment management company. The transfer requires prior approval from BaFin. The authorised transfer shall be announced in the German Federal Gazette and in the annual or half-yearly report. Investors will also be informed of the planned transfer by means of a durable medium, for instance in paper or electronic form, via the institutions at which their custody accounts are held. The time at which the transfer takes effect shall be determined by the contractual agreements between the Company and the investment management company taking over. However, the transfer may not take effect until at least three months after its announcement in the German Federal Gazette. All rights and obligations of the Company in relation to the fund will then pass to the investment management company taking over.

### **Preconditions for the merger of the fund**

All assets of this fund may, subject to authorisation by BaFin, be transferred to another existing investment fund or a new investment fund to be created by the merger; such investment fund must satisfy the requirements for a UCITS established in Germany or another EU or EEA state.

The transfer shall take effect as of the financial year-end of the merging fund (the “transfer date”), unless another transfer date is specified.



## **Rights of the investors upon a merger of the fund**

Up until 5 working days before the planned transfer date, the investors shall have the option either to redeem their units at no extra charge other than costs to cover the winding-up of the fund or to exchange their units for units in another open-ended retail investment fund that is also managed by the Company or by a company in the same Group and whose investment principles are similar to those of the fund.

The Company must inform investors in the fund before the planned transfer date of the reasons for the merger, the potential effects for investors, their rights in connection with the merger and of significant aspects of the procedure by means of a durable medium, for instance in paper or electronic form. The Key Information Document for the investment fund to which the fund's assets will be transferred must also be provided to the investors. Investors must receive the above information at least 30 days before the deadline for the redemption or exchange of their units.

On the transfer date, the net asset values of the fund and of the receiving investment fund shall be calculated, the unit conversion ratio shall be set and the entire conversion process shall be reviewed by the auditor. The unit conversion ratio shall be determined in accordance with the ratio of the net asset value per unit of the fund to the net asset value per unit of the receiving investment fund as at the time of the takeover. Investors shall receive the number of units in the receiving investment fund that corresponds to the value of their units in the fund.

If the investors do not use their right to redeem or exchange, they will become investors in the receiving investment fund on the transfer date. The Company may also decide in conjunction with the management company of the receiving investment fund that up to 10 % of the value of the investors' units should be paid out to them in cash. Upon the transfer of all its assets, the fund will cease to exist. If the transfer takes place during the course of the fund's financial year, the Company must draw up a report as at the transfer date which meets the requirements for an annual report.

The Company shall announce in the German Federal Gazette and on the Company's website at [www.dje.lu](http://www.dje.lu) that the fund has been merged into another investment fund managed by the Company and that the merger has become effective. If the fund is merged into another investment fund that is not managed by the Company, the

management company that manages the receiving or newly established investment fund shall assume responsibility for announcing the effectiveness of the merger.

## **DELEGATION**

The Company has delegated the following activities:

- Portfolio management for the fund has been outsourced to DJE Kapital AG, Pullacher Straße 24, 82049 Pullach/Germany.
- The Company has outsourced the tasks of the Central Administration Agent (please refer to the section "The Central Administration Agent") to DZ PRIVATBANK S.A., 4, rue Thomas Edison, L-1445 Strassen, Grand Duchy of Luxembourg.

The following conflicts of interest could arise from the outsourcing:

- DJE Kapital AG is an affiliated company of the Company.

## **CONFLICTS OF INTEREST**

Conflicts of interest may arise for the Company.

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

- interests of the Company and related enterprises of the Company,
- interests of the Company's employees,
- interests of other investors in this or other funds.

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

- incentive systems for the Company's employees,
- employee trades,
- benefits granted to the Company's employees,
- acquisition of products issued by related enterprises or in whose issue a related enterprise was involved,
- reallocations within the fund,
- window-dressing of fund performance at year-end,
- Transactions between the Company and investment funds or personal portfolios under the Company's management, or
- trades between investment funds or personal portfolios under the Company's management,

- aggregation of multiple orders (“block trades”),
- hiring of related enterprises and persons,
- large individual investments,
- where, following the oversubscription of a share issue, the Company has subscribed for shares on behalf of several investment funds or personal portfolios (“IPO allotments”),
- late trading, i. e. transactions made after the close of trading at the known closing price for the day,

Benefits in kind (broker research, financial analysis, market and pricing information systems) may accrue to the Company in connection with transactions made on behalf of the fund; such benefits shall be used when taking investment decisions in the interests of the investors.

The Company does not receive any reimbursements of fees and expense reimbursements paid from the fund to the custodian and third parties.

The Company and/or the sales agent grants intermediaries, e.g. banks, recurring - usually annual - brokerage fees as so-called "follow-up brokerage commissions". Brokerage fees as so-called "trail commissions". Shares in the Company's investment funds are generally sold through third parties, i.e. banks, financial service providers, brokers and other authorized third parties. The cooperation with these third parties is usually based on a contractual agreement which stipulates that the Company pays the third parties a portfolio-related trail commission for the brokerage of the fund units and that the third parties are entitled to the issue premium in whole or in part. The amount of these commissions is generally calculated on the basis of the fund volume brokered. The trail commission does not represent an additional cost burden for the investor.

The Company employs the following organisational measures to identify, prevent, manage, monitor and disclose conflicts of interest:

- existence of a compliance department, which monitors compliance with laws and regulations and to which conflicts of interests must be notified,
- duties of disclosure,
- organisational measures such as
  - The establishment of confidentiality areas for individual departments in order to prevent the misuse of confidential information

- allocation of responsibilities to prevent improper influence
- the separation of proprietary trading and customer trading
- imposition of obligations to comply with insider trading
- setting principles for the remuneration system
- Principles for taking into account the interests of customers and for providing advice that is appropriate for investors and investments, and for complying with the agreed investment guidelines
- Best execution principles for the purchase and sale of financial instruments
- Establishment of order acceptance times (cut-off times)
- fund manager is contractually obliged to avoid conflicts of interest.

## **BRIEF DETAILS OF TAX REGULATIONS**

These comments on tax regulations apply only to investors with an unrestricted liability to tax in Germany.<sup>2</sup> We recommend that foreign investors<sup>3</sup> contact their tax advisors before purchasing units in the fund described in this Prospectus and clarify the potential tax consequences arising from the acquisition of units in their respective countries of residence.

As a special purpose fund (Zweckvermögen), the fund is in principle exempt from corporation tax and trade tax. However, under the rules for limited income tax liability, it is partially liable to corporation tax in respect of its German equity income and other forms of domestic income, although not in respect of gains made on the sale of holdings in corporate entities. The tax rate is 15 %. Insofar as the tax is collected by way of the investment income tax deduction, the solidarity surcharge is included in the 15 % tax rate.

For private investors, however, earnings obtained from the fund are classed as income from capital assets. As such, they are subject to income tax to the extent that the investor's total income from capital assets exceeds the annual savings allowance of € 801 (for taxpayers assessed individually) or € 1602 (for married couples assessed jointly).

Income from capital assets is generally subject to a 25 % tax deduction at source (plus solidarity surcharge and church tax, where applicable). Income from capital assets includes earnings from investment funds ("fund income"), i. e. distributions from funds, advance lump-sums and gains on the disposal of fund units. Under certain conditions investors will receive a fixed part of this investment income tax-free (a "partial tax exemption").

For private investors, the tax deduction at source generally functions as a “final withholding tax”, i. e. it settles the tax liability once and for all. Normally, therefore, income from capital assets does not need to be declared in your income tax declaration if it has been subject to a tax deduction at source. When it levies the tax deduction, your custody account provider will generally offset any eligible losses and any foreign withholding taxes arising on direct investments.

However, if your personal tax rate is lower than the 25 % tax deduction rate, the tax deduction will not rank as final settlement. In this case, it is possible to declare the income from capital assets in your income tax return. The Tax Office will then apply your lower personal tax rate and count the tax deduction as a prepayment against your total personal tax liability (this is called the “most favourable treatment test”).

Any income from capital assets that has not been subject to a tax deduction (e. g. a gain realised on the sale of fund units held in a custody account outside Germany) must be declared in your tax declaration. Such income will then be assessed for tax, either at the final withholding tax rate of 25 % or at your personal tax rate, whichever is lower.

Where units are held as part of the assets of a business, any income will be treated as business income for tax purposes.

## **Units held as personal assets (German taxpayers)**

### *Distributions*

Distributions from the fund are generally taxable.

However, because the fund qualifies as an equity fund for tax purposes, 30 % of each distribution is tax-free.

Taxable distributions are generally subject to the 25 % tax deduction (plus solidarity surcharge and church tax, where applicable).

A deduction does not need to be made if the investor is a German taxpayer and has presented an exemption form, to the extent that the taxable part of the income does not exceed € 801 (for taxpayers assessed individually) or € 1602 (for taxpayers assessed as married couples).

The same applies if a “non-assessment notice” has been presented for a person who is not expected to be assessed to income tax.

If a German-resident investor holds units in a German custody account, the custody account provider will not deduct tax in its capacity as paying agent if it is presented with one of these forms before the set distribution date, i. e. either an exemption form complying with the official model and covering a sufficiently large amount or a non-assessment notice issued by the Tax Office for a period of up to three years. Where this is the case, the investor will be credited with the full gross amount of the distribution without deductions.

### *Advance lump-sums*

The advance lump-sum is the amount by which the fund’s distributions fall short of its “base income” in a given calendar year. The base income is determined by multiplying the unit redemption price at the start of the calendar year by 70 % of the base interest rate, which is derived from the long-term yield achievable from public-sector bonds. The base income is limited to the amount by which the last redemption price set in the calendar year exceeds the first redemption price, plus any distributions made within the year. In the year in which the units are acquired, the advance lump-sum is reduced by one twelfth for each full month preceding the month

of acquisition. Investors are deemed to have received the advance lump-sum on the first working day of the following calendar year.

Advance lump-sums are generally taxable.

However, because the fund qualifies as an equity fund for tax purposes, 30 % of the advance lump-sum is tax-free.

Taxable advance lump-sums are generally subject to the 25 % tax deduction (plus solidarity surcharge and church tax, where applicable).

A deduction does not need to be made if the investor is a German taxpayer and has presented an exemption form, to the extent that the taxable part of the income does not exceed € 801 (for taxpayers assessed individually) or € 1602 (for taxpayers assessed as married couples).

The same applies if a “non-assessment notice” has been presented for a person who is not expected to be assessed to income tax.

If a German-resident investor holds units in a German custody account, the custody account provider will not deduct tax in its capacity as paying agent if it is presented with one of these forms before the notional date of receipt, i. e. either an exemption form complying with the official model and covering a sufficiently large amount or a non-assessment notice issued by the Tax Office for a period of up to three years. Where this is the case, no tax will be deducted. Otherwise, the investor must make the amount of the withholding tax available to his or her custody account provider. To this end, the custody account provider may take the amount of the withholding tax from any bank account at the institution in the investor’s name without the investor’s consent. Unless the investor objects prior to the notional receipt of the advance lump-sum, the custody account provider may also debit the amount of the tax deduction from a bank account in the investor’s name as if there were an agreed overdraft available on this account. If the investor does not comply with his duty to make the amount of the tax deduction available to his/her German custody account provider, the custody account provider is obliged to notify this fact to the Tax Office responsible for the investor. In this case, the investor must declare the advance lump-sums in his or her income tax declaration.

### *Capital gains at investor level*

If units in the fund are sold, the capital gain is subject to the 25 percent withholding rate.

However, the fund meets the tax requirements for an equity fund, and therefore 30 percent of the capital gains are tax-free.

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

When determining the capital gain, the gain must be reduced by the advance lump sums recognized during the holding period.

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

#### *Refund of corporation tax levied on the fund*

The fund can obtain a refund of corporation tax levied at fund level for forwarding to an investor, where the investor is (i) a German corporation, association of persons or insolvency estate which, according to its articles of association, deed of foundation or other constitutive document and in its actual course of business, exclusively serves non-profit, charitable or church purposes, (ii) is a foundation under public law that exclusively serves non-profit or charitable purposes or (iii) is a legal entity under public law that exclusively serves church purposes; this shall not apply if the units are held within a commercial business. The same applies to comparable foreign investors whose registered office and management is located in a foreign country that provides administrative and debt enforcement assistance.

The refund is conditional on the investor making an application accordingly and the corporation tax incurred is proportionately attributable to the investor's period of



holding. The investor must also have been the legal and economic owner of the units for at least three months before the fund's taxable income was received, without there being any obligation to transfer the units to another person. With respect to corporation tax to which the fund is liable on German dividends and income from German equity-like participation rights, the refund is also essentially conditional on the German shares or equity-like participation rights being held by the fund as beneficial owner for an uninterrupted period of 45 days within the time from 45 days before to 45 days after the payment date of the investment income, while being exposed to a minimum value change risk of 70 % without interruption during that 45-day period (so called 45-day rule).

The application shall be accompanied by evidence of tax-exemption and a certificate of the unit holding issued by the custody account provider. The unit holding certificate is a certificate, issued in accordance with an official template that shows the number of units held by the investor throughout the calendar year and the dates and amounts of purchases and sales of units during the calendar year.

The fund can also obtain a refund of corporation tax levied at fund level for forwarding to an investor where the fund units are held in retirement pension plans or basic pension plans that have been certified under the German Certification of Retirement Plans Act. This is subject to the requirement that the provider of the retirement or basic pension plan notifies the fund within one month after its financial year-end of the timing and amount of the purchase and disposal of units. In addition, the aforementioned 45-day rule must be taken into consideration.

Neither the fund nor the Company has an obligation to claim a refund of the relevant corporation tax for forwarding to the investor.

Given the highly complex nature of the rules, it is advisable to consult a tax advisor.

### *Distributions*

Distributions made by the fund are generally subject to income tax or corporation tax and to trade tax.

However, because the fund qualifies as an equity fund for tax purposes, 60 % of each distribution is tax-free for income tax purposes and 30 % for trade tax purposes if the

units are held by natural persons as part of their business assets. For corporate taxpayers, 80 % of each distribution is generally tax-free for corporation tax purposes and 40 % for trade tax purposes. For corporations that are life or health insurance companies or pension funds and for which the shares are attributable to investments or that are credit institutions and for which the shares are attributable to the trading portfolio within the meaning of Section 340e (3) of the German Commercial Code (HGB) or are to be reported as current assets at the time of addition to operating assets, 30 percent of the distributions are tax-exempt for purposes of corporate income tax and 15 percent for purposes of trade tax.

Distributions are generally subject to 25 % tax deduction (plus solidarity surcharge).

Because the fund qualifies as an equity fund for tax purposes, account is taken of the 30 % partial exemption when the deduction is made.

#### *Advance lump-sums*

The advance lump-sum is the amount by which the fund's distributions fall short of its "base income" in a given calendar year. The base income is determined by multiplying the unit redemption price at the start of the calendar year by 70 % of the base interest rate, which is derived from the long-term yield achievable from public-sector bonds. The base income is limited to the amount by which the last redemption price set in the calendar year exceeds the first redemption price, plus any distributions made within the year. In the year in which the units are acquired, the advance lump-sum is reduced by one twelfth for each full month preceding the month of acquisition. Investors are deemed to have received the advance lump-sum on the first working day of the following calendar year.

Advance lump-sums are generally subject to income tax or to corporation tax and trade tax.

However, because the fund qualifies as an equity fund for tax purposes, 60 % of each advance lump-sum is tax-free for income tax purposes and 30 % for trade tax purposes if the units are held by natural persons as part of their business assets. For corporate taxpayers, 80 % of the advance lump-sum is generally tax-free for corporation tax purposes and 40 % for trade tax purposes. For corporations that are life or health insurance undertakings whose units form part of their capital assets, or

are credit institutions whose units form part of their trading book or have been acquired for the purposes of achieving a short-term proprietary trading gain, 30 % of gains on disposal are tax-free for corporation tax purposes and 15 % for trade tax purposes.

Advance lump-sums are generally subject to 25 % tax deduction (plus solidarity surcharge). Because the fund qualifies as an equity fund for tax purposes, account is taken of the 30 % partial exemption when the deduction is made.

### *Capital gains at investor level*

Gains from the disposal of the shares are generally subject to income or corporation tax and trade tax. In determining the capital gain, the gain is to be reduced by the advance lump-sum payments recognized during the period of ownership.

However, the fund meets the tax requirements for an equity fund, and therefore 60 percent of the capital gains are tax-free for income tax purposes and 30 percent for trade tax purposes if the shares are held by individuals as business assets. For taxable corporations, generally 80 percent of the capital gains are tax-exempt for corporate income tax purposes and 40 percent for trade tax purposes. For corporations that are life or health insurance companies or pension funds and for which the shares are attributable to investments, or that are credit institutions and for which the shares are attributable to the trading portfolio within the meaning of Section 340e (3) of the German Commercial Code (HGB) or are to be reported as current assets at the time of addition to operating assets, 30 percent of the capital gains are tax-free for purposes of corporate income tax and 15 percent for purposes of trade tax. In the event of a capital loss, the loss is not deductible at the level of the applicable partial exemption at the investor level.

The gain from the notional disposal must be determined separately for shares that are attributable to the business assets of an investor.

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

## Negative taxable income

Negative taxable income cannot be allocated to individual investors.

## Tax on winding-up

Distributions made in the course of the winding-up of the fund are only deemed to be income to the extent that they include the growth in value achieved in the course of the calendar year.

## Summary of tax treatment for common types of business investor

	Distributions	Advance lump-sums	Gains on disposal
<b>German investors</b>			
Sole traders	<u>Investment income withholding tax:</u> 25% (account is taken of the 30% partial exemption for equity funds and the 15% partial exemption for mixed-asset funds)		<u>Investment income withholding tax:</u> No tax deducted
	<u>Substantive taxation:</u> Income tax and trade tax, taking account of partial exemptions where applicable (equity funds 60% for income tax/30% for trade tax; mixed asset funds 30% for income tax/15% for trade tax)		
Corporations (standard tax regime) (typically industrial firms; banks, except where units are held as trading assets; general insurers)	<u>Investment income withholding tax:</u> No tax deducted for banks, otherwise 25% (account is taken of the 30% partial exemption for equity funds and the 15% partial exemption for mixed-asset funds)		<u>Investment income withholding tax:</u> No tax deducted
	<u>Substantive taxation:</u> Corporation tax and trade tax, taking account of partial exemptions where applicable (equity funds 80% for corporation tax/40% for trade tax; mixed asset funds 40% for corporation tax/20% for trade tax)		
Life and health insurance undertakings and pension funds holding fund units as part of their capital investments	<u>Investment income withholding tax:</u> No tax deducted		
	<u>Substantive taxation:</u> Corporation tax and trade tax, except insofar as tax-allowable provisions for premium rebates have been made in the balance sheet. Where applicable, account is taken of partial exemptions (equity funds: 30% for corporation tax/15% for trade tax; mixed asset funds: 15% for corporation tax/7.5% for trade tax)		
Banks holding fund units as trading assets	<u>Investment income withholding tax:</u> No tax deducted		
	<u>Substantive taxation:</u> Corporation tax and trade tax, taking account of partial exemptions where applicable (equity funds 30% for corporation tax/15% for trade tax; mixed asset funds 15% for corporation tax/7.5% for trade tax)		
Tax-exempt non-profit charitable or church investors (particularly	<u>Investment income withholding tax:</u> No tax deducted		

churches, non-profit foundations)	<u>Substantive taxation:</u> Tax-exempt – corporation tax levied at fund level may also be refunded on request
Other tax-exempt investors (particularly pension funds, burial funds and hardship funds, provided that the conditions under the German Corporation Tax Act are met)	<u>Investment income withholding tax:</u> No tax deducted
	<u>Substantive taxation:</u> Tax-free

It is assumed that the units will be held in a German custody account. A solidarity surcharge is levied on top of investment income withholding tax, income tax and corporation tax. Where no investment income withholding tax is deductible, certificates may need to be presented to the custody account provider by the appropriate deadline to ensure that the deduction is not made.

### **Non-resident taxpayers**

If a non-resident taxpayer holds the fund units in a custody account with a domestic custodian, the tax deduction on distributions, advance lump sums and gains from the sale of the units is waived, provided the non-resident taxpayer can prove his or her non-resident status. If the custodian is not aware of the investor's non-resident status or if proof of such status is not provided in good time, the foreign investor is obliged to apply for a refund of the tax withheld in accordance with the German Fiscal Code (Abgabenordnung<sup>7</sup>). The competent tax office is the tax office responsible for the depositary institution.

### **Solidarity Surcharge**

A solidarity surcharge of 5.5 percent must be levied on the tax withheld on distributions, advance lump sums and gains from the sale of units.

### **Church tax**

Insofar as income tax is already levied by a domestic custodian (withholding agent) by way of tax withholding, the church tax payable thereon is regularly levied as a surcharge on the tax withheld in accordance with the church tax rate of the religious community to which the church tax payer belongs. The deductibility of church tax as a special expense is already taken into account as a reduction when the tax is withheld.

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<sup>7)</sup> § 37 Section 2 AO (German Fiscal Code)

## **Foreign withholding tax**

In some cases, withholding tax is withheld on the fund's foreign income in the countries of origin. This withholding tax cannot be taken into account by investors to reduce tax.

## **Consequences of the merger of investment funds**

In cases of mergers of a domestic investment fund into another domestic investment fund, where the same partial exemption rate applies, there is no disclosure of hidden reserves either at the level of the investors or at the level of the investment funds involved, i.e. this transaction is tax-neutral. If the investors of the transferring investment fund receive a cash payment<sup>8</sup> provided for in the merger plan, such payment shall be treated as a distribution.

If the applicable partial exemption rate of the transferring investment fund differs from that of the acquiring investment fund, the investment share of the transferring investment fund shall be deemed to have been disposed of and the investment share of the acquiring investment fund shall be deemed to have been acquired. The profit from the fictitious sale is deemed to have accrued only as soon as the investment share of the acquiring investment fund is actually sold.

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

The importance of the automatic exchange of information to combat cross-border tax fraud and tax evasion has increased significantly at the international level in recent years. To this end, the OECD has published, among other things, a global standard for the automatic exchange of information on financial accounts in tax matters (Common Reporting Standard, hereinafter "CRS"). The CRS was integrated into Directive 2011/16/EU at the end of 2014 with Council Directive 2014/107/EU of 9 December 2014 regarding the obligation to automatically exchange information in the area of taxation. The participating countries (all EU member states and quite a few third countries) now apply the CRS. Germany transposed the CRS into German law with the Financial Account Information Exchange Act of December 21, 2015.

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<sup>8</sup>) § 190 Section. 2 No 2 KAGB.

With the CRS, reporting financial institutions (essentially credit institutions) are required to obtain certain information about their customers. If the customers (individuals or legal entities) are reportable persons resident in other participating jurisdictions (this does not include, for example, listed corporations or financial institutions), their accounts and custody accounts will be classified as reportable accounts. Reporting financial institutions will then transmit certain information for each reportable account to their home tax authority. The latter will then transmit the information to the customer's home tax authority.

The information to be transmitted is essentially the personal data of the reporting customer (name; address; tax identification number; date and place of birth (for individuals); 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 shares)).

Specifically, therefore, the regime affects notifiable investors who hold a bank account and/or custody account at a credit institution which is resident in a participating state. German credit institutions will therefore report information about investors resident in other participating states to the Federal Central Tax Office, which forwards the information to the tax authorities in the investors' respective countries of residence. Credit institutions in other participating states will likewise forward information about investors resident in Germany to their home tax authority, which forwards it to the Federal Central Tax Office. It is also conceivable that credit institutions located in other participating states will report information about investors resident in a third participating state to their home tax authorities, which will then forward the information to the tax authorities in the investors' respective countries of residence.

#### **General note**

The tax information is based on the currently known legal situation. They are addressed to persons subject to unlimited income tax liability or unlimited corporate income tax liability in Germany. However, no guarantee can be given that the tax assessment will not change as a result of legislation, court rulings or decrees issued by the tax authorities.

Prospective investors and investors are recommended to inform themselves about laws and regulations applicable to the taxation of fund assets, the purchase, holding, redemption or other disposition of units and to seek advice from external third parties, in particular a tax advisor.

## **AUDITORS**

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, has been appointed to audit the fund and the annual report.

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

## **SERVICE PROVIDER**

Companies that perform functions outsourced by the Company are presented under the heading "Outsourcing". In addition, the Company has engaged the following service providers:

### **Distribution and Initiator**

The initiator of the fund is DJE Kapital AG, Pullacher Straße 24, 82049 Pullach, Germany, which also has exclusive responsibility for distribution.

DJE Kapital AG is an affiliated company of the Company.

## **PAYMENTS TO INVESTORS / DISSEMINATION OF REPORTS AND OTHER INFORMATION**

The appointment of the custodian ensures that investors receive distributions and that units are redeemed. The investor information referred to in this prospectus may be obtained by the means indicated in the section "Basic Principles - Sales Documents and Disclosure of Information". In addition, these documents may also be obtained from the Distributor.



## **OTHER INVESTMENT ASSETS MANAGED BY THE COMPANY**

The company also manages the following public investment funds, which are not covered by this sales prospectus:

- **Investment assets according to the UCITS Directive**
  - DJE
  - DJE INVEST
  - DJE Lux
  - RB LuxTopic
  
- **Alternative Investment funds (AIF)**
  - DJE Gold & Stabilitätsfonds
  - DJE Strategy II

## **PURCHASER'S RIGHT OF REVOCATION**

Information on the buyer's right of revocation pursuant to Section 305 of the German Investment Code (KAGB) (doorstep selling).

### Notice pursuant to Section 305 of the German Investment Code (Kapitalanlagegesetzbuch)

If the purchaser of units of an open-ended investment fund has been determined by oral negotiations outside the permanent business premises of the person who sold the units or brokered the sale to make a declaration of intent to purchase, he shall only be bound by this declaration if he does not revoke it in text form within a period of two weeks with the Company or a representative within the meaning of Section 319 of the German Investment Code ("KAGB"); this shall also apply if the person who sold the units or brokered the sale has no permanent business premises. In the case of distance selling transactions, section 312g (2) sentence 1 number 8 of the German Civil Code shall apply mutatis mutandis.

Timely dispatch of the notice of revocation shall be sufficient to comply with the time limit. The revocation period shall not commence until the copy of the application for conclusion of the contract has been handed over to the Purchaser or a purchase invoice has been sent and the copy or the purchase invoice contains information on the right of revocation which meets the requirements of Article 246 (3) sentences 2 and 3 of the Introductory Act to the German Civil Code. If the commencement of the period is disputed in accordance with section 305(2) sentence 2 of the KAGB, the burden of proof shall be on the seller.

The right of revocation shall not apply if the seller proves that

- (1) the purchaser is not a consumer within the meaning of Section 13 of the German Civil Code, or
- (2) he has visited the purchaser for the negotiations which led to the sale of the shares on the basis of a prior order pursuant to Section 55 (1) of the Trade, Commerce and Industry Regulation Act.

If the revocation has been made and the purchaser has already made payments, the Company shall be obliged to pay the purchaser, if necessary concurrently with the retransfer of the purchased shares, the costs paid and an amount corresponding to the price of the paid shares on the day following receipt of the notice of revocation.

The right of revocation may not be waived.

The above provisions on the right of revocation relating to the purchase of investment units shall apply mutatis mutandis to the sale of units by the investor.

## OVERVIEW OF UNIT CLASSES

### FMM-Fonds - P (EUR)

Security identification number (WKN):	847811
ISIN:	DE0008478116
Date of issue:	August 17, 1987
fund currency:	Euro
currency of unit class:	Euro
Minimum investment amount:	not applicable
Minimum subsequent investment amount:	not applicable
Payment of the issue price	valuation date + 2 valuation days
Payment of the redemption price	valuation date + 2 valuation days
Initial charge:	up to 5%, currently 5%
Redemption fee:	not applicable
Management fee:	up to 1.6% p.a., currently 1.55% p.a.
Custodian fee:	up to 0.1% p.a., minimum EUR 9,800 p.a. currently 0.03% p.a., minimum 9,800 EUR p.a.
use of earnings:	accumulating

### FMM-Fonds - I (EUR)

Security Identification Number (WKN):	A3ENF8
ISIN:	DE000A3ENF88
Date of issue:	to be determined
Initial issue price:	100 Euro (The initial issue price corresponds to the first unit price plus front-end load)
Fund currency:	Euro
Currency of unit class:	Euro
Minimum investment amount*:	75,000 EUR

Minimum subsequent investment amount\*: 75,000 EUR

Payment of the issue price valuation date + 2 valuation days

Payment of the redemption price valuation date + 2 valuation days

Initial charge: up to 5%, currently none

Redemption charge: n.a.

Management fee: up to 1.6% p.a., currently 0.95% p.a.

Custodian fee: up to 0.1% p.a., minimum 9,800 EUR p.a.,  
currently 0.03% p.a., minimum 9,800 EUR p.a.

Use of earnings: accumulating

\* The Company is authorised to accept lesser amounts at its discretion

#### FMM-Fonds - XP (EUR)

Security Identification Number (WKN): A3ENGF

ISIN: DE000A3ENGF3

Date of issue: 1 March 2024

Initial issue price: 100 Euro (The initial issue price is equal to the first  
unit price plus initial charge)

Fund currency: Euro

Currency of unit class: Euro

Minimum investment amount\*: 3,000,000 EUR

Minimum subsequent investment amount\*: 3,000,000 EUR

Payment of the issue price valuation date + 2 valuation days

Payment of the redemption price valuation date + 2 valuation days

Initial charge:	up to 5%, currently none
Redemption fee:	n.a.
Management fee:	up to 1.6% p.a., currently 0.65% p.a.
Custodian fee:	up to 0.1% p.a., minimum 9,800 EUR p.a., currently 0.03% p.a., minimum 9,800 EUR p.a.
Use of earnings:	distributing

\* The Company is authorised to accept lesser amounts at its discretion

## Appendix

Template pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective; if the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**Product name: FMM**  
**Legal entity identifier: 529900MBNBJG19W4M363**

## Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

**Yes**


 **No**

It will make a minimum of **sustainable investments with an environmental objective: \_\_\_%**

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: \_\_\_%**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 0% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not



**What environmental and/or social characteristics are promoted by this financial product?**

The following environmental and/or social features are advertised with the financial product:

- o Consideration of environmental, social and corporate governance exclusion criteria.
- o Consideration of the main adverse effects of investment decisions of the fund on sustainability factors.
- o minimum quota of 50% of the fund assets in securities with an ESG rating MSCI ESG Research LLC of at least BB

● **What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?**

The fund manager pursues a best-in-class approach, taking into account the following exclusions.

At least 50% of the fund assets must be invested in securities with an MSCI ESG Research LLC ESG rating of at least BB.

Companies that are active in the following controversial business areas and generate revenue through involvement in the following

business areas are excluded:

- controversy/outlawed weapons (e.g. landmines, cluster bombs, weapons of mass destruction).
- Red Environmental Controversy Flag: This indicator is about the assessment of controversies (if any) related to a company's impact on the environment. Factors affecting this rating include whether a company is involved in controversies related to land use and biodiversity, toxic releases, energy and climate change, water management, non-hazardous operational waste, environmental impacts of products and services, and management of environmental impacts of the supply chain).
- Red rating for climate-related controversies (Environment Climate Flag: This indicator measures the severity of controversies related to a company's climate change and energy policies and initiatives. Factors that impact this score include, but are not limited to, previous involvement in GHG-related litigation, widespread or egregious impacts due to the company's GHG emissions, opposition to improved practices, and criticism from NGOs and/or other observers).
- Armaments (exclusion if turnover > 5% of total turnover.)
- Coal for power generation (exclusion if turnover > 30% of total turnover from production and/or distribution.)
- Tobacco products (exclusion if turnover > 5% of total turnover from production and/or distribution).

Secondly, companies that engage in controversial business practices are excluded. These include companies that clearly and without any prospect of positive change violate one or more of the ten principles of the "United Nations Global Compact" (available on the internet at <https://www.unglobalcompact.org/what-is-gc/mission/principles>). These consist of requirements regarding human and labour rights as well as environmental protection and corruption.

In addition, state issuers with an insufficient score (exclusion if "Not free") according to the Freedom House Index (<https://freedomhouse.org/>) and/or the World Bank Governance Indicators (<https://info.worldbank.org/governance/wgi/>) are excluded. The above exclusions apply only to direct investments.

Excluded from acquisition are target funds that contain investments of more than 0.49% in issuers that

- clearly and without any prospect of positive change violate one or more of the ten principles of the United Nations Global Compact
- generate more than 10% of their turnover from defence equipment
- generate more than 30% of their total turnover from the production and/or sale of steam coal
- generate more than 5% of their total turnover from tobacco production and/or distribution
- violate social regulations (state issuers).

The aforementioned threshold of 0.49% refers in each case to the individual exclusion criterion.

Furthermore, target funds are excluded from acquisition if more than 0% of their investments are in companies which

- produce controversial/outlawed weapons (e.g. landmines, cluster bombs, weapons of mass destruction)

Compliance with the exclusion criteria is ensured by the Company with the help of its internally used systems.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

Further information can be found in the sections "ESG Integration", "Consideration of Adverse Sustainability Impacts on Sustainability Factors" and "Consideration of Sustainability Risks" of the Prospectus.

● **What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?**

The fund does not aim to achieve a minimum quota in sustainable investments within the meaning of Art. 2 No. 17 of the Disclosure Regulation.

*The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

**Does this financial product consider principal adverse impacts on sustainability factors?**

Yes

The Fund Manager will take into account the principal adverse impacts ("PAI's") of investment decisions on sustainability factors as defined in Article 7(1)(a) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector. Sustainability factors are defined in this sense as environmental, social and labour concerns, respect for human rights and the fight against corruption and bribery. This only applies to direct investments.

The listed main adverse sustainability impacts correspond to those listed in Table 1 of Annex I to Commission Delegated Regulation (EU) 2022/1288 of 6. April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council as regards regulatory technical standards specifying the details of the content and presentation of information related to the principle of avoidance of significant harm, the content, methods and presentation of information related to sustainability indicators and adverse sustainability impacts, and the content and presentation of information related to the promotion of environmental or social features and sustainable investment objectives in pre-contractual documents, websites and periodic reports:

- GHG emissions
- Carbon footprint
- GHG emissions intensity of the companies in which investments are made
- Exposure to fossil fuel companies
- Share of energy consumption and generation from non-renewable energy sources
- Intensity of energy consumption by climate-intensive sectors
- Activities that adversely affect areas with biodiversity in need of protection
- Emissions to water
- Percentage of hazardous and radioactive waste
- Violations of the UNGC Principles and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
- Lack of processes and compliance mechanisms to monitor compliance with the UNGC Principles and the OECD Guidelines for Multinational Enterprises
- Unadjusted gender pay gap



- Gender diversity in governance and oversight bodies
- Engagement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)
- GHG emission intensity
- Countries invested in that violate social regulations
- Investments in companies without initiatives to reduce CO2 emissions
- Lack of due diligence

Consideration is given in this regard through exclusion criteria and/or engagement and/or voting.

To this end, the fund manager systematically integrates the main adverse effects of investment decisions on sustainability factors in its investment analysis, decision-making processes and practice of actively exercising shareholders' rights.

The ability to systematically consider the main adverse sustainability impacts depends largely on the quality of data available. This can differ per asset class. In addition, data for an individual issuer may not be available to a sufficient extent. Furthermore, these data may be based on estimates. Further information on the process can be found on the Management Company's website ([www.dje.lu](http://www.dje.lu)).

The statement on the main adverse effects of investment decisions on sustainability factors is updated annually by 30 June and can be found on the Management Company's website ([www.dje.lu](http://www.dje.lu)).

Further information can be found in the section "Consideration of Adverse Sustainability Impacts on Sustainability Factors" of the Prospectus.

No

**What investment strategy does this financial product follow?**

The composition of the portfolio is, except as provided below, active and independent of any benchmark, sector, country, maturity, market capitalisation and rating requirements, taking into account ESG factors and adverse sustainability impacts on sustainability factors.

In managing the fund, the Company will consider, inter alia, environmental and/or social characteristics and will invest in In managing the fund, the Company takes into account, among other things, environmental and/or social characteristics and invests in companies that apply good corporate governance practices. The fund manager follows a best-in-class approach, taking into account the exclusions set out in the fund's investment policy.

In order to achieve the investment objectives, the fund's assets are predominantly invested worldwide in bonds of all types - including zero coupon bonds, and floating rate securities, profit participation certificates, as well as convertible bonds and bonds with warrants attached to securities - that are listed on a stock exchange or traded on another regulated market that operates regularly, is recognized and is open to the public.

The fund-specific investment policy is described for the fund in the relevant appendix to the sales prospectus.

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

The binding elements of the investment strategy are compliance with the defined exclusion criteria from the environmental, social and corporate governance areas as well as the specified minimum quota of 50% of the fund assets in securities for which there is an ESG rating MSCI ESG Research LLC of at least BB.

● **What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?**

The investment strategy pursued does not justify a binding minimum reduction in the volume of investments.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

### Good governance

practices include sound management structures, employee relations, remuneration of staff and tax compliance.

#### What is the policy to assess good governance practices of the investee companies?

Companies that engage in controversial business practices are excluded. These include companies that clearly and without any prospect of positive change violate one or more of the ten principles of the "United Nations Global Compact" (available on the internet at <https://www.unglobalcompact.org/what-is-gc/mission/principles>). These consist of requirements regarding human and labour rights as well as environmental protection and corruption. Accordingly, companies that are categorised as "Fail" with regard to compliance with the UN Global Compact are excluded. "Fail" indicates that the company is involved in one or more ESG controversies where there are credible allegations that the company or its management has violated global standards.

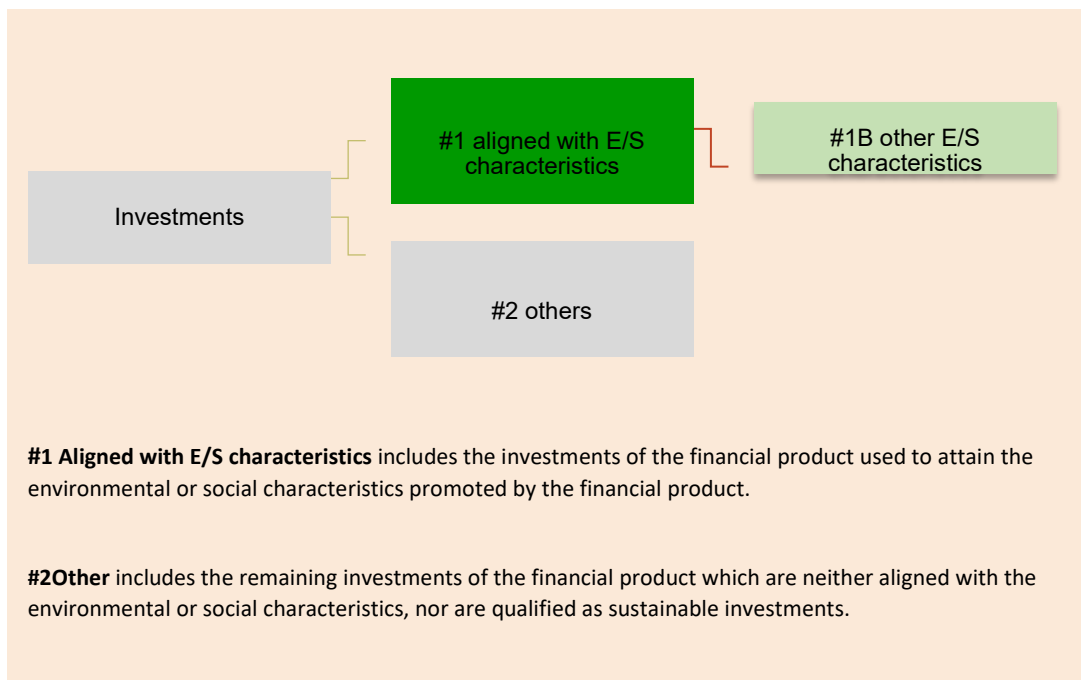
Good corporate governance is not assessed for investments in sovereigns.

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

The exclusion criteria described in the aforementioned section are applied to all direct investments.

At least 50% of the fund assets must be invested in securities for which an ESG rating MSCI ESG Research LLC of at least BB is available.

Asset allocation describes the share of investments in specific assets.



#### How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?

The derivatives that can be acquired for the fund do not have any environmental or social characteristics and are therefore considered "other investments" in the aforementioned sense.

#### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not aim at a minimum level of sustainable investments that are compliant with the EU taxonomy (environmentally sustainable investments). However, the sustainable investments made by the fund may be compliant with the EU taxonomy.

#### Does the financial product invest in EU tax compliant fossil gas and/or nuclear energy<sup>9</sup> activities?

Yes:

in fossil gas

in nuclear energy



No

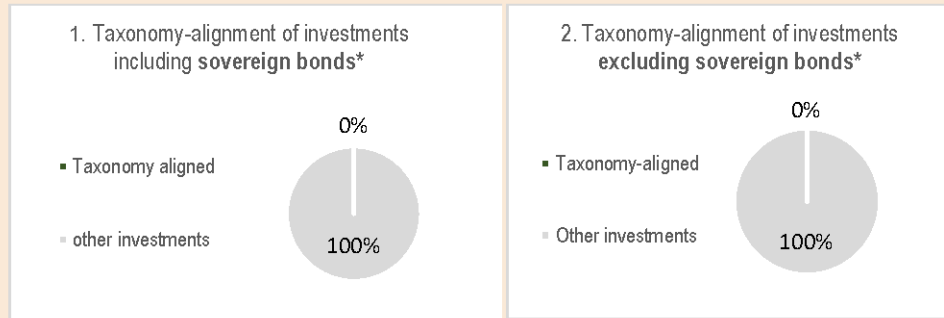


<sup>9</sup>Fossil gas and/or nuclear energy activities are only EU taxonomy compliant if they contribute to mitigating climate change („climate change mitigation“) and do not significantly affect any EU taxonomy objective - see explanation in the left margin. The full criteria for EU taxonomy compliant economic activities in the area of fossil gas and nuclear energy are set out in Commission Delegated Regulation (EU) 2022/1214)

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure (CapEx)** showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure (OpEx)** reflecting green operational activities of investee

**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.**



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures

In terms of EU taxonomy compliance, the criteria for fossil gas include limiting emissions and switching to renewable energy or low-carbon fuels by the end of 2035. The criteria for nuclear energy include comprehensive safety and waste management regulations.

#### What is the minimum share of investments in transitional and enabling activities?

- No minimum proportion of investment in transitional and enabling activities within the meaning of the EU taxonomy is set for the fund.

#### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

- The fund does not aim to achieve a minimum quota in sustainable investments within the meaning of Art. 2 No. 17 of the Disclosure Regulation. However, it may be that some of the investments constitute sustainable investments within the meaning of Art. 2 No. 17 of the Disclosure Regulation, although these are not targeted.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy

#### What is the minimum share of socially sustainable investments?

The fund does not aim to achieve a minimum quota in sustainable investments within the meaning of Art. 2 No. 17 of the Disclosure Regulation.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The fund may invest in investments that are not considered to be aligned with the promoted characteristics (#2 Other Investments). These remaining investments may comprise all asset classes provided for in the specific investment policy, including, but not limited to, securities that do not have an ESG rating from MSCI ESG Research LLC, as well as derivatives, bank deposits, etc.

The remaining investments may be further used by portfolio management for performance, diversification, liquidity and hedging purposes.

No minimum environmental or social safeguards apply to “#2 Other Investments”. Exceptions are the direct investments, for which the exclusions described in this appendix apply.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

No benchmark has been determined for the fund to determine whether this financial product is aligned with the advertised environmental and/or social characteristics.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

**Where can I find more product specific information online?**

**More product-specific information can be found on the website:**

<https://www.dje.de/en-de/transparency-fmm-fonds>

<https://www.dje.de/en-de/investmentfonds/productdetail/DE0008478116#downloads>

<https://www.dje.de/investmentfonds/productdetail/DE000A3ENF88#downloads>

<https://www.dje.de/investmentfonds/productdetail/DE000A3ENGF3#downloads>



## **TERMS OF INVESTMENT**

### **General Terms and Conditions of Investment**

regulating the legal relationship between the investors and DJE Investment S.A., 22 A Schaffmill, L-6778 Grevenmacher, Grand Duchy of Luxembourg ("Company"), for the investment funds managed by the Company on a cross-border basis in accordance with the UCITS Directive, which apply only in conjunction with the "Special Terms and Conditions of Investment" drawn up for the respective UCITS fund.

### **§ 1 fundamentals**

- (1) The Company is an EU UCITS capital management company pursuant to the German Capital Investment Code ("KAGB") and complies with the requirements of Directive 2009/65/EC of the European Parliament and of the Council of July 13, 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities. The Company is authorized in Luxembourg and regulated and supervised by the Commission de Surveillance du Secteur Financier (CSSF).
- (2) The Company invests the money deposited with it in its own name for the joint account of the investors in accordance with the principle of risk diversification in the assets permitted under the KAGB separately from its own assets in the form of a UCITS fund.
- (3) The business purpose of the UCITS fund shall be limited to the investment of capital in accordance with a defined investment strategy within the framework of collective asset management by means of the funds deposited with it; operational activities and active entrepreneurial management of the assets held shall be excluded.
- (4) The legal relationship between the company and the investor shall be governed by the General Terms and Conditions of Investment ("GTCI") and Special Terms and Conditions of Investment ("STCI") of the UCITS fund and the KAGB.

### **§ 2 Custodian**

- (1) The company shall appoint a credit institution as custodian for the UCITS fund; the custodian shall act independently of the company and exclusively in the interest of the investors.
- (2) The duties and obligations of the custodian shall be governed by the custodian agreement concluded with the Company, the KAGB and the Terms and Conditions of Investment. 3.

- (3) The custodian may outsource custodial tasks to another company (sub-custodian) in accordance with section 73 of the KAGB. Further details are contained in the sales prospectus. 4.
- (4) The custodian shall be liable vis-à-vis the UCITS fund or vis-à-vis the investors for the loss of a financial instrument held in custody within the meaning of section 72 (1) no. 1 KAGB by the custodian or by a sub-custodian to whom the custody of financial instruments has been delegated pursuant to section 73 (1) KAGB. The custodian shall not be liable if it can prove that the loss was due to external events the consequences of which were unavoidable despite all reasonable countermeasures. Further claims arising from the provisions of civil law on the basis of contracts or tortious acts shall remain unaffected. The custodian shall also be liable vis-à-vis the UCITS fund or the investors for all other losses suffered by the latter as a result of the custodian's negligent or intentional failure to fulfill its obligations under the provisions of the KAGB. The liability of the custodian shall remain unaffected by any delegation of the custodial tasks pursuant to paragraph 3, sentence 1.

### **§ 3 fund Management**

- (1) The company shall acquire and manage the assets in its own name for the collective account of the investors with due expertise, honesty, care and diligence. In performing its duties, it shall act independently of the custodian and exclusively in the interests of the investors. 2.
- (2) The Company shall be entitled to acquire the assets with the money deposited by the investors, to resell them and to invest the proceeds elsewhere; it shall also be authorized to perform all other legal acts arising from the management of the assets.
- (3) The company may neither grant money loans nor enter into obligations under a surety or guarantee agreement for the joint account of the investors; it may not sell any assets pursuant to sections 193, 194 and 196 KAGB which do not belong to the UCITS fund at the time of the transaction. § Section 197 KAGB shall remain unaffected.

### **§ 4 Investment principles**

The UCITS fund shall be invested directly or indirectly in accordance with the principle of risk diversification. The company shall acquire for the UCITS fund only

those assets that are expected to generate income and/or growth. It shall determine in the AoA which assets may be acquired for the UCITS fund.

## **§ 5 Securities**

Unless the AoA provide for further restrictions, the company may, subject to § 198 KAGB, acquire securities for the account of the UCITS fund only if

- a) they are admitted to trading on a stock exchange in a member state of the European Union or in another contracting state to the Agreement on the European Economic Area or are admitted to or included in another organized market in one of these states,
- b) they are exclusively admitted to trading on a stock exchange outside the member states of the European Union or outside the other contracting states to the Agreement on the European Economic Area or are admitted to or included in another organized market in one of these states, provided that the choice of this stock exchange or this organized market has been approved by the Federal Financial Supervisory Authority ("BaFin")<sup>9</sup>,
- c) their admission to trading on a stock exchange in a member state of the European Union or in another state party to the Agreement on the European Economic Area or their admission to or inclusion in an organized market in a member state of the European Union or in another state party to the Agreement on the European Economic Area must be applied for in accordance with the terms of issue, provided that the admission or inclusion of these securities takes place within one year of their issue,
- d) their admission to trading on a stock exchange or their admission to or inclusion in an organized market outside the member states of the European Union or outside the other signatory states to the Agreement on the European Economic Area must be applied for in accordance with the terms of issue, provided that the choice of this stock exchange or this organized market has been approved by BaFin and the admission or inclusion of these securities occurs within one year of their issue,
- e) they are shares to which the UCITS fund is entitled in the event of a capital increase from company funds.
- f) they are acquired in the exercise of subscription rights belonging to the UCITS fund,

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<sup>9</sup>The stock exchange list is published on the BaFin website at [www.bafin.de](http://www.bafin.de).

- g) they are shares in closed-end funds which meet the criteria set forth in section 193 (1) sentence 1 no. 7 KAGB,
- h) they are financial instruments that meet the criteria set forth in section 193 (1) sentence 1 no. 8 KAGB.

Securities in accordance with sentence 1 letters a) to d) may only be acquired if the requirements of section 193 (1) sentence 2 KAGB are also met. Subscription rights deriving from securities which are themselves acquirable in accordance with this § 5 may also be acquired.

### **§ 6 Money Market Instruments**

- (1) Provided that the AoA do not provide for any further restrictions, the company may, subject to § 198 KAGB, acquire for the account of the UCITS fund instruments that are normally traded on the money market, as well as interest-bearing securities that, at the time of their acquisition for the UCITS fund, have a remaining term to maturity of no more than 397 days, whose interest rate is adjusted regularly, but at least once every 397 days, in line with the market throughout their term to maturity in accordance with the terms of issue, or whose risk profile corresponds to the risk profile of such securities ("money market instruments").
  - a) Money market instruments may be acquired for the UCITS fund only if they are admitted to trading on a stock exchange in a member state of the European Union or in another contracting state to the Agreement on the European Economic Area, or are admitted to or included in another organized market there,
  - b) are exclusively admitted to trading on a stock exchange outside the member states of the European Union or outside the other signatory states to the Agreement on the European Economic Area or are admitted to or included in another organized market there, provided that the choice of this stock exchange or this organized market is approved by BaFin<sup>10</sup>,
  - c) issued or guaranteed by the European Union, the German Federal Government, a special fund of the German Federal Government, a German Federal State, another Member State or another central, regional or local authority or the central

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<sup>10</sup>The stock exchange list is published on the BaFin website at [www.bafin.de](http://www.bafin.de)



bank of a Member State of the European Union, the European Central Bank or the European Investment Bank, a non-Member State or, if such Member State is a federal state, by one of the members of such federal state, or by a public international body to which at least one Member State of the European Union belongs,

- d) issued by a company whose securities are traded on the markets referred to in letters a) and b),
  - e) issued or guaranteed by a credit institution which is subject to supervision in accordance with the criteria laid down in European Union law or by a credit institution which is subject to and complies with supervisory provisions considered by BaFin to be equivalent to those laid down in European Union law; or
  - f) are issued by other issuers and these comply with the requirements of section 194(1) sentence 1 no. 6 of the KAGB.
- (2) Money market instruments within the meaning of paragraph 1 may only be acquired if they meet the respective requirements of section 194 (2) and (3) KAGB.

## **§ 7 Bank deposits**

The company may hold bank deposits for the account of the UCITS fund that have a maximum term of 12 months. The credit balances to be held in blocked accounts may be maintained at a credit institution with its registered office in a member state of the European Union or another state party to the Agreement on the European Economic Area; the credit balances may also be held at a credit institution with its registered office in a third country whose supervisory provisions are equivalent to those of European Union law in the opinion of BaFin. Unless otherwise specified in the AODs, the bank balances may also be denominated in foreign currency.

## **§ 8 Investment units**

- (1) Unless otherwise stipulated in the AOWs, the company may acquire units in investment funds pursuant to Directive 2009/65/EC (UCITS) for the account of the UCITS fund. Units in other domestic investment funds and investment stock corporations with variable capital as well as units in open-ended EU AIFs and foreign open-ended AIFs may be acquired, provided they meet the requirements of section 196 (1) sentence 2 KAGB.
- (2) The Company may acquire units in domestic investment funds and investment stock corporations with variable capital, in EU UCITS, in open-ended EU AIFs,

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

## **§ 9 Derivatives**

- (1) Unless otherwise provided for in the AoA, the company may use derivatives pursuant to section 197 (1) sentence 1 KAGB and financial instruments with a derivative component pursuant to section 197 (1) sentence 2 KAGB within the scope of managing the UCITS fund. It may - in accordance with the type and scope of the derivatives and financial instruments with derivative components used - use either the simple or the qualified approach within the meaning of the "Verordnung über Risikomanagement und Risikomessung beim Einsatz von Derivaten, Wertpapier-Darlehen und Pensionsgeschäften in Investmentvermögen nach dem Kapitalanlagegesetzbuch" ("DerivateV") issued pursuant to section 197 (3) of the KAGB to determine the utilization of the market risk limit set pursuant to section 197 (2) of the KAGB for the use of derivatives and financial instruments with derivative components; Further details are set out in the Sales Prospectus
- (2) If the company uses the simple approach, it may regularly use only basic forms of derivatives and financial instruments with derivative components or combinations of these derivatives, financial instruments with derivative components, and underlyings permissible pursuant to § 197 (1) sentence 1 KAGB in the UCITS fund. Complex derivatives with underlying assets permitted pursuant to section 197 (1) sentence 1 KAGB may only be used to a negligible extent. The attributable amount of the UCITS fund for the market risk to be determined in accordance with section 16 DerivateV may at no time exceed the price of the fund.

Basic forms of derivatives are:

- a) futures contracts on the underlying assets pursuant to Section 197 (1) KAGB with the exception of investment units pursuant to Section 196 KAGB;
- b) options or warrants on the underlying assets pursuant to section 197 (1) KAGB with the exception of investment units pursuant to section 196 KAGB and on futures contracts pursuant to letter a) if they have the following characteristics:
  - ba) exercise is possible either during the entire term or at the end of the term; and

- bb) the option value at the time of exercise depends linearly on the positive or negative difference between the strike price and the market price of the underlying and becomes zero if the difference has the other sign;
  - c) interest rate swaps, currency swaps or cross-currency interest rate swaps;
  - d) options on swaps under letter c), provided they have the characteristics described in letters ba) and bb) of letter b) (swaptions);
  - e) credit default swaps relating to a single underlying asset (single name credit default swaps).
- (3) Insofar as the company uses the qualified approach, it may - subject to an appropriate risk management system - invest in any financial instruments with a derivative component or derivatives derived from an underlying permitted pursuant to section 197 (1) sentence 1 KAGB.

In this context, the potential risk amount for the market risk ("risk amount") to be allocated to the UCITS fund may at no time exceed twice the potential risk amount for the market risk of the associated benchmark asset pursuant to section 9 DerivateV. Alternatively, the risk amount may at no time exceed 20 percent of the price of the UCITS fund. 4.

- (4) under no circumstances may the company deviate in these transactions from the investment principles and limits set forth in the investment conditions and in the sales prospectus.
- (5) The Company shall use derivatives and financial instruments with derivative components for the purpose of hedging, efficient portfolio management and generating additional income if and to the extent that it deems this to be in the interest of the investors.
- (6) When determining the market risk limit for the use of derivatives and financial instruments with derivative components, the Company may switch between the simple and the qualified approach at any time in accordance with section 6 sentence 3 of the DerivateV. The change does not require the approval of BaFin, but the Company must notify BaFin of the change without delay and disclose it in the next half-yearly or annual report.
- (7) When using derivatives and financial instruments with derivative components, the Company shall comply with the DerivateV.

## **§ 10 Other investment instruments**

Unless otherwise provided for in the AoA, the company may invest up to 10 percent of the price of the UCITS fund in other investment instruments pursuant to § 198 KAGB for the account of the UCITS fund.

## **§ 11 Issuer Limits and Investment Limits**

- (1) In its management activities, the company shall observe the limits and restrictions set forth in the KAGB, the DerivateV, and the investment conditions.
- (2) securities and money market instruments, including securities and money market instruments purchased under repurchase agreements, of the same issuer may be acquired up to 5 percent of the value of the UCITS fund; however, up to 10 percent of the value of the UCITS fund may be invested in such securities and money market instruments if this is provided for in the AoA and the total value of the securities and money market instruments of these issuers does not exceed 40 percent of the value of the UCITS fund. The issuers of securities and money market instruments shall also be taken into account within the limits set forth in sentence 1 if the securities and money market instruments issued by such issuers are acquired indirectly through other securities included in the UCITS which are linked to the performance of such securities and money market instruments.
- (3) the company may invest in bonds, promissory note loans, and money market instruments issued or guaranteed by the German Federal Government, a German Federal State, the European Union, a Member State of the European Union or its local authorities, another State party to the Agreement on the European Economic Area, a third country, or by an international organization to which at least one Member State of the European Union belongs, in each case up to 35 percent of the price of the UCITS fund.
- (4) The company may invest up to 25 percent of the price of the UCITS fund in each case in mortgage bonds and municipal bonds as well as debt securities issued by credit institutions domiciled in a member state of the European Union or in another state party to the Agreement on the European Economic Area, if the credit institutions are subject to special public supervision on the basis of statutory provisions for the protection of the holders of such bonds and the funds raised with the issue of the bonds are invested in accordance with the statutory provisions in assets which, during the entire term of the bonds, sufficiently cover the liabilities arising therefrom and which, in the event of a default of the issuer, are earmarked on a priority basis for the repayments falling due and the payment of interest. If the company invests more than 5 percent of the value of the UCITS fund in bonds of the same issuer pursuant to sentence 1, the total value of such bonds may not exceed 80 percent of the price of the UCITS fund.
- (5) The limit in paragraph 3 may be exceeded for securities and money market instruments of the same issuer in accordance with section 206 (2) KAGB, provided that the "Special Terms of Investment" provide for this by specifying the issuers

concerned. In such cases, the securities and money market instruments held for the account of the UCITS fund must originate from at least 6 different issues, with no more than 30 percent of the price of the UCITS fund being held in any one issue.

- (6) the company may only invest up to 20 percent of the price of the UCITS fund in bank deposits in accordance with § 195 KAGB at the same credit institution.
- (7) the company shall ensure that a combination of:
- a) securities or money market instruments issued by one and the same institution,
  - b) deposits with this institution, and
  - c) amounts set off against the counterparty risk of transactions entered into with that institution,

does not exceed 20 percent of the price of the UCITS fund. Sentence 1 shall apply to the issuers and guarantors referred to in paragraphs 3 and 4 with the proviso that the company shall ensure that a combination of the assets and attributable amounts referred to in sentence 1 does not exceed 35 percent of the price of the UCITS fund. The respective individual upper limits shall remain unaffected in both cases.

- (8) The bonds, promissory note loans, and money market instruments referred to in paragraphs 3 and 4 shall not be taken into account when applying the 40 percent limits set forth in paragraph 2. The limits specified in paragraphs 2 to 4 and paragraphs 6 to 7 may not be cumulated, notwithstanding the provision in paragraph 7.
- (9) The company may invest in units of a single investment fund pursuant to § 196 (1) KAGB only up to 20 percent of the price of the UCITS fund. In shares in investment funds pursuant to § 196 (1) sentence 2 KAGB, the company may only invest a total of up to 30 percent of the price of the UCITS fund. The company may not acquire for the account of the UCITS fund more than 25 percent of the issued units of another open-ended domestic, EU or foreign investment fund invested in assets within the meaning of sections 192 to 198 KAGB in accordance with the principle of risk diversification.

## **§ 12 Merger**

- (1) The Company may, in accordance with sections 181 to 191 KAGB
- a) transfer all assets and liabilities of this UCITS fund to another existing UCITS fund or to a new UCITS fund established thereby, or to an EU UCITS or a UCITS investment stock corporation with variable capital;
  - b) incorporate all assets and liabilities of another open-ended public investment fund into this UCITS fund;
- (2) the merger shall require the approval of the respective competent supervisory authority. The details of the procedure are set forth in §§ 182 to 191 KAGB.

- (3) the UCITS fund may only be merged with a public investment fund which is not a UCITS if the receiving or newly established investment fund continues to be a UCITS. Mergers of an EU UCITS into the UCITS fund may furthermore be carried out in accordance with the requirements of Article 2 (1) (p) (iii) of Directive 2009/65/EC.

### **§ 13 Securities loan**

- (1) The company may grant a securities loan, callable at any time, to a securities borrower for the account of the UCITS fund in return for a market-based fee after transfer of sufficient collateral pursuant to section 200 (2) KAGB. The market value of the securities to be transferred, together with the market value of the securities already transferred as securities loans to the same securities borrower for the account of the UCITS fund, including group companies within the meaning of § 290 of the German Commercial Code ("HGB"), may not exceed 10 percent of the price of the UCITS fund.
- (2) If the collateral for the transferred securities is provided by the securities borrower in credit balances, the credit balances must be maintained in blocked accounts pursuant to section 200 (2) sentence 3 no. 1 KAGB. Alternatively, the Company may make use of the option to invest these credit balances in the currency of the credit balance in the following assets:
- a) in high quality debt securities issued by the German Federal Government, a German Federal State, the European Union, a member state of the European Union or its local authorities, another state party to the Agreement on the European Economic Area or a third country,
  - b) in money market funds with a short maturity structure in accordance with the guidelines issued by BaFin on the basis of section 4(2) KAGB, or
  - c) by way of a reverse repurchase agreement with a credit institution that guarantees the recall of the accrued credit balance at any time.

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

- (3) The company may also use a system organized by a securities clearing and deposit bank for the brokerage and settlement of securities loans which deviates from the requirements pursuant to section 200 (1) sentence 3 KAGB, provided that the right of termination at any time pursuant to subsection (1) is not deviated from.
- (4) Unless otherwise provided for in the AoA, the company may also grant securities loans in respect of money market instruments and investment units, provided that these assets can be acquired by the UCITS fund. The provisions of paragraphs 1 to 3 shall apply *mutatis mutandis*.

## **§ 14 Repurchase agreements**

- (1) The company may enter into securities repurchase agreements within the meaning of § 340b (2) of the German Commercial Code (HGB) with credit institutions or financial services institutions on the basis of standardized master agreements for the account of the UCITS fund that can be terminated at any time in return for payment.
- (2) The repurchase agreements must relate to securities which may be acquired in accordance with the investment conditions for the UCITS fund.
- (3) The repurchase agreements may have a maximum term of 12 months.
- (4) Unless otherwise provided in the "Special Terms and Conditions of Investment", the company may also enter into repurchase agreements with respect to money market instruments and investment units, provided that these assets may be acquired for the UCITS fund. The provisions of paragraphs 1 to 3 shall apply mutatis mutandis.

## **§ 15 Borrowing**

The company may take out short-term loans for the joint account of the investors up to an amount of 10 percent of the price of the UCITS fund if the terms of the borrowing are in line with market conditions and the custodian consents to the borrowing.

## **§ 16 Units**

The units of the fund shall be bearer units and shall be securitized in unit certificates or issued as electronic unit certificates.

- (1) Securitized unit certificates shall be evidenced by a global certificate; the issue of individual certificates is excluded. With the acquisition of a unit in the investment fund, the investor acquires a co-ownership share in the global certificate. This share is transferable unless otherwise stipulated in the "Special Terms of Investment".
- (2) The units may have different features, in particular with regard to the appropriation of income, the front-end load, the redemption fee, the currency of the unit value, the management fee, the minimum investment amount, or a combination of these features (unit classes). The details are set out in the "Special Terms of Investment".
- (3) The right to individual securitization is excluded. Insofar as effective units were issued for the UCITS fund in the past and these units are not in collective custody with one of the bodies specified in section 97 (1) sentence 2 KAGB as of the end of December 31, 2016, these effective units shall become invalid as of the end of December 31, 2016. The investors' units shall instead be securitized in a global certificate and credited to a separate custodian account. Upon submission of an invalid effective unit to the custodian, the submitter may request that a corresponding unit be credited to a

securities account to be designated by him and held on his behalf. Effective units held in collective custody at one of the entities specified in section 97 (1) sentence 2 KAGB as of the end of December 31, 2016 may be transferred to a collective certificate at any time.

#### **§ 17 Issue and Redemption of Shares, Limitation and Suspension of Redemption**

- (1) The number of units issued is in principle not limited. The Company reserves the right to temporarily or completely suspend the issuance of units.
- (2) Units may be purchased from the Company, the custodian or through third parties. The Special Terms and Conditions of Investment may provide that units may only be acquired and held by certain investors.
- (3) The investors may request the Company to redeem the units at any time. The Special Terms and Conditions of Investment may provide for redemption deadlines. The company shall be obligated to redeem the units at the respectively applicable redemption price for the account of the UCITS fund. The redemption agent shall be the custodian.
- (4) If nothing contrary is specified in the Special Terms of Investment, the Company reserves the right, however, to restrict the redemption of units for up to 15 working days if the investors' redemption requests reach a threshold value above which the redemption requests can no longer be executed in the interest of all investors due to the liquidity situation of the assets of the investment fund. The threshold value is specified in the Special Terms and Conditions of Investment. It describes the redemption request as a percentage of the net asset value of the investment fund.

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

Further details on the procedure of the redemption restriction can be found in the sales prospectus. The Company must publish the restriction on the redemption of units and its cancellation on its website without delay.

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



- (6) The Company shall notify investors of the suspension pursuant to paragraph 4 and the resumption of redemption by publication in the Bundesanzeiger (Federal Gazette) and also in a financial or daily newspaper with sufficient circulation or in the electronic information media specified in the Sales Prospectus. Investors shall be informed of the suspension and resumption of the redemption of units by means of a durable data medium without undue delay after the announcement in the Bundesanzeiger.

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

- (1) Unless otherwise provided for in the special investment conditions, the market values of the assets belonging to the UCITS fund less the loans taken out and other liabilities (net asset value) shall be determined and divided by the number of units in circulation ("unit value") in order to calculate the issue and redemption price of the units. If different unit classes are introduced for the UCITS fund pursuant to § 16 (3), the unit value as well as the issue and redemption price shall be determined separately for each unit class.

The assets shall be valued in accordance with sections 168 and 169 of the KAGB and the Kapitalanlage-Rechnungslegungs- und -Bewertungsverordnung (KARBV - German Investment Accounting and Valuation Ordinance).

- (2) The issue price corresponds to the unit value in the UCITS fund, plus, if applicable, an issue premium to be determined in the special investment conditions pursuant to section 165 (2) no. 8 KAGB. The redemption price shall correspond to the unit value of the UCITS fund, less, if applicable, a redemption discount pursuant to section 165 (2) no. 8 KAGB to be determined in the special investment conditions.
- (3) The settlement date for unit calls and redemption orders shall be no later than the value determination date following receipt of the unit call or redemption order, unless otherwise provided in the special investment conditions.
- (4) The issue and redemption prices shall be determined on each exchange trading day. Unless otherwise specified in the Special Terms and Conditions of Investment, the Company and the custodian may refrain from calculating the price on public holidays that are stock exchange days as well as on December 24 and 31 of each year; further details are set out in the Sales Prospectus.

### **§ 19 Charges**

The special investment conditions shall specify the expenses and the remunerations due to the company, the custodian, and third parties which may be charged to the UCITS fund. For remunerations within the meaning of sentence 1, the special investment conditions shall also specify the method, amount, and calculation on the basis of which they are to be paid.

## **§ 20 Accounting**

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

## **§ 21 Termination and liquidation of the UCITS fund**

- (1) The company may terminate the management of the UCITS fund by giving at least 6 months' notice in the Federal Gazette and, in addition, in the annual report or semi-annual report. The investors shall be informed without delay of a termination announced pursuant to sentence 1 by means of a durable data medium.
- (2) When the termination takes effect, the right of the company to manage the UCITS fund shall expire. In this case, the UCITS fund or the right of disposal over the UCITS fund shall pass to the custodian, which shall wind it up and distribute it to the investors. For the period of the liquidation, the custodian shall be entitled to remuneration for its liquidation activities and to reimbursement of its expenses required for the liquidation. With the approval of BaFin, the custodian may refrain from liquidation and distribution and transfer the management of the UCITS fund to another capital management company in accordance with the previous investment conditions.
- (3) The company shall prepare a liquidation report as of the day on which its management right expires in accordance with section 99 KAGB, which shall comply with the requirements for an annual report pursuant to section 20 (1).

## **§ 22 Change of the capital management company and the custodian**

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

## **§ 23 Amendments to the Terms and Conditions of Investment**

- (1) The Company may amend the Terms and Conditions of Investment.
- (2) Amendments to the Terms and Conditions of Investment shall require the prior approval of BaFin.
- (3) All planned amendments shall be published in the Federal Gazette (Bundesanzeiger) and also in a financial or daily newspaper with sufficient circulation or in the electronic information media specified in the Sales Prospectus. In a publication pursuant to sentence 1, reference shall be made to the envisaged amendments and their entry into force. In the case of investor-detrimental changes in costs within the meaning of section 162 (2) no. 11 KAGB or investor-detrimental changes with respect to material investor rights, as well as in the case of changes in the investment principles of the UCITS fund within the meaning of section 163 (3) KAGB, the essential contents of the envisaged changes in the investment conditions and their background shall be communicated to the investors simultaneously with the announcement pursuant to sentence 1 in an understandable manner by means of a durable data carrier. In the case of changes to the previous investment principles, investors shall additionally be informed of their rights under section 163(3) of the KAGB. 4.
- (4) The amendments shall enter into force at the earliest on the day after they are published in the Federal Gazette, but in the case of amendments to the costs and the investment principles not before the expiry of four weeks after the corresponding publication.

## **§ 24 Place of performance**

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

## § 25 Dispute settlement procedure

The Company has undertaken to participate in dispute resolution proceedings before a consumer arbitration board<sup>11)</sup>. In the event of disputes, consumers may call upon the ombudsman's office for investment funds of the BVI Bundesverband Investment und Asset Management e.V. (Federal Association of Investment and Asset Management) as the competent consumer arbitration board. The Company participates in dispute resolution proceedings before this arbitration board<sup>12)</sup>.

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

The European Commission has set up a European online dispute resolution platform at [www.ec.europa.eu/consumers/odr](http://www.ec.europa.eu/consumers/odr).<sup>13)</sup> Consumers can use this for the out-of-court settlement of disputes arising from online purchase contracts or online service contracts. The company's e-mail address is: [info@dje.lu](mailto:info@dje.lu).

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11) §36 section 1 No. 1 VSBG

12) §36 section 1 No. 1 VSBG

13) Article 14 Regulation (EU) 524/2013

## **Special Terms and Conditions of Investment**

governing the legal relationship between, the investors and DJE Investment S.A., 4, 22 A Schaffmill, L-6778 Grevenmacher, Grand Duchy of Luxembourg ("Company"), for the investment fund managed by the Company on a cross-border basis pursuant to the UCITS Directive

### **FMM-Fonds,**

which apply only in conjunction with the "General Terms and Conditions of Investment" drawn up by the Company for this UCITS fund.

## **INVESTMENT PRINCIPLES AND INVESTMENT LIMITS**

### **§ 1 Assets**

The company may acquire the following assets for the UCITS fund:

- (1) securities pursuant to § 5 of the General Terms and Conditions of Investment,
- (2) money market instruments pursuant to § 6 of the General Terms and Conditions of Investment,
- (3) bank deposits in accordance with § 7 of the General Terms and Conditions of Investment,
- (4) investment units in accordance with § 8 of the General Terms and Conditions of Investment,
- (5) derivatives in accordance with § 9 of the General Terms and Conditions of Investment,
- (6) other investment instruments in accordance with § 10 of the General Terms and Conditions of Investment.

### **§ 1a Securities lending and repurchase agreements**

Securities lending and repurchase agreements pursuant to §§ 13 and 14 of the General Terms and Conditions of Investment shall not be entered into.

### **§ 2 Investment Limits**

- (1) At least 60 percent of the price of the UCITS fund must be invested in securities in the form of shares in accordance with § 5 of the General Terms and Conditions of Investment.

- (2) The company may invest a total of up to 40 percent of the price of the UCITS fund in money market instruments in accordance with § 6 of the general investment conditions.
- (3) securities and money market instruments of the same issuer may be acquired in excess of 5 percent up to 10 percent of the value of the UCITS fund, provided that the total value of the securities and money market instruments of these issuers does not exceed 40 percent of the price of the UCITS fund.
- (4) the company may invest a total of up to 40 percent of the price of the UCITS fund in bank deposits in accordance with § 7 sentence 1 of the general investment conditions.
- (5) the company may use derivatives within the scope of managing the UCITS fund. The company shall use derivatives for the purpose of hedging, efficient portfolio management, and the generation of additional income if and to the extent it deems this to be in the interest of the investors.
- (6) the company may invest a total of up to 10 percent of the price of the UCITS fund in investment units in accordance with § 8 of the general investment conditions. With respect to the investment units that may be acquired pursuant to sentence 1 in accordance with § 8 of the general investment conditions for the fund, no emphasis shall be placed with respect to the permissible types of investment units that may be acquired. Within the permissible maximum limit of 10 percent of the price of the UCITS fund, there shall be no further restriction with respect to the amount of acquisition for the various types of permissible investment units that may be acquired.
- (7) Subject to the investment limits set forth in paragraphs (1) through (6) above, it shall also apply that more than 50 percent of the assets (the amount of the assets shall be determined by the price of the assets of the UCITS fund without taking into account liabilities) of the UCITS fund shall be invested in such equity investments within the meaning of section 2(8) of the Investment Tax Act as may be acquired under these investment conditions for the UCITS fund (equity funds). The actual equity investment ratios of target investment funds may be taken into account.

## **UNIT CLASSES**

### **§ 3 Unit classes**

- (1) Unit classes within the meaning of § 16 (2) of the "General Terms and Conditions of Investment" may be formed for the UCITS fund which differ with respect to the application of income, the issue premium, the currency of the unit value including the use of currency hedging transactions, the management fee, the depositary fee, the

minimum investment amount, or a combination of these features. The formation of unit classes is permitted at any time and is at the discretion of the Company.

- (2) The existing unit classes are listed individually both in the sales prospectus and in the annual and semi-annual reports. The features of the unit classes (appropriation of income, front-end load, currency of the unit value, management fee, custodian fee, minimum investment amount or a combination of these features) are described in detail in the sales prospectus and in the annual and semi-annual reports.
- (3) The conclusion of currency hedging transactions exclusively for the benefit of a single currency unit class is permitted. For currency unit classes with currency hedging in favor of the currency of this unit class (reference currency), the company may also, irrespective of § 9 of the "General Terms and Conditions of Investment", use derivatives within the meaning of § 197 (1) KAGB on exchange rates or currencies with the objective of avoiding unit value losses due to exchange rate losses of assets of the UCITS fund not denominated in the reference currency of the unit class.
- (4) the unit value shall be calculated separately for each unit class by allocating exclusively to that unit class the costs of launching new unit classes, the appropriation of income (including any taxes to be paid out of the fund assets), the management fee, the depositary fee, and the results from currency hedging transactions attributable to a specific unit class, including income equalization where applicable.

## **UNITS, ISSUE PRICE, REDEMPTION PRICE,**

### **REDEMPTION OF UNITS AND COSTS**

#### **§ 4 Units**

The investors shall participate in the respective assets of the UCITS fund in the amount of their units as co-owners according to fractional shares. Unit certificates for which the name of the custodian is Berliner Handels- und Frankfurter Bank shall remain valid. § 16 (4) of the General Terms and Conditions of Investment shall remain unaffected.

#### **§ 5 Issue and redemption price**

1. The issue premium for each unit class shall be up to 5 percent of the unit value. The Company shall be free to charge a lower front-end load for one or more unit classes or to refrain from charging a front-end load.
2. No redemption fee shall be charged.

3. Notwithstanding § 18(3) of the General Terms and Conditions of Investment, the settlement date for unit calls and redemption orders shall be no later than the next but one valuation date following receipt of the unit call or redemption order.

## **§ 6 Costs**

1. Remuneration payable to the Company:

For the management of the UCITS fund, the company shall receive an annual remuneration of up to 1.6 percent of the average net asset value of the UCITS fund, which is calculated and paid out on the last day of the month on the basis of the prices determined on each trading day in the respective month. It shall be entitled to charge pro rata advances on this amount on a monthly basis. The management fee may be withdrawn from the UCITS fund at any time. The company shall be free to charge a lower management fee for one or more unit classes. The company shall disclose the management fee charged in each case in the sales prospectus and in the annual and semiannual reports.

2. remuneration payable to third parties:

The company shall pay to the central administration agent an annual remuneration of up to 0.028 percent of the average net asset value of the UCITS fund, calculated from the prices determined on each trading day in the respective month at the end of the month. The remuneration of the central administration agent shall be covered by the management fee from no. 1.

3. Custodian

For its activities, the custodian shall receive from the UCITS fund an annual fee of up to 0.1 percent of the average net asset value of the UCITS fund calculated from the prices determined on each trading day in the respective month at the end of the month, at least EUR 9,800 p.a. The custodian shall be entitled to charge pro rata advances thereon on a monthly basis. The depositary fee may be withdrawn from the UCITS fund at any time. The custodian shall be free to charge a lower fee for one or more unit classes. The company shall indicate in the sales prospectus and in the annual and semi-annual reports the depositary remuneration charged in each case.

4. maximum permissible annual amount pursuant to paragraphs 1, 2 and 3

The amount withdrawn annually from the UCITS fund as remuneration pursuant to paragraphs 1, 2, and 3 above may amount in total to up to 2.1 percent of the average value of the UCITS fund on the basis of the average net asset value of the UCITS fund calculated from the prices determined on each trading day in the respective month at the end of the month.



## 5. expenses

In addition to the aforementioned remunerations, the following expenses shall be borne by the UCITS fund:

- a) customary bank custody and account fees, including, if applicable, customary bank costs for the safekeeping of foreign assets abroad;
- b) costs of printing and mailing the legally required sales documents intended for the investors (annual and semiannual reports, sales prospectuses, Key Information Document);
- c) costs of publishing the annual and semi-annual reports, the issue and redemption prices and, if applicable, the distributions or reinvestments and the liquidation report;
- d) Costs of preparing and using a permanent data carrier required by contract or law, except in the case of information on mergers of investment assets and except in the case of information on measures in connection with investment limit violations or calculation errors in unit value determination;
- e) costs for the audit of the UCITS fund by the auditor of the UCITS fund;
- f) costs for the publication of the taxation bases and the certification that the tax information was determined in accordance with the rules of German tax law.
- g) costs for the assertion and enforcement of legal claims by the company for the account of the UCITS fund and the defense against claims asserted against the company at the expense of the UCITS fund;
- h) fees and costs charged by government agencies in relation to the UCITS fund;
- i) costs for legal and tax advice with respect to the UCITS fund;
- j) costs as well as any fees that may be incurred with the acquisition and/or the use or naming of a benchmark or financial indices;
- k) costs for the appointment of proxies;
- l) costs for the analysis of the investment performance of the UCITS fund by third parties;
- m) Costs incurred in connection with the acquisition and disposal of assets (transaction costs),
- n) taxes, in particular value added tax, incurred in connection with the expenses referred to in letters a) to m) above and to be reimbursed by the UCITS fund;

## 6. definition of the accounting period

The accounting period begins on January 1 and ends on December 31 of a calendar year.

## 7. acquisition of investment units

The company shall disclose in the annual report and in the semi-annual report the amount of the issue premiums and redemption discounts charged to the UCITS fund in the reporting period for the acquisition and redemption of units within the meaning of § 196 KAGB. When acquiring units which are directly or indirectly managed by the company itself or by another company with which the company is affiliated through a substantial direct or indirect holding, the company or the other company may not charge issue premiums and redemption discounts for the acquisition and redemption. The company shall disclose in the annual report and in the semiannual report the remuneration charged to the UCITS fund by the company itself, by another (capital) management company, or by another company with which the company is affiliated through a substantial direct or indirect participation as management remuneration for the units held in the UCITS fund.

## **APPROPRIATION OF INCOME AND FISCAL YEAR**

### **§ 7 Appropriation of income**

#### **Distribution**

- (1) For the distributing unit classes, the company shall in principle distribute the pro rata interest, dividends, and other income accrued during the fiscal year for the account of the UCITS fund and not used to cover costs - taking into account the related income equalization. Realized capital gains - taking into account the related income equalization - may also be used for distribution on a pro rata basis.
- (2) Distributable pro rata income pursuant to paragraph 1 may be carried forward for distribution in subsequent fiscal years to the extent that the sum of the income carried forward does not exceed 15 percent of the respective price of the UCITS fund at the end of the fiscal year. Income from short financial years may be carried forward in full.
- (3) In the interest of preserving the substance of the fund, pro rata income may be partially, and in special cases also fully, earmarked for reinvestment in the UCITS fund.
- (4) Distributions shall be made annually within four months after the close of the fiscal year. Interim distributions are permissible.

### **Accumulation**

For the accumulating unit classes, the company shall reinvest in the UCITS fund on a pro rata basis the interest, dividends, and other income accrued during the fiscal year for the account of the UCITS fund and not used to cover costs - taking into account the related income equalization - as well as the realized capital gains of the accumulating unit classes.

### **§ 8 Fiscal year**

The fiscal year of the UCITS fund shall begin on January 1 and end on December 31.

### **§ 9 Redemption period and redemption restriction**

The company shall not make use of the possibility pursuant to § 17 (4) general terms of investment to limit the redemption of units.

## **INFORMATION FOR INVESTORS IN AUSTRIA**

This Annex contains additional information for Austrian investors concerning the FMM-fund (the "fund"). The Appendix forms part of the Prospectus and should be read in conjunction with the Prospectus and the Terms and Conditions of the fund dated

1 September 2023(the "Prospectus"). Unless otherwise indicated, all defined terms in this Appendix have the same meaning as in the Prospectus.

The Company intends to publicly distribute units of the fund in Austria, has notified the Financial Market Authority thereof and has been entitled to do so since the notification procedure was completed:

Contact and Information Agent in Austria

Contact and Information Agent in Austria in accordance with the provisions under EU Directive 2019/1160 Art. 92:

Erste Bank der oesterreichischen Sparkassen AG

Am Belvedere 1,

A-1100 Vienna

E-mail: [foreignfunds0540@erstebank.at](mailto:foreignfunds0540@erstebank.at)

ERSTE BANK DER OESTERREICHISCHEN SPARKASSEN AG, Am Belvedere 1, 1100 Vienna, (the "Austrian Contact and Information Agent") has been appointed by the Company as its Contact and Information Agent in Austria.

Applications for redemption of Shares may be submitted to the Austrian Contact and Information Agent and payments to Shareholders and redemption of Shares may be made through the Austrian Contact and Information Agent.

The Prospectus, the "Key Information Document", the Terms and Conditions of Investment, the latest annual report and, if subsequently published, the semi-annual report may be obtained from the Austrian Contact and Information Agent at the above address.

Issue and redemption prices of the units or unit values of the fund are published on the Company's website ([www.dje.lu](http://www.dje.lu)) and are also available from the Austrian Contact and Information Agent and from the Company DJE Investment S.A. at the business address 22A Schaffmill, 6778 Grevenmacher, Grand Duchy of Luxembourg.

For information and access to procedures and arrangements pursuant to Article 15 of EU Directive 2009/65/EC in relation to the exercise of investors' rights arising from investments in the fund in Austria, the following e-mail address has been set up for investors:  
foreignfunds0540@erstebank.at.

Information, in particular notices to investors, will be published on the website of the Company ([www.dje.lu](http://www.dje.lu)).

In addition, notices to investors can be accessed on the website of the Austrian Contact and Information Office:

<https://www.sparkasse.at/erstebank/privatkunden/sparen-anlegen/anlegen-investieren/unsere-anlageprodukte/investmentfonds/internationale-fonds/anlegerinformationen-servicestellen>

## **Taxation**

Please note that taxation under Austrian law may differ materially from the tax position set out in this Prospectus. Shareholders and interested persons should consult their tax advisor as to the taxes due on their shareholdings.