

# FMM-Fonds

Sales Prospectus  
including Fund Rules

7/2011



FT Select

FT Comfort

FT Exclusiv

FT Partner

Distribution:



Investment company:



The purchase and sale of investment units is effected in accordance with the Sales Prospectus in its current version and the General Fund Rules in conjunction with the Special Fund Rules. No person is authorised to make any statement or representation other than as contained in this Sales Prospectus. Any purchase and sale of units on the basis of statements or representations not contained in this Sales Prospectus shall be solely at the risk of the purchaser. This Sales Prospectus is complemented by the most recent annual report. Where the reporting date of the annual report lies more than eight months in the past, the half-yearly report must also be offered to the purchaser prior to the conclusion of any contract.

The pre-contractual and contractual relationship between the Company and the investor is governed by German law. § 23 (2) of the General Fund Rules provides that if the investor does not have a place of general jurisdiction within Germany, the courts at the Company's registered office shall be the legal venue for any disputes arising from the contractual relationship. Pursuant to Section 123 (1) of the German Investment Act (Investmentgesetz, "InvG"), all publications and advertising material must be in the German language or be accompanied by a German translation. Moreover, all communication between the Company and its investors will be in the German language.

In the event of disputes relating to the provisions of the German Investment Act (InvG), customers can contact the Ombudsman for investment funds at BVI Bundesverband Investment und Asset Management e.V., Unter den Linden 42, 10117 Berlin. The right of recourse to the courts shall remain unaffected hereby. For further contact details, please refer to the BVI homepage at [www.bvi.de](http://www.bvi.de). In the event of disputes arising from the application of the provisions of the German Civil Code (Bürgerliches Gesetzbuch, "BGB") concerning distance contracts for financial services, the parties may also apply to the arbitration board of Deutsche Bundesbank (Schlichtungsstelle der Deutschen Bundesbank), Postfach 11 12 32, 60047 Frankfurt am Main, tel.: +49 69 2388-1907 or -1906, fax: +49 69 2388-1919, [schlichtung@bundesbank.de](mailto:schlichtung@bundesbank.de). The right of recourse to the courts shall remain unaffected hereby.

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# Sales Prospectus

## Fundamentals

The FMM-Fonds investment fund (hereinafter referred to as the “Fund”) is a directive-compliant investment fund as defined by the German Investment Act (InvG). The Fund is managed by FRANKFURT-TRUST Investment-Gesellschaft mbH (hereinafter referred to as the “Company”).

The management of the Fund primarily entails the investment of the investor funds deposited with the Company in various assets, segregated from the assets of the Company, while having regard to the risk diversification principle. The Fund does not form part of the Company’s insolvency assets.

The assets in which the Company is permitted to invest, and the provisions to be observed while doing so, are set forth in the German Investment Act (InvG) and the Fund Rules that govern the legal relationship between investors and the Company. Said Fund Rules consist of a general and a special part (General Fund Rules and Special Fund Rules). The use of Fund Rules for an investment fund is subject to the approval of the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, “BaFin”).

## Sales documentation

The Sales Prospectus, the key investor information, the Fund Rules as well as the most recent annual and half-yearly reports may be obtained from the Company and the custodian bank at no cost. Upon request of an investor, the Company shall provide information relating to the quantitative limits that apply in the risk management of the Fund, the methods chosen to this end and the recent development of the risks and returns of the main asset categories of the Fund. This is usually done by forwarding information either electronically or by post, or by telephone.

## Fund Rules

The Fund Rules are included in this Sales Prospectus. The Fund Rules may be amended by the Company. Any amendments to the Fund Rules require the approval of the BaFin. In addition, any amendments to the investment principles of the Fund also require the approval of the Company’s Supervisory Board. Any proposed amendments will be published in the electronic German Federal Gazette (Bundesanzeiger). Moreover, any such amendments will also be published in a business or daily newspaper having a sufficiently wide circulation, or on the Company’s website at [www.frankfurt-trust.de](http://www.frankfurt-trust.de). If the amendments affect remunerations and expense reimbursements which may be paid out of the Fund, the Fund’s investment principles or essential investor rights, the investors are furthermore informed by their custodian agency in paper-based form or via electronic means. Such information shall comprise the key aspects of the planned amendments, their background,

investor rights connected to the amendment and an indication as to where and how further information can be obtained. Any such amendments will become effective no earlier than one day after their publication. Any amendments to the provisions on remuneration and expense reimbursements will become effective no earlier than three months after their publication unless an earlier date has been determined with the consent of the BaFin. Any amendments to the existing investment principles of the Fund will also enter into effect no earlier than three months after publication and are only permissible with the proviso that the Company offers its investors the exchange of their units for units in an investment fund with comparable investment principles, at no cost, provided the Company or another company belonging to the Company’s group manages any such investment fund, or offers to redeem their units prior to the amendments entering into effect.

## Management company

The Fund is managed by FRANKFURT-TRUST Investment-Gesellschaft mbH with its registered office in Frankfurt am Main, Germany, established 11 September 1969. The Company is an investment company within the meaning of the German Investment Act (InvG) and organised as a company with limited liability under German law (Gesellschaft mit beschränkter Haftung, GmbH). Since its establishment in 1969, the Company has been managing securities investment funds for private and institutional investors, and also money market investment funds since 1994. In addition, since 1998, the Company has also been licensed to manage unit-based investment funds and old age provision investment funds (Altersvorsorge-Sondervermögen) as well as mixed securities and real estate investment funds since 2000. Following adjustments to comply with the German Investment Act (InvG), the Company has also been licensed to manage directive-compliant investment funds since 2004, mixed securities investment funds and old age provision investment funds since 2005 and other investment funds since 2008.

For further details on the Management, the composition of the Supervisory Board and the Company’s shareholders as well as the subscribed and the paid-in capital, please refer to the end of this Sales Prospectus.

## Custodian bank

The German Investment Act (InvG) provides for the separation of the functions of fund management and safekeeping of investment funds. The Company has appointed another credit institution to act as the custodian bank for the safekeeping of the Fund’s assets. The custodian bank holds the assets in blocked (custody) accounts. The custodian bank’s

primary obligation is to ensure that the issue and redemption of units and the calculation of the unit value comply with both the provisions of the German Investment Act (InvG) and the Fund Rules. Furthermore, the custodian bank must ensure that the proceeds of any transactions effected for the Fund are transferred into the custodian bank's custody within the usual deadlines and that any income generated by the Fund is utilised in accordance with the provisions of said Act and the Fund Rules. Moreover, the custodian bank is required to check whether the deposit of assets in blocked accounts or in blocked securities deposit accounts held with another credit institution, an investment firm or another custodian complies with the German Investment Act (InvG) and the Fund Rules. Where this is the case, the custodian bank is obligated to approve the deposit.

As a rule, the custodian bank is responsible for all the assets it holds in safekeeping or that are held in safekeeping by a third party with its consent, and shall be held liable in case of loss. However, in case securities are deposited abroad and the relevant custodian is neither Clearstream Banking AG nor a foreign branch of the custodian bank, the liability of the custodian bank is limited to the careful selection and instruction of the foreign custodian as well as to the regular monitoring of whether the selection criteria are adhered to.

The Company determines the Fund's value and the unit value under the control of the custodian bank. The Bank of New York Mellon SA/NV, Garden Towers Branch, Frankfurt am Main, Neue Mainzer Strasse 46 – 50, 60311 Frankfurt am Main, has assumed the function of custodian bank for the Fund. The Bank of New York Mellon SA/NV is registered in Belgium and regulated by the Belgian financial supervisory authority CBFA. The Bank of New York Mellon SA/NV, Garden Towers Branch, Frankfurt am Main, focuses on custodian bank and safekeeping business and associated services.

### Fund administration

The management company has entrusted BNY Mellon Service Kapitalanlage-Gesellschaft mbH, Neue Mainzer Strasse 46 – 50, 60311 Frankfurt am Main, with the fund administration (including but not limited to equity trading, risk controlling and fund accounting).

### Distributor/initiator of the Fund

The Fund was launched at the initiative of DJE Kapital AG, Georg-Kalb-Strasse 9, 82049 Pullach, Germany, which is the sole distributor of its units.

### Fund

The Fund was launched on 17 August 1987 for an indefinite period. The investors participate in the assets of the Fund according to the number of units held as joint owners according to their respective fractions.

### FMM-Fonds

Inception date:	17 August 1987
Financial year:	1 January to 31 December
German SIN:	847811
ISIN:	DE0008478116
Distribution:	none, income is accumulated
Management fee:	up to 1.5 per cent p.a. of the fund assets, currently 1.5 per cent p.a.
Custodian bank fee:	up to 0.1 per cent p.a. of the fund assets; currently not charged
Initial sales charge:	up to 5 per cent; currently 5 per cent
Value date:	settlement date (t)

### Investment objectives

The FMM-Fonds invests worldwide, focusing on equities but complementary investments in government and corporate bonds are also possible. FMM stands for fundamental, monetary and market analysis. This analysis forms the basis for the selection of stocks and the Fund's equity ratio. Stock picking and the management of the Fund are based on the assessment of the investment advisor DJE Kapital AG.

The FMM-Fonds aims to participate in the performance of the equity markets worldwide.

### Investment principles

The Company may acquire the following assets for the Fund:

- securities as defined in Section 47 InvG;
- money market instruments as defined in Section 48 InvG;
- bank deposits as defined in Section 49 InvG;
- investment units as defined in Section 50 InvG;
- derivatives as defined in Section 51 InvG;
- other investment instruments as defined in Section 52 InvG.



## Investment instruments and limits in detail

### Securities

In aggregate, the Company must invest more than 51 per cent of the Fund value in securities.

The Company may acquire securities for the account of the Fund that were issued by domestic or foreign issuers, provided that

1. such issuers' securities are admitted to, or included in, trading on an exchange in a Member State of the European Union or in another contracting state to the Treaty on the European Economic Area; or
2. such issuers' securities are admitted to trading on one of the exchanges licensed by the BaFin or admitted to, or included in, a market that is either an organised market or has been licensed by the BaFin.

Securities from new issues may be acquired, provided that their terms and conditions of issue contain the requirement that admission to or inclusion in one of the exchanges or organised markets listed under nos. 1 and 2 above must be applied for and that admission or inclusion will take place no later than within one year of issuance. Furthermore, the requirements of Section 47 (1) sentence 2 InvG must be complied with.

Moreover, securities may also be acquired in the form of equities to which the Fund is entitled by virtue of a capital increase out of retained earnings, in the form of units in closed-end funds that meet the criteria of Section 47 (1) no. 7 InvG, in the form of financial instruments that meet the criteria listed in Section 47 (1) no. 8 InvG or by way of exercising subscription rights held by the Fund.

Subscription rights are also deemed to be securities, provided that the securities from which the subscription rights derive, are permissible in the Fund.

### Money market instruments

The Company may invest up to a total of 49 per cent of the Fund value in money market instruments. Any money market instruments purchased under repurchase agreements will count towards the investment limits. Money market instruments are instruments that are commonly traded in the money market as well as interest-bearing securities whose term or residual term at the time of acquisition for the Fund does not exceed 397 days. Where a term exceeds 397 days, the interest must be adjusted on a regular basis, but in any case every 397 days, to reflect the market situation. Money market instruments are also instruments whose risk profile corresponds to that of such securities. The Fund may acquire money market instruments which

1. are admitted to trading on an exchange in a Member State of the European Union or in another contracting state to the Treaty on the European Economic Area or admitted to, or included in, another organised market in such state;

2. are admitted to trading on one of the exchanges licensed by the BaFin or admitted to, or included in, one of the organised markets licensed by the BaFin;

3. have been issued or guaranteed by the European Communities, the German Federal Government, a special fund (Sondervermögen) of the German Federal Government, a German federal state, another Member State of the European Union, another federal, regional or local public-sector entity, a central bank of a Member State of the European Union, the European Central Bank, the European Investment Bank, a non-EEA state or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more Member States of the European Union belong;

4. have been issued by an undertaking whose securities are traded in the markets specified under nos. 1 and 2 above;

5. have been issued or guaranteed by a credit institution subject to supervision in accordance with the criteria prescribed by European Community law, or by a credit institution subject to and compliant with regulatory provisions that are, in the opinion of the BaFin, equivalent to those laid down by Community law; or

6. have been issued by another issuer that is

- a) an undertaking whose capital and reserves amount to no less than EUR 10 million and that prepares and publishes its annual financial statements in accordance with the Fourth Council Directive 78/660/EEC of 25.7.1978 on the annual accounts of certain types of companies, as amended by Directive 2003/51/EC of the European Parliament and of the Council of 18.7.2003; or
- b) an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group; or
- c) an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line. Article 7 of Directive 2007/16/EC applies to the financing of securitisation vehicles and the banking liquidity line granted.

Any of the above-mentioned money market instruments may only be acquired if they meet the requirements of Article 4 (1) and (2) of Directive 2007/16/EC. As a rule, money market instruments within the meaning of paragraph 1 nos. 1 and 2 are governed by Article 4 (3) of Directive 2007/16/EC.

Money market instruments within the meaning of paragraph 1 nos. 3 to 6 must provide sufficient protection for deposits and investors, e.g. in the form of an investment grade rating, and must also meet the criteria of Article 5 of Directive 2007/16/EC. "Investment grade" is a credit rating of "BBB" or "Baa" or better by a rating agency.

Article 5 (2) of Directive 2007/16/EC applies to the acquisition of money market instruments issued by a regional or local authority of a Member State of the European Union or by a public international body within the meaning of paragraph 1 no. 3, but not guaranteed by said Member State nor, in the case of a federal state, by one of the members making

up the federation; Article 5 (2) of Directive 2007/16/EC also applies to the acquisition of money market instruments within the meaning of paragraph 1 nos. 4 and 6; Article 5 (4) of Directive 2007/16/EC applies to the acquisition of any other money market instruments under paragraph 1 no. 3 other than money market instruments issued or guaranteed by the European Central Bank or a central bank of a Member State of the European Union. Article 5 (3) applies to the acquisition of money market instruments within the meaning of paragraph 1 no. 5; Article 6 of Directive 2007/16/EC applies to money market instruments issued or guaranteed by a credit institution subject to and compliant with regulatory provisions that are, in the opinion of the BaFin, equivalent to those laid down by Community law.

#### Investment limits for securities and money market instruments

The Company may invest up to 10 per cent of the Fund value in the securities and money market instruments of one and the same issuer (debtor). The total value of the securities and money market instruments of such issuers (debtors) must not exceed 40 per cent of the Fund's assets. In the event that such 40 per cent threshold is exceeded, the limit for investments in the securities and money market instruments of one and the same issuer (debtor) is reduced to only 5 per cent of the Fund value. The Company may invest in each case up to 35 per cent of the Fund value in the bonds, promissory note loans and money market instruments of any one specific public issuer within the meaning of Section 60 (2) sentence 1 InvG. The Company may invest in each case up to 25 per cent of the Fund value in covered bonds. Where more than 5 per cent of the Fund value is invested in such bonds of one and the same issuer, the aggregate value of these bonds must not exceed 80 per cent of the Fund value.

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

- securities and money market instruments issued by one and the same entity;
- deposits with said entity;
- amounts eligible for inclusion in the counterparty risk arising from transactions in derivatives, securities lending and repurchase agreements entered into with said entity.

For certain public issuers within the meaning of Section 60 (2) sentence 1 InvG, any combination of the assets listed in sentence 1 must not exceed 35 per cent of the Fund value.

The individual maximum limits remain unaffected.

Any securities purchased under repurchase agreements will count towards these investment limits.

In aggregate, the Company may invest up to 10 per cent of the Fund value in

- securities which are not admitted to trading on an exchange or admitted to, or included in, another organised market, but meet the criteria of Section 52 (1) no. 1 InvG;

- money market instruments of issuers that do not meet the requirements of Section 48, provided that the money market instruments fulfil the criteria of Section 52 (1) no. 2 InvG;
- equities from new issues whose proposed admission has not yet been completed;
- promissory note loans, provided that such receivables may be assigned at least twice after their acquisition for the Fund and that the loan was granted:
  - a) to the German Federal Government, a German Federal Government special fund (Sondervermögen), a German federal state, the European Communities or a member state of the Organisation for Economic Cooperation and Development (OECD);
  - b) to any other domestic local authority (Gebietskörperschaft) or the regional government or local authority of another Member State of the European Union or another contracting state of the European Economic Area for which a zero weighting has been published in accordance with Article 44 of Directive 2000/12/EC of the European Parliament and of the Council of 20.3.2000 relating to the taking-up and pursuit of the business of credit institutions;
  - c) to any other public-law institutions or corporations based in Germany or in another Member State of the European Union or another contracting state of the European Economic Area;
  - d) to an undertaking that has issued securities which are admitted to trading in an organised market within the meaning of Section 2 (5) of the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG") or admitted to, or included in, another organised market that meets the main requirements for regulated markets as defined in the directives listed in Section 52 (1) no. 4 d) InvG; or
  - e) to other debtors, provided that one of the organisations listed in letters a) to c) above has furnished a guarantee for the payment of both interest and principal.

#### Bank deposits

In aggregate, up to 49 per cent of the Fund value may be invested in bank deposits having a term of no more than 12 months. These bank deposits must be kept in blocked accounts with a credit institution with its registered office in a Member State of the European Union or another contracting state to the Treaty on the European Economic Area. In accordance with the Special Fund Rules, these bank deposits may also be maintained with a credit institution with its registered office in a non-EEA state.

The Company may only invest up to 20 per cent of the Fund value in bank deposits with one and the same credit institution.



## Investment units

The Company may invest up to a total of 10 per cent of the Fund value in units of other investment funds. These other investment asset pools must, in turn, be restricted under their fund rules to investing only up to 10 per cent in units of other investment asset pools.

The Company may acquire units in domestic directive-compliant and non-directive-compliant investment funds, units in investment stock corporations as well as directive-compliant EC investment units and other foreign investment units. All such units must be redeemable at any time.

Pursuant to Section 50 InvG, only up to 20 per cent of the Fund value may be invested in units of one and the same investment asset pool; only up to a total of 30 per cent of the Fund value may be invested in non-directive-compliant investment asset pools.

The Company may not acquire more than 25 per cent of the issued units of another investment asset pool for the account of the Fund.

The Company may acquire up to 10 per cent in units of domestic or foreign investment funds for the Fund, provided that such investment funds are permitted under their fund rules to invest predominantly in equities (equity funds).

The Company may acquire up to 10 per cent in units of domestic or foreign investment funds for the Fund, provided that such investment funds are permitted under their fund rules to invest predominantly in fixed-income securities (bond funds).

The Company may acquire up to 10 per cent in units of domestic or foreign investment funds for the Fund, provided that such investment funds are permitted under their fund rules to invest at least 85 per cent of their value in bank deposits, money market instruments (Section 48 InvG) or money market fund units (money market funds).

Investment funds the FMM-Fonds is invested in can temporarily suspend the redemption of units. In this case, the Company cannot sell the units held in the other fund by returning them to the management company or the custodian bank of the other fund against payment of the redemption price. Whether and to what extent the Fund holds units in other investment asset pools that have currently suspended redemption will be shown on the Company's homepage at [www.frankfurt-trust.de](http://www.frankfurt-trust.de).

## Derivatives

To measure market risk, the Company may, for the Fund, normally only use the following basic types of derivatives or combinations of such derivatives or combinations of other assets, which may be acquired for the Fund, together with such derivatives within the Fund:

- a) futures contracts on securities, money market instruments, other investment instruments, financial indices within the meaning of Article 9 (1) of Directive 2007/16/EC, interest rates, foreign exchange rates or currencies;
- b) options or warrants on securities, money market instruments, other investment instruments, financial indices within the meaning of Article 9 (1) of Directive 2007/16/EC, interest rates, foreign exchange rates or currencies and on futures contracts as per letter a) if:
  - the exercise is either possible throughout the entire term or at the end of the term, and
  - the option value is either a fraction or a multiple of the difference between strike price and market price of the underlying and will become zero if the difference has the opposite algebraic sign;
- c) interest rate swaps, currency swaps or cross-currency interest rate swaps;
- d) options on swaps as per letter c), provided that such options have the features described under letter b) (swaptions);
- e) credit default swaps, provided that such swaps serve solely and transparently for the hedging of the credit risk of Fund assets that can be specifically identified.

The above financial instruments may be independent assets or a component of other assets. Other, more complex derivatives with underlyings pursuant to Section 51 (1) sentence 1 InvG may be used to a negligible extent only.

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

**However, the market risk potential of the Fund must not, at any time, exceed twice the value of its assets as a result of using derivatives. Market risk is deemed to be the risk that arises from an unfavourable development of market prices for the Fund. When determining the market risk potential for the use of derivatives, the Company will apply the simplified approach in accordance with the German Derivatives Ordinance (Derivateverordnung, "DerivateV").**

## Futures contracts

For the account of the Fund, the Company may enter into futures contracts on securities, money market instruments and other investment instruments in which the Fund is permitted to invest as well as financial indices as defined by Article 9 (1) of Directive 2007/16/EC, interest rates, foreign exchange rates or currencies. A futures contract represents an unconditional binding commitment for both parties, in which a certain

quantity of an underlying instrument will be bought or sold at a predefined future date, the maturity date, or during a specific period of time, at a price agreed in advance.

### Option transactions

For the account of the Fund and within the parameters of the investment principles, the Company may participate in options trading and may, to this extent, buy and sell put and call options on securities and money market instruments as well as financial indices as defined by Article 9 (1) of Directive 2007/16/EC, interest rates, foreign exchange rates or currencies and also trade in warrants. This means that a third party may be granted, for consideration (option premium), the right to request delivery or acceptance of assets or to request payment of a differential amount during a specified period of time (or at the end of a specified period) for a predetermined price (strike price), or to acquire related option rights. The options or warrants must be exercisable either throughout the entire term or at the end of the term. Moreover, the option value at the time of exercise must either be a fraction or a multiple of the difference between strike price and market price of the underlying and become zero if the difference has the opposite algebraic sign.

### Swaps

For the account of the Fund and within the parameters of the investment principles, the Company may enter into interest rate swaps, currency swaps or cross-currency interest rate swaps as well as combinations of these transactions. Swaps are exchange contracts that involve the exchange of the underlying cash flows or risks between the contracting parties.

### Swaptions

Swaptions are options on swaps. Only those swaptions may be acquired for the account of the Fund that consist of the above-mentioned options and swaps. A swaption is the right, but not the obligation, to enter into a swap with specific conditions at a certain point in time or within a certain period. In addition, the principles outlined in connection with option transactions apply.

### Credit default swaps

Credit default swaps are credit derivatives that permit the transfer of potential credit default exposures to another party. As consideration for the assumption of the credit default risk, the risk seller pays a premium to the buyer. The Company may only acquire simple, standardised credit default swaps for the Fund to hedge individual credit risk exposures in the Fund

assets. In addition, the above explanations regarding swaps apply accordingly.

### Securitised financial instruments

The Company may also acquire the financial instruments described above if these are securitised. Eligible transactions relating to financial instruments may be only partially securitised (e.g. warrant-linked bonds). The statements regarding risks and rewards also apply to any such securitised financial instruments, provided that, for securitised financial instruments, the risk of loss is limited to the value of the security.

### OTC derivative transactions

The Company may enter into derivative transactions involving financial instruments admitted to trading on an exchange or included in another organised market as well as so-called over-the-counter (OTC) transactions. The Company may only enter into derivative transactions involving financial instruments not admitted to trading on an exchange or included in another organised market with suitable banks or financial services institutions on the basis of standard master agreements. For OTC derivatives, the counterparty risk with regard to one and the same counterparty is limited to 5 per cent of the Fund value. If the counterparty is a credit institution with its registered office within the European Union, the European Economic Area or a non-EEA state offering a comparable supervisory level, the counterparty risk may be up to 10 per cent of the Fund value. OTC derivative transactions entered into with the central clearing agent of an exchange or another organised market as the counterparty, will not count towards the counterparty limits if the derivatives are subject to daily valuation at market prices with daily margin settlement. Claims of the Fund against an intermediary will, however, count towards the limits even if the derivative is traded on an exchange or in any other organised market.

### Lending transactions

The assets contained in the Fund may be transferred as a loan to third parties for consideration in line with market conditions. Where the assets are transferred for an indefinite period of time, the Company may terminate this loan at any time. The relevant contract must provide for the obligation that assets of the same type, quality and quantity must be retransferred to the Fund upon expiry of the loan term. The prerequisite for the transfer of assets by way of a loan is the provision of sufficient collateral to the Fund. The provision of collateral may be performed by assigning or pledging bank deposits or securities or money market instruments. The Fund is entitled

to any income from the investment of collateral. Furthermore, the borrower is also obligated to pay any interest generated by the securities on loan (when due) to the custodian bank for the account of the Fund. The value of securities loaned for a specific period of time must not exceed 15 per cent of the Fund value. In aggregate, the securities transferred to a borrower must not exceed 10 per cent of the Fund value. The Company may not grant monetary loans to third parties for the account of the Fund.

### Repurchase agreements

The Company may enter into repurchase agreements with credit institutions and financial services providers for the account of the Fund, provided that the term of any such agreement does not exceed 12 months. Repurchase agreements are only permissible in the form of so-called genuine repurchase agreements. Under these transactions, the repo lender is required to retransfer the assets at a specified time or a time to be determined by the repo borrower.

### Borrowings

The raising of short-term loans for the joint account of the investors is permissible up to a maximum of 10 per cent of the Fund value, provided the loan terms and conditions are in line with market standards, and the custodian bank agrees to the borrowing.

## General rules for the valuation of assets

### Assets admitted to an exchange/traded in an organised market

Assets admitted for trading at exchanges or in another organised market, or included in any such organised market, and subscription rights for the Fund are valued at the relevant market price, unless stated otherwise under “Special valuation rules for individual assets” below.

### Assets not listed on an exchange and not traded in an organised market and assets without a tradable price

Assets that are neither admitted to trading on an exchange nor in any other organised market, and not included in any such organised market, or for which no tradable price is available, are valued at the current market value that is deemed to be appropriate on the basis of suitable valuation models, also taking into consideration the current market conditions, unless stated otherwise under “Special valuation rules for individual assets” below.

## Special valuation rules for individual assets

### Non-listed bonds and promissory note loans

The valuation of bonds not admitted to trading on an exchange or in any other organised market, or included in any such market (e.g. non-listed bonds, commercial papers and certificates of deposit) and the valuation of promissory note loans is based on the prices agreed for comparable bonds and promissory note loans and, if applicable, the market prices of bonds issued by comparable issuers, having the same maturity and yield. Where required, a discount is applied in order to compensate for the fact that such securities are not as readily disposable.

### Money market instruments

For the money market instruments held in the Fund, interest and interest-related income as well as expenses (e.g. management fees, custodian bank fees, audit costs, costs of publication, etc.) will be taken into account up to and including the day prior to the value date.

### Derivatives, option rights and futures contracts

Any option rights held in an investment fund and any liabilities from option rights granted to third parties, which are admitted to trading on an exchange or included in another organised market, are valued at the prices last determined. This also applies to receivables and liabilities from futures contracts sold for the account of the Fund. Any margins paid at the expense of the Fund are added to the value of the Fund, taking into account any valuation gains or losses determined on the relevant exchange trading day.

### Bank deposits, fixed-term deposits, investment units and loans

All bank deposits will be valued at their nominal value. Fixed-term deposits are valued on the basis of the agreed return, provided that the fixed-term deposit can be terminated without notice and that repayment upon termination is made at the agreed return. Investment units are valued at their redemption price. Exchange-traded investment asset pools may also be valued at their last known daily price. In some cases, it may be that foreign or domestic hedge fund units and units in other investment funds are only repurchased and valued at specific dates, so that the redemption price may not necessarily reflect the current unit value.

The repayment claims from loans are valued using the relevant market price of the assets loaned.

### Assets denominated in foreign currencies

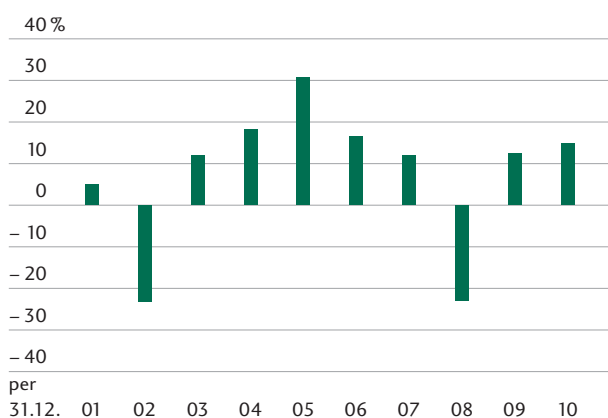
The value of assets denominated in a foreign currency is converted into euros on a same-day basis, using the exchange rate determined on the basis of Reuters AG's 10:00 a.m. morning fixing.

### Performance figures

#### Performance overview\* as at 31 March 2011

	cumulative		annual average	
1 year	+	9.8 %		
3 years	+	8.5 %	+	2.7 %
5 years	+	16.4 %	+	3.1 %
10 years	+	80.4 %	+	6.1 %
since inception	+	721.0 %	+	9.3 %

#### Annual performance\* from 2001 to 2010



\* Calculation basis: unit value (ex initial sales charge), distributions reinvested. No guarantee of future performance. For current performance data, visit [www.frankfurt-trust.de](http://www.frankfurt-trust.de)

### Risk information

#### General

The assets in which the Company invests for the account of the Fund not only offer the potential to rise in value but also harbour risks. For example, losses in value may occur if the market price of the assets falls below the purchase price. If the investor sells Fund units at a time when the prices of the assets held in the Fund are lower than their purchase price, the investor will not recover all the money invested in the Fund. Although the Fund strives to generate a steady increase in value, this cannot be guaranteed. However, the investor's risk is

limited to the amount invested. There is no additional funding obligation over and above the money invested.

#### Possible investment spectrum

In compliance with the German Investment Act (InvG) and the investment principles and limits set forth in the Fund Rules, which provide for a very wide scope for the Fund, the actual investment policy may also be geared towards purchasing assets primarily from a small number of industries, markets or regions/countries, for example. This focus on a few select investment sectors may offer special opportunities but may also give rise to special risks (e.g. narrow markets, strong fluctuations during certain economic cycles). The annual report informs investors about the investment policy of the past reporting year.

#### Market risk

The development of prices and market values of financial products depends, in particular, on the development of the capital markets which are in turn influenced by the state of the global economy as well as the macroeconomic and general political conditions in the relevant countries. In addition, irrational factors such as moods, opinions and rumours may also influence the general price development, particularly on exchanges.

#### Country or transfer risk

Country risk refers to the situation that arises when a foreign debtor, although not insolvent, is unable to make payments on time, or unable to make them at all, as a result of the fact that the country in which the debtor has its registered office is either unable or unwilling to permit transfers. This may result in the non-receipt of payments to which the Fund is entitled or in payments being received in a currency that is no longer convertible as a consequence of currency restrictions.

#### Settlement risk

Particularly when investing in non-listed securities, there is a risk that settlement via a transfer system is not effected as planned due to delayed or non-compliant payment or delivery.

#### Liquidity risk

The Fund may also acquire assets that are not admitted to an exchange or included in another organised market. However, the acquisition of any such assets entails the risk that problems may arise, particularly when reselling these assets to third parties.

### Counterparty risk

A default on the part of an issuer or counterparty may result in losses for the Fund. The issuer risk denotes the impact of specific developments on the part of the issuer that influence the price of a security in addition to the general trends in the capital markets. Even with the most careful selection of securities, losses resulting from a decline in the assets of issuers can never be ruled out. The counterparty risk describes the risk of one party to a reciprocal contract that the other party fails to fulfil their obligations under the contract, in whole or in part, resulting in losses for the first party. This applies to all contracts entered into for the account of the Fund.

### Currency risk

Where the assets of an investment fund are invested in currencies other than the currency of the relevant fund, the investment fund receives all returns, repayments and proceeds from any such investments in the respective currency. Where the value of such currency falls in relation to the fund currency, this will reduce the value of that investment fund.

### Custodial risk

The safekeeping of assets, particularly abroad, entails a risk of loss that may result from insolvency, breaches of duty of care or improper conduct on the part of the custodian or sub-custodian. The custodian bank shall not assume unlimited liability for any form of loss of the assets deposited abroad with other custodians or depositories (see “Custodian bank” section).

### Concentration risk

Further risks may arise if investments are concentrated on specific assets or markets. In these cases, the Fund would be highly dependent on the development of any such assets or markets.

### Inflation risk

Inflation entails a devaluation risk for all assets.

### Legal and tax risks

The legal and tax treatment of the Fund may change in an unforeseeable fashion, and the Fund may have no control over any such changes. Amendments to the Fund’s tax bases for previous financial years as a result of a tax field audit determining that such tax bases had been incorrectly applied, may lead to a correction that is disadvantageous to the investor from a tax perspective. As a consequence, the investor may have to bear the tax burden resulting from an amended tax

assessment for previous financial years, even if the investor was not invested in the Fund at that time. Conversely, the investor may be faced with a situation where a favourable amendment made to a tax assessment for the current and previous financial years, in which the investor was invested in the Fund, does not benefit the investor as a result of the investor having redeemed or sold the units before the amendment took effect.

Furthermore, the correction of tax data may result in taxable profits or tax benefits actually being assessed in a different tax assessment period from the correct one. This may have a negative impact on the individual investor.

### Changes in investment policy

The structural risk associated with the Fund may also change if the investment policy changes within the investment spectrum that is legally or contractually permissible.

### Amendments to Fund Rules; dissolution or merger

Under the Fund Rules for the Fund, the Company reserves the right to amend the Fund Rules (see “Fundamentals” above). Moreover, the Company has the right under the Fund Rules to dissolve the Fund or to merge the Fund with another investment fund. For the investor, this entails the risk that the investor may not reach an envisaged holding period.

### Risk of suspension of redemption

As a rule, investors may request that the Company repurchase (redeem) their units on any exchange trading day. However, the Company may opt to temporarily suspend the redemption of units if extraordinary circumstances exist, and only redeem the units at a later time at the price then applicable (for further details see “Suspension of redemption”). This price may be lower than the price prior to the suspension of redemption.

### Key personnel risk

Investment funds whose performance is particularly positive during a certain period owe this success, among other things, to the skill of their specialists and thus to the correct decisions of their management. However, the composition of the fund management may change. It may be that new decision-makers are less successful in their endeavours.

### Interest rate risk

Investments in fixed-income securities entail the risk of changes in the market interest rate level that existed at the time a security was issued. If market interest rates rise when compared with the interest rate at the time of issuance, the market

price of fixed-income securities tends to drop. Conversely, if the market interest rate falls, the market price of fixed-income securities rises. As a consequence of this price development, the current yield of a fixed-income security largely corresponds to the current market interest rate. However, these price fluctuations differ depending on the term of the fixed-income securities. Fixed-income securities with shorter maturities are generally subject to lower price risks than fixed-income securities having longer maturities. Therefore, fixed-income securities with shorter maturities generally yield lower returns than fixed-income securities having longer maturities.

Money market instruments tend to be exposed to lower price risks due to their short term to maturity of no more than 397 days.

#### Risks in connection with derivative transactions

The purchase and sale of options and the conclusion of futures contracts or swaps entail the following risks:

- Price fluctuations of the underlying may reduce the value of the option right or futures contract and may even result in the total loss of the instrument's value. As a result of changes in the value of the underlying asset of a swap, the Fund may also suffer losses;
- If applicable, the execution of an offsetting transaction (close-out) is associated with additional costs;
- Due to the leverage effect of options, the value of the Fund can be influenced to a greater degree than would be the case if the Fund invested directly in the underlying;
- Buying options involves the risk that the option is not exercised because the price of the underlying asset moves against the investor, and the option premium paid by the Fund is forfeited. When selling options, there is the risk that the Fund is obligated to purchase assets at a price that exceeds the current market price or to deliver assets at a lower price than the current market price. The Fund then suffers a loss that corresponds to the price difference minus the collected option premium;
- Likewise, futures contracts also expose the Fund to the risk of loss if an unfavourable market development transpires at the time of maturity.

#### Risks in connection with investment units

The risks associated with investment units acquired for the Fund are closely related to the risks that are inherent in the assets held by such investment funds and the investment strategies pursued by them. However, these risks may be reduced by diversifying the investments within the investment funds whose units are acquired and by diversifying within the Fund itself.

As the managers of the individual target funds act independently of each other, it may transpire that multiple target funds pursue the same or opposing investment strategies. This

may result in an accumulation of risk, and possible rewards may cancel each other out.

The Company is usually not in a position to exercise any control over the management of the target funds, whose investment decisions may not necessarily correspond to the assumptions and expectations of the Company.

In many cases, the Company may not know the current composition of the target funds in good time. Where the composition does not correspond to its assumptions and expectations, the Company may only be able to react with a considerable time delay by redeeming the target fund units.

**No assurance can be given that the objectives of the investment policy will, in fact, be achieved.**

#### Stronger unit price fluctuations

**Given the composition of the Fund, its unit prices may experience strong upward and downward fluctuations within short periods of time.**

#### Profile of a typical investor

The FMM-Fonds invests worldwide, focusing on equities but complementary investments in government and corporate bonds are also possible. The FMM-Fonds aims to participate in the performance of the equity markets worldwide.

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

#### Units

Investors' rights will be evidenced solely in the form of global certificates. These global certificates will be held in safe-keeping at a central securities depository. Investors are not entitled to delivery of individual certificates. Units may only be purchased if the purchaser agrees to have the certificates held in custody. The units are bearer units and evidence the unit holders' entitlements vis-à-vis the Company.

#### Special note to investors

Since 1 December 2009, investors' rights in the Fund have been evidenced solely in the form of global certificates.

We would therefore request that investors still holding physical certificates kindly have them exchanged free of charge



by the custodian bank, The Bank of New York Mellon SA/NV, Garden Towers Branch, Frankfurt am Main. The Bank of New York Mellon SA/NV, Garden Towers Branch, Frankfurt am Main, will then arrange for the exchanged units to be credited to the respective investor's securities deposit account.

Should you have any questions, please contact your bank or call us on +49 69 92050-200. Alternatively, you can also reach us by e-mail at [info@frankfurt-trust.de](mailto:info@frankfurt-trust.de).

## Issue and redemption of units

### Issue of units

The number of units issued is not restricted. The units may be purchased from the Company. The custodian bank will issue these units at the issue price that corresponds to the net asset value per unit. However, the Company reserves the right to suspend the issue of units either temporarily or indefinitely.

### Redemption of units

As a rule, investors may request the Company to redeem the units on any exchange trading day. Redemption orders must be placed either with the custodian bank or the Company. The Company is under an obligation to repurchase the units at the applicable redemption price.

### Settlement upon unit issuance and redemption

Settlement takes place no later than on the second valuation day following receipt of the relevant purchase or redemption order.

### Suspension of unit redemption

The Company may opt to temporarily suspend the redemption of units if extraordinary conditions are deemed to require such suspension, taking into consideration investor interests. Extraordinary circumstances are deemed to exist if, for example, an exchange on which a substantial part of the securities held by the Fund is traded has been subject to a non-scheduled closure or if the assets contained in the Fund cannot be valued. The Company reserves the right to only redeem or exchange units at the applicable price once it has sold assets of the Fund without undue delay, while at the same time safeguarding the interests of all investors. The Company will notify investors of any suspension of redemption and its resumption via the electronic German Federal Gazette and online at [www.frankfurt-trust.de](http://www.frankfurt-trust.de). The investors will furthermore be informed by their custodian agencies in paper-based form or via electronic means.

## Exchanges and markets

It cannot be excluded that the units are listed on an exchange or are traded on an exchange or in an organised market. The market price on which exchange trading or trading in other markets is based, is not only determined by the value of the assets held by the Fund but also by supply and demand. As a consequence, this market price may differ from the unit price determined.

## Issue and redemption price; costs

### Issue and redemption price

For the calculation of the issue and redemption price of the units, the Company, under the control of the custodian bank, determines the value of the assets contained in the relevant Fund (less any liabilities) (the "net asset value") on every exchange trading day.

All exchange trading days are deemed to be valuation days for the units of the Fund. On statutory holidays within the scope of the German Investment Act (InvG) that are also exchange trading days, as well as on 24 and 31 December every year, the Company and the custodian bank may abstain from determining the value. At present, unit prices are not determined on New Year's Day, Good Friday, Easter Monday, 1 May (Labour Day), Ascension Day, Whit Monday, Corpus Christi, Day of German Unity, Christmas Eve, Christmas Day, the day after Christmas (Boxing Day) and New Year's Eve.

### Suspension of calculation of issue and redemption prices

The Company may temporarily suspend the calculation of issue and redemption prices in accordance with the same requirements as for the suspension of redemption. These requirements are explained in greater detail under "Suspension of unit redemption".

### Initial sales charge

When determining the issue price, an initial sales charge may be added to the unit value. The initial sales charge may be up to 5.0 per cent of the unit value. This initial sales charge may reduce or entirely erode the Fund's performance, particularly when investments are only held for a short period of time. The initial sales charge is basically a sales charge for the distribution of the Fund's units. To cover the distribution services, the Company may pass the initial sales charge on to any intermediaries involved.

### Redemption fee

A redemption fee shall not be charged.

### Publication of issue and redemption prices

The issue and redemption prices are available at the registered offices of the Company and the custodian bank. The issue and redemption prices are published in daily or business newspapers having a sufficiently wide circulation or on the Company's website at [www.frankfurt-trust.de](http://www.frankfurt-trust.de).

### Costs for the issue and redemption of units

The Company or the custodian bank issue units at the issue price (unit value plus initial sales charge) or and repurchase them at the redemption price (unit value) without charging any additional costs.

However, where units are redeemed via third parties, costs may be incurred upon redemption. Moreover, if units are sold or distributed via third parties, this may attract further costs in addition to the issue price.

### Management fees and other costs

The Company shall receive a daily remuneration in the amount of up to 1.5 per cent p.a. of the Fund value for the management of the Fund. This value is calculated on the basis of the net asset value, as determined on every exchange trading day; the remuneration is paid out of the Fund. This management fee may be debited to the Fund at any time.

The custodian bank may charge a daily remuneration in the amount of up to 0.1 per cent p.a. of the Fund value for its services. This value is calculated on the basis of the net asset value, as determined on every exchange trading day; the remuneration is paid out of the Fund. The custodian bank fee may be debited to the Fund at any time.

The management costs (without transaction costs) incurred by the Fund in the financial year are disclosed in the annual report in the form of a Total Expense Ratio ("TER"). The TER is made up of the remuneration for the management of the Fund, the custodian bank fee as well as any other expenses that may be additionally charged to the Fund. It does not include any costs arising in connection with the acquisition or disposal of assets.

In connection with transactions for the account of the Fund, the Company may accrue non-cash benefits (broker research, financial analyses, market and price information systems) which will be used for investment decisions in the best interests of the investors.

However, the Company does not receive any reimbursement for any remuneration or the refund of expenses paid out of the Fund to the custodian bank or third parties.

The Company pays brokerage fees to intermediaries, such as credit institutions, in the form of "sales commissions" on a recurring basis.

**A significant portion of the remuneration paid out of the Fund to the Company may be used to remunerate distribution companies for the brokerage of units in investment funds based on the volume of brokered units.**

In addition to the above-mentioned types of remuneration, the following expenses will be debited to the Fund:

- a) any costs arising in connection with the acquisition or disposal of assets;
- b) any custody fees in accordance with normal banking practice including, if applicable, any standard bank fees for the custody of foreign securities abroad;
- c) any costs for the printing and forwarding of annual and half-yearly reports, fact sheets, sales prospectuses and key investor information;
- d) any costs associated with the publication of annual and half-yearly reports or the issue and redemption prices or, if applicable, distributions and the dissolution report;
- e) the costs of auditing the Fund by the Company's auditor;
- f) any costs for the publication of the tax bases and the issue of certificates stating that any tax details have been determined in accordance with the rules of German tax law; the Company is entitled to charge up to EUR 3,000.– p.a. to the Fund for determining foreign key tax figures; it shall furthermore be entitled to charge the Fund with all external costs incurred in this context, such as the costs for the publication and examination of the foreign tax data;
- g) any taxes imposed in connection with the costs of management and custody;
- h) any costs for the assertion and enforcement of any legal claims the Fund may have; in cases in which claims are enforced for the Fund in or out of court, the Company may furthermore charge up to 15 per cent of the amounts thus enforced and collected for the Fund;
- i) free of charge for the time being;
- j) fees charged by the supervisory authorities for authorising and registering the Fund and/or costs related to the registration of the fund units for public distribution in various countries, fees of the representatives, tax agents and paying agents in the countries in which fund units are or will be authorised for public distribution;
- k) the costs incurred in the context of setting up the technical installations required for measuring and analysing the performance and market risk of the Fund.

Initial sales charges and redemption fees charged to the Fund for the purchase and redemption of units in other investment funds are disclosed in the annual and half-yearly reports. Furthermore, any remuneration charged to the Fund, in the form of a management fee for the units held by the Fund, by a

domestic or foreign investment company or another company affiliated with the Company by way of a participating interest, is disclosed in the relevant reports.

#### Special considerations with regard to the purchase of investment units

A management fee for the fund units held within the Fund will be charged in addition to the fee for the Fund management.

#### Sub-funds

The Fund is not a sub-fund within an umbrella fund structure.

#### Unit classes

Pursuant to § 16 (2) of the General Fund Rules unit classes may be formed, the units differing in terms of the application of income, initial sales charges, the currency of the unit value including the use of currency hedges, the management fees, the minimum investment amounts or a combination of these characteristics. Unit classes may be formed at the Company's discretion. There currently are no unit classes.

#### Rules for the determination and application of income

##### Income equalisation procedure

The Company uses a so-called income equalisation procedure (Ertragsausgleichsverfahren) for the Fund. This means that any pro-rated income accrued during the financial year to be paid by the unit buyer as part of the issue price, and which the seller of unit certificates will receive as part of the redemption price, is continuously offset. Any expenses incurred are included in the calculation of the income equalisation.

The income equalisation procedure is designed to compensate for any variations in the relation between income and other assets resulting from the net cash inflows and outflows caused by the sale or redemption of units. Otherwise, every net cash inflow of liquid funds would decrease the share of the income in the net asset value of the Fund, while every outflow would increase it.

In doing so, it is accepted that investors who, for example, acquire units shortly before the distribution date, will receive that part of the issue price that relates to income in the form of a distribution, although the capital paid in by such investors did not contribute to the generation of such income. As a result, the income equalisation procedure ensures that the income per unit shown in the annual report is not affected by the Fund's unpredictable development and/or the number of outstanding units.

#### Financial year and application of income

The financial year of the Fund ends on 31 December.

#### Accumulation

The Company reinvests all interest, dividends and other income accrued for the account of the Fund during the financial year (and not used to cover costs), taking account of the relevant income equalisation, as well as any disposal gains in the Fund.

#### Dissolution and transfer of the Fund

The investors are not entitled to request the dissolution of the Fund. However, the Company may terminate its management of any investment fund by giving six months' notice to this effect by way of publication in the electronic German Federal Gazette and also in the annual or half-yearly report. The investors will furthermore be informed of the termination by their custodian agencies in paper-based form or via electronic means.

Furthermore, the Company's right to manage the Fund will expire upon commencement of insolvency proceedings against the Company's assets or upon a court order, denying the commencement of insolvency proceedings on the grounds of an insufficiency of assets, becoming final and unappealable (Section 26 of the German Insolvency Code [Insolvenzordnung, "InsO"]). In such cases, the right to dispose over the Fund will pass on to the custodian bank, which will liquidate the Fund or, subject to the BaFin's approval, transfer the management to another investment company.

#### Procedure for the dissolution of an investment fund

The issue and redemption of units will be discontinued.

Any proceeds from the disposal of the assets of the Fund, minus any costs to be paid by the Fund and any costs associated with the dissolution, will be distributed among the investors, with these investors being entitled to payment of liquidation proceeds in accordance with the number of units held by them in the Fund.

Once six months have passed, the custodian bank is entitled to deposit any unclaimed liquidation proceeds at the German Local Court (Amtsgericht) having jurisdiction over the Company.

The Company will prepare a dissolution report, in line with the requirements for an annual report, on the day on which its management right expires. Said dissolution report will be announced in the electronic German Federal Gazette and also online at [www.frankfurt-trust.de](http://www.frankfurt-trust.de) no later than three months following the date on which the dissolution of the Fund took effect. While the custodian bank is liquidating the Fund assets, it shall prepare reports on an annual basis as well as a report as at the day the liquidation is finished, such reports meeting

the requirements for an annual report. Such reports also have to be published no later than 3 months following the liquidation date in the electronic German Federal Gazette.

### Transfer of all assets of the Fund

At the end of a financial year, all the assets of the Fund can be transferred to an existing or a new investment fund founded by way of merger. The Fund may also be merged with an investment fund that was inceptioned in another EU or EEA country and also complies with Directive 2009/65/EC. With the consent of the BaFin, a different transfer date can be determined. As at the end of the financial year or any other transfer date, all the assets of another investment fund or a foreign directive-compliant investment fund can be transferred to the Fund.

Another feasible option is to transfer only the assets of a foreign directive-compliant investment fund, and not its liabilities, to the Fund.

### Procedure for the transfer of investment funds

The investors' custodian agencies shall inform the investors no later than 35 working days before the planned transfer date in paper-based form or via electronic means on the reasons behind the merger, the potential consequences for the investors, their rights in the context of the merger and the key procedural aspects. The investors will also be given the key investor information on the Fund, or the investment fund that continues to exist or has been newly founded by way of the merger.

Up until 5 working days before the planned transfer date, the investors may either return their units, or exchange their units for units in another investment fund or foreign investment fund that is also managed by the Company or another company within the same group and that pursues an investment policy similar to the one pursued by the Fund.

On the transfer date, the values of the acquiring and the transferring investment funds are calculated, the exchange ratio is determined and the entire transaction audited by an external auditor. The exchange ratio is derived from the proportion between net asset values of both the transferred and the acquiring investment funds at the time of acquisition. Investors will receive the number of units in the new investment fund that corresponds to the value of their units in the transferred investment fund. There is also the option that investors in the transferring investment fund receive a disbursement of up to 10 per cent of the value of their units in cash. If the merger takes place within the transferring investment fund's financial year, the latter's management company has to prepare a report as at the transfer date that meets the requirements for an annual report. When another investment fund has been transferred to the Fund and the merger has become effective, this shall be published by the Company in the electronic German Federal Gazette as well as on the Internet

at [www.frankfurt-trust.de](http://www.frankfurt-trust.de). If the Fund ceases to exist as a result of the merger, the relevant publication will be made by the company managing the acquiring or newly founded investment fund.

The transfer of all the assets of this Fund to another investment fund or another foreign investment fund requires the approval of the BaFin.

### Brief overview of taxation rules

Details on the taxation of income of this Fund are published in the annual reports.

The information on taxation rules only applies to investors who are considered German residents for tax purposes. This Sales Prospectus only deals with the taxation of foreign investors in a more general manner. We therefore urge foreign investors to contact their tax advisor prior to acquiring any units in the Fund described in this Sales Prospectus and to inform themselves about the specific tax implications that the purchase of units may have in their home jurisdiction.

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

As a rule, investment income is subject to a flat-rate investment income tax of 25 per cent (plus solidarity surcharge and, where applicable, church tax). Investment income also includes any earnings distributed by the Fund, earnings deemed to have been distributed, any interim profits as well as any profits from the purchase and sale of fund units if acquired after 31 December 2008.<sup>1</sup>

The tax deducted by way of a flat-rate investment income tax (final withholding tax on interest and capital gains) has a discharging effect for the private investor, which means that investment income, as a general rule, does not have to be declared in the income tax return. When withholding tax, the custodian agency generally already offsets losses and allows for any foreign withholding tax paid.

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

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

To the extent that investment income has not been subject to any withholding tax (because a profit was generated from the disposal of fund units in a foreign custody account, for example), all such income must be declared in the tax return. As part of the tax assessment, all such investment income would then also be subject to the flat tax rate of 25 per cent or the lower personal tax rate.

Despite withholding tax and a higher personal tax rate, investment income must be disclosed if the investor claims extraordinary personal expenses or special personal deductions (e.g. donations) in the income tax return.

**Where the units are held as business assets, any income will be taxed as operating income. The tax laws require a differentiated examination of the individual income components in order to determine the taxable income and/or the income subject to investment income tax.**

### Units held as private assets (tax residents)

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

Gains from the disposal of equities, equity-linked profit participation certificates and investment units, gains from forward transactions as well as income from option premiums realised at the level of the Fund are not taxed at the level of the investor as long as they are not distributed. Moreover, any gains from the disposal of the monetary receivables listed in Section 1 (3) sentence 3 no. 1 letters a) to f) of the German Investment Tax Act (Investmentsteuergesetz, "InvStG") are not taxed at investor level if they are not distributed. This includes the following monetary receivables:

- a) monetary receivables that have a yield upon issue;
- b) standard bonds and uncertificated claims with a fixed coupon as well as down-rating bonds, floaters and reverse floaters;
- c) risk certificates that replicate the price of an equity or a published index for a multitude of equities at a ratio of 1:1;
- d) reverse convertibles, exchangeable bonds and convertible bonds;
- e) income bonds traded without separate disclosure of accrued interest (flat) and profit participation rights treated as debt capital for tax purposes; and
- f) bonds cum warrants.

Where gains from the disposal of the above securities/monetary receivables, gains from forward transactions as well as income from option premiums are distributed, they are, as a rule, liable to taxation and, if the units are being held by a custodian within Germany, subject to a withholding tax of 25 per cent (plus solidarity surcharge and, where applicable, church tax). However, distributed gains from the disposal of securities and gains from forward transactions are exempt

from taxation if the securities were acquired by the Fund prior to 1 January 2009 or the forward transaction was entered into prior to 1 January 2009.

Profits from the disposal of monetary receivables not listed above are subject to the same tax treatment as interest.

### Interest and interest-related income; foreign dividends

As a rule, interest and interest-related income as well as foreign dividends are taxed at the level of the investor. This applies irrespective of whether these earnings are accumulated or distributed.

Distributed or accumulated interest and interest-related income as well as foreign dividends of the Fund are usually subject to a withholding tax of 25 per cent (plus solidarity surcharge and, where applicable, church tax).

The withholding tax may be waived if the investor is a tax resident in Germany and lodges a tax exemption request (Freistellungsauftrag), provided that the taxable income components do not exceed EUR 801 for single assessments or EUR 1,602 in the case of the joint assessment of married couples.

The same applies to the presentation of a non-assessment certificate (Nichtveranlagungsbescheinigung) and, in the case of foreign investors, if the status of a non-resident taxpayer can be demonstrated.

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

In the case of an accumulating (non-distributing) investment fund as defined by German tax law, the investment company itself will effect the tax deduction on the interest, interest-related income and foreign dividends of the fund accumulated prior to 1 January 2012 at a tax rate of 25 per cent (plus solidarity surcharge). The issue and redemption prices are therefore reduced by the tax deduction at the end of the financial year. As the investment company usually does not know the individual investors, church tax cannot be withheld. Investors who are subject to church tax therefore have to make the relevant disclosures in their income tax return.

For income accumulated after 31 December 2011, the Fund shall provide the custodian agencies with the investment income tax plus the maximum surcharges (solidarity surcharge and church tax). The custodian agencies shall effect the tax deduction as in the case of distributions, taking account of the investor's individual situation so that in particular church

tax can be deducted if required. Amounts the Fund provided to the custodian agencies that do not need to be withheld, shall be reimbursed.

Where the units are held in a custody account with a domestic credit institution, the tax withheld (or, as from 2012, the amount provided to the custodian agencies) will either be credited to the investor's account or reinvested in the form of new fund units, provided that the investor submits to the custodian agency, prior to the end of the Fund's financial year, a tax exemption request, for a sufficient amount, or a non-assessment certificate.

In the event that the tax exemption request or the non-assessment certificate is not presented, or not presented in time, the investor will, at any rate, receive a tax certificate from the custodian agency, showing any tax and solidarity surcharge deducted. The investor is then able to credit the withholding tax paid against any tax liabilities assessed as part of the tax assessment.

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

### Domestic dividends

As a rule, domestic dividends distributed or accumulated by the Fund are taxable on the part of the investor.

In the event of a distribution or accumulation prior to 1 January 2012, taxes of 25 per cent (plus solidarity surcharge) on the domestic dividend will be deducted by the investment company. For distributions, the custodian agency may also withhold church tax if an application to this effect has been lodged.

The investor will receive a full and immediate refund of the 25 per cent tax deduction (plus solidarity surcharge), or have such amount reinvested in new fund units, if the units are kept in safe custody with the investment company or a domestic credit institution and a tax exemption request, for a sufficient amount, or a non-assessment certificate has been lodged with such company or institution. Alternatively, investors may credit the 25 per cent withholding tax paid (plus solidarity surcharge) against their personal income tax liabilities, presenting the tax certificate issued by the relevant custodian agency.

For distributions and accumulations made after 31 December 2011, the Fund shall provide the custodian agencies with the investment income tax plus the maximum surcharges (solidarity surcharge and church tax). The custodian agencies shall effect the tax deduction taking account of the investor's individual situation so that in particular church tax can be deducted if required. Amounts the Fund provided to the custodian agencies that do not need to be withheld, shall be reimbursed.

### Negative tax income

Where negative income remains after offsetting any positive income of the same type at the level of the Fund, all such negative income will then be carried forward for the Fund. The Fund will then be able to offset all such negative income with any positive taxable income of the same type that may be generated during the following years. A direct attribution of any negative tax income to investors is not possible. These negative amounts will therefore only have an income tax effect on the investor in the assessment period (tax year) in which the Fund's financial year ends or in which the distribution is made with effect for that financial year of the Fund, for which the negative tax income was offset at Fund level. An earlier imputation as part of the investor's income tax return is not possible.

### Payments out of capital

Payments out of capital are not taxable.

However, payments out of capital received by the investor during the holding period must be added to the taxable profit from the disposal of fund units and thus increase the taxable profit.

### Disposal gains at investor level

Where units in an investment fund that were acquired after 31 December 2008 are sold by a private investor, the resulting disposal gain is subject to a final flat-rate investment income tax of 25 per cent, irrespective of the holding period.

If the units are held in a domestic securities deposit account, the custodian agency will deduct tax at 25 per cent (plus solidarity surcharge and, where applicable, church tax). The deducted tax of 25 per cent (plus solidarity surcharge and, where applicable, church tax) may be avoided by lodging a tax exemption request, for a sufficient amount, or a non-assessment certificate.

Where units acquired prior to 1 January 2009 are sold, private investors are not required to pay tax on any resulting gain.

When determining disposal gains, the costs of purchase must be reduced by the interim profit at the time of acquisition and the selling price must be reduced by the interim profit at the time of disposal in order to avoid any double income taxation of interim profits. Similarly, the selling price must be reduced by any accumulated income on which the investor has already paid tax, to avoid double taxation.

Any gains from the disposal of fund units acquired after 31 December 2008 are exempt from taxation to the extent that they are derived from income accrued by the fund during the holding period that is tax-exempt under a double taxation treaty and has not yet been taxed at investor level (real estate gains pro-rated in proportion to the holding period).



The investment company publishes the real estate gains on every exchange trading day as a percentage of the investment unit value.

### Units held as business assets (tax residents)

With regard to units held as business assets, the deducted tax of 25 per cent does not, as a rule, have a final discharging effect. Instead, the tax deducted is merely a tax prepayment on the business income tax or corporation tax owed.

### Gains from the disposal of securities and gains from forward transactions

Gains from the disposal of equities, equity-linked profit participation certificates and investment units, gains from forward transactions as well as income from option premiums realised at the level of the Fund are not taxed at the level of the investor as long as they are not distributed.

Moreover, any gains from the disposal of the monetary receivables listed in Section 1 (3) sentence 3 no. 1 letters a) to f) of the German Investment Tax Act (InvStG) are not taxed at investor level if they are not distributed. This also includes the following monetary receivables:

- a) monetary receivables that have a yield upon issue;
- b) standard bonds and uncertificated claims with a fixed coupon as well as down-rating bonds, floaters and reverse floaters;
- c) risk certificates that replicate the price of an equity or a published index for a multitude of equities at a ratio of 1:1;
- d) reverse convertibles, exchangeable bonds and convertible bonds;
- e) income bonds traded without separate disclosure of accrued interest (flat) and profit participation rights treated as debt capital for tax purposes; and
- f) bonds cum warrants.

If these gains are distributed, they must be taken into consideration for tax purposes at the level of the investor. Disposal gains are either totally tax-exempt<sup>2</sup> (for investors that are legal entities) or 40 per cent of capital gains are not taxed (for other business investors, e.g. sole traders) (partial income method [Teileinkünfteverfahren]). In contrast, disposal gains from fixed-interest securities/monetary receivables, gains from forward transactions and income from option premiums are fully taxable.

Profits from the disposal of monetary receivables not listed above are subject to the same tax treatment as interest.

As a rule, distributed gains from the disposal of securities, distributed gains from forward transactions and distributed income from option premiums are subject to withholding

tax (investment income tax of 25 per cent plus solidarity surcharge). This does not apply to gains from the disposal of securities that were purchased before 1 January 2009 or to gains from forward transactions entered into before 1 January 2009. However, the paying agent does not withhold any taxes if the investor is a legal entity subject to unrestricted taxation in Germany or the capital gains are operating income of a domestic business and this fact is disclosed to the paying agent by the creditor of the capital gains in the official form issued for this purpose.

### Interest and interest-related income

As a rule, interest and interest-related income are taxed at the level of the investor<sup>3</sup>. This applies irrespective of whether these earnings are accumulated or distributed.

Where the units are held as business assets, the withholding of tax can only be waived or the deducted tax refunded if a non-assessment certificate is presented. Otherwise the investor will receive a tax certificate showing all taxes deducted.

### Domestic and foreign dividends

Dividends distributed, or accumulated, by domestic or foreign public limited companies on units held as business assets by legal entities are exempt from taxation, with the exception of dividends under the German Act on Real Estate Investment Trusts (Gesetz über deutsche Immobilien-Aktiengesellschaften mit börsennotierten Anteilen, "REITG")<sup>3</sup>. Sole traders are required to pay tax on 60 per cent of all such income (partial income method).

Domestic dividends are taxed at source (investment income tax of 25 per cent plus solidarity surcharge).

As a rule, foreign dividends are also taxed at source (investment income tax of 25 per cent plus solidarity surcharge). However, the paying agent does not deduct any taxes if the investor is a legal entity subject to unrestricted taxation in Germany (legal entities within the meaning of Section 1 (1) nos. 4 and 5 of the German Corporation Tax Act (Körperschaftsteuergesetz, "KStG") are required to submit a certificate from the competent tax office to the paying agent for this purpose) or the foreign dividends are operating income of a domestic business and this fact is disclosed to the paying agent by the creditor of the capital gains in the official form issued for this purpose. As regards investors subject to trade tax, that part of the dividend income that is exempt from income or corporation tax is to be added again for determining the trade income but may not be deducted thereafter.

<sup>2</sup> For legal entities, 5 per cent of the tax-exempt disposal gains from equities are deemed to be non-deductible business expenses and therefore ultimately also taxable.

<sup>3</sup> Pursuant to Section 2 (2a) InvStG, the taxable interest must be taken into consideration as part of the earnings stripping rule under Section 4h of the German Income Tax Act (Einkommensteuergesetz, "EStG").

### Negative tax income

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

### Payments out of capital

Payments out of capital are not taxable. For reporting investors, this means that payments out of capital must be recognised in the commercial balance sheet with an effect on income, while an adjustment item must be included on the liabilities side of their tax balance sheet (passiver Ausgleichsposten) in order to reduce the historical cost base of fund units in a tax-neutral manner. Alternatively, the proportionate amount of the payment out of capital can be deducted from the amortised cost.

### Disposal gains at investor level

As a rule, gains realised from the disposal of units held as business assets by legal entities are exempt from taxation<sup>2</sup>, provided that any such gains are derived from dividends not yet distributed, or deemed to be not yet distributed, or from profits (whether realised or not) derived by the Fund from domestic or foreign equities (equity gains). Sole traders are required to pay tax on 60 per cent of all such disposal gains.

The investment company publishes the equity gains on every exchange trading day as a percentage of the investment unit value.

Additionally, any gains from the disposal of units are exempt from taxation to the extent that they are derived from income accrued by the fund during the holding period that is tax-exempt under a double taxation treaty and has not yet been taxed at investor level (real estate gains pro-rated in proportion to the holding period).

The investment company publishes the real estate gains on every exchange trading day as a percentage of the investment unit value.

### Non-resident taxpayers

Where a non-resident taxpayer holds units in a distributing investment fund in a securities deposit account with a domestic custodian agency (custody arrangement), no tax will be withheld on interest, interest-related income, gains from the disposal of securities, forward transactions or foreign dividends if said taxpayer demonstrates his or her status as a non-resident taxpayer. If the status as a non-resident taxpayer is not known to the custodian bank or not demonstrated in time, said taxpayer can only apply for a refund of any tax in accordance with Section 37 (2) of the German Fiscal Code (Abgabenordnung, "AO"). Such application must be lodged with the local tax authority of the custodian bank.

Where a non-resident taxpayer holds units in an accumulating (non-distributing) investment fund in a securities deposit account with a domestic custodian agency, any tax withheld at a rate of 25 per cent plus solidarity surcharge, other than tax on domestic dividends, will be refunded, or reinvested in additional units, if said taxpayer demonstrates his or her status as a non-resident taxpayer. Where the refund application is not lodged on time, a refund may be applied for in accordance with Section 37 (2) AO, as is the case when the investor's status as a non-resident taxpayer is not demonstrated to a distributing fund in good time.

Whether or not the imputation or refunding of tax withheld on domestic dividends is possible for foreign investors, depends on the double taxation treaty existing between the investor's country of domicile and the Federal Republic of Germany. Investment income tax paid on domestic dividends that is to be reimbursed under a double taxation treaty will be refunded by the German Federal Tax Office (Bundeszentralamt für Steuern or "BZSt") in Bonn.

### Solidarity surcharge

A solidarity surcharge of 5.5 per cent will be levied on any taxes withheld on distributed or accumulated amounts. This solidarity surcharge is imputable for personal income tax and corporation tax purposes.

Where no tax is withheld or where tax is refunded upon accumulation (e.g. if a tax exemption request for a sufficient amount or a non-assessment certificate has been submitted or if the investor has demonstrated his or her status as a non-tax resident), no solidarity surcharge is required or, in the event of accumulation, any solidarity surcharge withheld will be refunded.

### Church tax

Where income tax has been withheld by a domestic custodian agency (party liable to effect deduction), any church tax on

<sup>2</sup> For legal entities, 5 per cent of the tax-exempt disposal gains from equities are deemed to be non-deductible business expenses and therefore ultimately also taxable.

such withholding tax may be levied by applying an additional amount to the tax deducted at the church tax rate of the religious community to which the investor liable to pay church tax belongs. For this purpose, the investor liable to pay church tax must inform the party liable to effect deduction of his or her religious affiliation by way of a written application. Where married couples operate a joint custody account, they must disclose in their application the percentage share of capital gains attributable to each spouse in relation to the couple's total capital gains, so that church tax can be allocated, withheld and paid accordingly. Where no splitting ratio is indicated, the allocation is carried out on a 50:50 basis.

The deductibility of church tax as a special expense is taken into account when withholding the tax, resulting in a reduced deduction.

## Additional tax information

### Foreign withholding tax

Some foreign income realised by the Fund is subject to withholding tax in the country of origin.

The investment company may deduct the imputable withholding tax at Fund level as income-related expenses. In this case, the foreign withholding tax is neither imputable nor deductible at investor level.

If the investment company does not exercise its option to deduct foreign withholding tax at fund level, any imputable withholding tax will be taken into account when deducting the tax, resulting in a reduced deduction.

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

### Separate determination; tax field audit

The tax bases ascertained at Fund level must be determined separately. For this purpose, the investment company is required to lodge a statement illustrating the determination of the bases for tax assessment (Feststellungserklärung). Amendments to such statements, for example in connection with a tax field audit (Section 11 (3) InvStG), will take effect in the financial year during which the amended statement has become unappealable. Such amended determination will then be applied to the investor at the end of that financial year or on the date on which distributions are made for that financial year. The correction of any errors will have a financial effect on those investors who were invested in the Fund at the time these errors were corrected. These effects can be positive or negative.

### Taxation of interim profits

Interim profits are contained in the selling or redemption price and comprise interest earned or accrued as well as gains from the disposal of monetary receivables not listed in Section 1 (3) sentence 3 no. 1 letters a) to f) InvStG, which have not yet been distributed or reinvested by the Fund and have thus not yet become taxable at the level of the investor (similar to accrued interest from fixed-income securities). Any interim profit realised by the Fund is subject to income tax when a tax resident redeems or sells the units. The tax rate for deductions from interim profits is 25 per cent (plus 5.5 per cent solidarity surcharge and, where applicable, church tax).

Any interim profit paid by private investors at the time of purchasing units may be deducted as negative income from the taxable income in the year of payment, if an income equalisation procedure is carried out and this is indicated both at the time the interim profits are published and as part of the tax data certification to be made out by the relevant professionals. It is also taken into account when withholding the tax, resulting in a tax-reducing effect. No tax is deducted if a tax exemption request or a non-assessment certificate has been submitted. As a rule, no tax is deducted for non-tax residents. The interim profit is ascertained whenever the unit value is determined and is published on every exchange trading day. The interim profits are also shown in the settlement statements and the revenue statements (Ertragnisaufstellungen) of banks.

If the interim profit is not published, 6 per cent p.a. of any consideration derived from redemption or sale of the investment unit will be treated as interim profit. For business investors, interim profits paid are an integral part of the acquisition cost and not to be corrected. When the units are redeemed or sold, the interim profits received are an integral part of the sales proceeds. A correction is not necessary.

### Effects of the merging of investment funds

Where a domestic investment fund is merged into another domestic investment fund, this will not result in a disclosure of any hidden reserves, neither at the level of the investor nor at the level of the investment funds involved, i.e. this transaction is tax-neutral. The same applies to the transfer of all assets of a domestic investment fund to a domestic investment stock corporation or a sub-pool of assets of a domestic investment stock corporation. If the investors in the transferring investment fund receive a cash payment within the meaning of Section 40h InvG, such payment shall be treated like a distribution of any other income. Income generated but not yet distributed by the transferring investment fund shall be attributed to the investors as at the date of transfer and taxable as earnings deemed to have been distributed.

### Transparent, semi-transparent and intransparent taxation

The above taxation principles (so-called transparent taxation) only apply if all taxation bases within the meaning of Section 5 (1) InvStG are disclosed (taxation disclosure obligation). This also applies to the extent that the Fund has acquired units in other domestic investment funds and investment stock corporations, EC investment units or other foreign investment units that are not EC investment units (target funds within the meaning of Section 10 InvStG) and these target funds comply with their taxation disclosure obligations.

The investment company endeavours to disclose all tax bases it has access to.

However, any such taxation disclosure cannot be guaranteed if the Fund has acquired target funds and these funds fail to comply with their taxation disclosure obligations. In this case, the distributions and the interim profit of the relevant target fund as well as 70 per cent of the increase in value of the relevant target fund during the previous calendar year (but in any case no less than 6 per cent of the redemption price) will be deemed to be taxable income at the level of the Fund.

### EU Savings Directive/German Interest Information Regulation

The German Interest Information Regulation (Zinsinformationsverordnung, "ZIV") to implement Directive 2003/48/EC of the Council of 3 June 2003 (OJ EU No. L 157 p. 38) is designed to ensure the effective cross-border taxation of interest income accruing to natural persons within the territory of the European Union. The EU has entered into agreements that largely correspond to the EU Savings Directive with a number of third countries (including, but not limited to Switzerland, Liechtenstein, the Channel Islands, Monaco and Andorra).

Under these agreements, interest income that is credited by a German bank (to this extent acting as a paying agent) to a natural person living in a European country other than Germany or in certain third countries is, as a rule, reported by the German bank to the German Federal Tax Authority (Bundesamt für Finanzen) and by the latter ultimately to the competent foreign tax office in the person's country of residence.

Conversely, interest income received by natural persons in Germany from foreign banks located in other European countries or certain third countries is ultimately reported by the foreign banks to the German tax office at the person's place of residence. Alternatively, some foreign countries withhold tax that can be offset from tax payable in Germany.

This specifically affects private investors resident in the European Union, or in third countries that have acceded to the agreements, who maintain securities deposit accounts or bank accounts in another EU country and generate interest income in such country.

Luxembourg and Switzerland, for example, have undertaken to retain a withholding tax of 20 per cent on interest income (from 1 July 2011: 35 per cent). Investors receive a certificate as part of the tax documentation that they can use to impute the deducted withholding tax when filing their income tax returns.

Alternatively, private investors can elect to be exempt from tax deduction abroad by issuing a voluntary disclosure authorisation for their interest income to the foreign bank; this permits the relevant bank to refrain from withholding tax and instead to report the income to the tax authorities set forth by law.

Pursuant to the ZIV, the investment company must specify for each domestic and foreign fund whether it is subject to the ZIV ("in scope") or not ("out of scope").

The ZIV contains two material investment thresholds to assist in this assessment:

If no more than 15 per cent of the fund assets consist of receivables as defined by the ZIV, the paying agents, which ultimately refer to the data reported by the investment companies, are not required to submit reports to the German Federal Tax Authority. However, if the 15 per cent threshold is exceeded, this will give rise to an obligation on the part of the paying agents to report the interest components of the distribution to the German Federal Tax Authority.

Where the 40 per cent threshold is exceeded (for financial years ending after 31 December 2010 the threshold is 25 per cent), the interest component of any redemption or sale of fund units must be reported. In addition, if the fund is a distributing fund, the interest component contained in the distribution must also be reported to the German Federal Tax Authority. It follows that, if the fund is an accumulating (non-distributing) fund, a report will only be drawn up when fund units are redeemed or sold.

#### Note:

These explanations on the tax situation are based on the legal situation as it currently stands. They address individuals or legal entities that are fully liable to taxation in Germany. However, no guarantee can be given that the tax treatment will not be changed by way of statutory or case law or decrees issued by the tax authorities.

### Annual and half-yearly reports/auditors

The annual and half-yearly reports are available from the Company and the custodian bank.

KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, has been retained as the auditor for the Fund and its annual reports.

### **Payments to unitholders/publication of reports and other information**

The appointment of a custodian bank ensures that accumulated amounts are credited to the investor, that the investor receives the distributions, and that units are redeemed. The information for investors mentioned in this Sales Prospectus may be obtained as specified under “Fundamentals”. In addition, these documents are also available from the sales and distribution company.

## Other investment funds managed by the Company

The Company also manages the following mutual funds that are not featured in this Sales Prospectus:

Investment fund name	ISIN	Investment fund name	ISIN
AL FT Chance	DE000A0H0PH0	FT Global InfraStructure Diversified (I)	DE000A0NEBT1
AL FT Stabilität	DE000A0H0PF4	FT InterSpezial	DE0008478009
AL FT Wachstum	DE000A0H0PG2	FT Liquima	DE0009849893
ALPHA TOP SELECT <i>balance</i>	DE000A0MYEC1	FT managed ETF <sup>plus</sup> – Portfolio Balance	DE000A0M1UN9
ALPHA TOP SELECT <i>defensiv</i>	DE000A0MYED9	FT managed ETF <sup>plus</sup> – Portfolio Opportunity	DE000A0NEBL8
ALPHA TOP SELECT <i>dynamic</i>	DE000A0MYEE7	FT MultiAsset VolaTarget 5	DE000A0YCBK1
AW Global Invest Basic Plus	DE000A0MURA5	FT MultiAsset VolaTarget 9	DE000A0YCBJ3
AW Global Invest Dynamic Plus	DE000A0MURB3	FT Navigator 25	DE000A0MURE7
Basis-Fonds I	DE0008478090	FT Navigator 40	DE0009770354
BHF Total Return FT	DE000A0D95Q0	FT Navigator 70	DE0009770347
EDG Absolut Return Strategie FT	DE000A0B8XH3	FT Navigator 100	DE0009770339
FT AccuGeld (PA)	DE000A0YCBQ8	FT Navigator Sustainability	DE000A0D95R8
FT AccuGeld (PT)	DE0009770206	FT New Generation	DE0009770362
FT AccuGeld (G)	DE000A1CUGJ8	FT UnternehmerWerte	DE000A0KFFW9
FT AccuGeld (I)	DE000A0YCBR6	GWP-Fonds FT	DE0008478199
FT AccuZins	DE0008478082	HL BasisInvest FT	DE0005317317
FT DollarGeld	DE0009770230	HL MaxInvest FT	DE0005317333
FT EuroGovernments M	DE000A0NEBR5	HL MediumInvest FT	DE0005317325
FT Euro HighDividend	DE0005317424	Kapital Privat Portfolio	DE000A0MYEF4
FT EuropaDynamik (P)	DE0008478181	KlawInvest-Trading	DE000A0M1UF5
FT EuropaDynamik (I)	DE000A0YCBP0	PINTER Selection 1 FT	DE000A0M1UK5
FT EuroRendite	DE0009761692	PTAM Strategie Portfolio Defensiv	DE000A0M1UH1
FT EuroZins	DE0008478017	R1 Value Portfolio	DE000A0MURC1
FT EuroZins K	DE0008478124	S & H Globale Märkte	DE000A0MYEG2
FT FlexInvest Classic	DE0009772954	Schmitz & Partner Global Defensiv	DE000A0M1UL3
FT FlexInvest Pro	DE0008478132	Schmitz & Partner Global Offensiv	DE000A0MURD9
FT Frankfurt-Effekten-Fonds	DE0008478058	Substanz-Fonds	DE000A0NEBQ7
FT GlobalDynamik	DE0009772988	Vermögens-Fonds	DE000A0MYEJ6
FT Global HighDividend	DE0005317416	WF Portfolio Ausgewogen	DE000A0MYEH0
FT Global InfraStructure Diversified (P)	DE000A0NEBS3		

Plus 58 special investment funds for institutional investors.



# Information on the purchaser's right of revocation

pursuant to Section 126 InvG ("door-to-door-dealings")

1. Where the purchaser of units has been caused by another person, who sells units or brokers the sale of such units through oral negotiations outside the permanent business premises of such person, to declare its intent to purchase units, said purchaser shall only be bound by said declaration if the purchaser does not revoke such declaration in writing vis-à-vis the Company within two weeks; this shall also apply if the person, who sells the units or brokers their sale, does not maintain permanent business premises. In case of a distance contract within the meaning of Section 312 b of the German Civil Code (BGB), revocation is excluded if financial services are purchased whose prices are subject to fluctuation on the financial markets (Section 312 d (4) no. 6 BGB).

2. Timely dispatch of the revocation will suffice for compliance with the time limit. The revocation period will only commence when the purchaser has been provided with a carbon copy of the application for entering into a contract or with a purchase contract note (Kaufabrechnung) and these documents contain information on the revocation right that meets the requirements of Section 355 (2) sentence 1 in conjunction with Section 360 (1) of the German Civil Code (BGB). Where it is in dispute whether or when the purchaser was provided with a carbon copy of the application for entering into a contract or with a purchase contract note, the onus of proof lies with the seller.

3. No right of revocation exists if the seller can prove that

- a) the purchaser has acquired units as part of the purchaser's business operations; or
- b) the seller has visited the buyer specifically for the purpose of discussing the sale of units as a result of a prior appointment being made (Section 55 (1) of the German Industrial Code [Gewerbeordnung, "GewO"]).

4. Where the purchaser has already made payments prior to revocation, the Company is obliged to reimburse the purchaser for any fees paid and also pay an amount equivalent to the value of the acquired units on the day following receipt of the notice of revocation; where applicable, these payments shall take place concurrently with the retransfer of any units acquired.

5. The right of revocation cannot be waived.

6. The requirements of the preceding nos. 1 to 5 also apply accordingly to the sale of units by the investor.

# General Fund Rules

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

## § 1 Fundamentals

1. The Company is an investment company (Kapitalanlagegesellschaft, KAG, under German law) and as such subject to the provisions of the German Investment Act (InvG).

2. In accordance with the risk diversification principle, the investment company invests the monies deposited with it, in its own name and for the joint account of the investors, in assets permitted under the German Investment Act, separate from its own assets, in the form of investment funds (Sondervermögen under German investment law). The investors' rights resulting therefrom shall be evidenced by the issue of unit certificates.

3. The legal relationship between the investment company and the investor is governed by the present Fund Rules and the German Investment Act.

## § 2 Custodian Bank

1. The Company shall appoint a credit institution to act as the custodian bank; the custodian bank shall act independently of the Company and solely in the best interest of the investors.

2. The custodian bank is entrusted with the tasks set forth in the German Investment Act and these Fund Rules.

## § 3 Fund Management

1. The Company shall purchase and manage the assets in its own name and for the joint account of the investors, applying the due care and diligence of a prudent businessman. In the exercise of its duties, the Company shall act independently of the custodian bank and solely in the best interest of the investors and the integrity of the market.

2. The Company is entitled to acquire assets using the monies invested by the investors and then sell these assets and invest the proceeds elsewhere; furthermore, the Company is authorised to effect all other

legal acts arising in the management of such assets.

3. The Company may not extend monetary loans or assume obligations under a suretyship or guarantee agreement for the joint account of the investors; moreover, the Company may not sell assets pursuant to Sections 47, 48 and 50 InvG that are not part of the Fund at the time of entering into the relevant contract. Section 51 InvG shall remain unaffected.

## § 4 Investment Principles

The Company shall restrict itself to purchasing only those assets for the Fund which are expected to generate returns and/or growth. The Company will specify the assets that may be acquired for the Fund in the Fund Rules.

## § 5 Securities

Provided that the Special Fund Rules do not contain any further restrictions, the Company may only acquire securities, subject to Section 52 InvG, if:

- a) they are admitted to trading on an exchange in a Member State of the European Union or in another contracting state to the Treaty on the European Economic Area or admitted to, or included in, another organised market in such state;
- b) they are only admitted to trading on an exchange in a country outside the European Union or outside the contracting states to the Treaty on the European Economic Area or admitted to, or included in, another organised market in such a country, provided that the selection of such an exchange or organised market has been approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, “BaFin”)\*;
- c) their admission to trading on an exchange in a Member State of the European Union or in another contracting state to the Treaty on the European Economic Area or their admission to, or inclusion in, another organised market within a Member State of the European Union or another contracting state of the Treaty on the European Economic Area must be applied for in accordance with their terms and conditions of issue, provided that admission or inclusion of such securities takes place within one year of their issuance;
- d) their admission to trading on an exchange or their admission to an organised market or their inclusion in an organised market

in a country outside the European Union or outside the Treaty on the European Economic Area must be applied for in accordance with their terms and conditions of issue, provided that the selection of such an exchange or organised market has been approved by the BaFin and the admission or inclusion of such securities takes place within one year of their issuance;

- e) they are equities to which the Fund is entitled as a result of a capital increase from retained earnings;
- f) they were acquired through the exercise of subscription rights held by the Fund;
- g) they are units in closed-end funds that meet the requirements under Section 47 (1) sentence 1 no. 7 InvG; or
- h) they are financial instruments that meet the requirements under Section 47 (1) sentence 1 no. 8 InvG.

The acquisition of securities under sentence 1 letters a) to d) above is only permitted if the requirements of Section 47 (1) sentence 2 InvG have also been fulfilled.

## § 6 Money Market Instruments

1. To the extent that the Special Fund Rules do not impose any further restrictions, the Company may, subject to Section 52 InvG, acquire for the account of the Fund instruments that are customarily traded in the money market as well as interest-bearing securities having a residual term of no more than 397 days at the time of their acquisition for the Fund and whose interest is, under their terms and conditions of issue, regularly adjusted in line with the market throughout their entire term, but in any case once every 397 days, or whose risk profile corresponds to the risk profile of such securities (money market instruments). Money market instruments may only be acquired for the Fund if:

- a) they are admitted to trading on an exchange in a Member State of the European Union or in another contracting state to the Treaty on the European Economic Area or admitted to, or included in, another organised market in such state;
- b) they are only admitted to trading on an exchange in a country outside the European Union or outside the Treaty on the European Economic Area or admitted to, or included in, another organised market in such a country, provided that the selection of such an exchange or organised market has been approved by the BaFin\*;
- c) they have been issued or guaranteed by the European Communities, the

\* The list of such exchanges is published on the BaFin website: [www.bafin.de](http://www.bafin.de).

German Federal Government, a special fund (Sondervermögen) of the German Federal Government, a federal state, another Member State of the European Union, another central, regional or local public-sector entity, a central bank of a Member State of the European Union, the European Central Bank, the European Investment Bank, a non-EEA state or, in the case of a federal state, by one of the members making up the federation, or by a public international body to which one or more Member States of the European Union belong;

- d) they have been issued by an undertaking whose securities are traded in the markets specified under letters a) and b) above;
- e) they have been issued or guaranteed by a credit institution subject to supervision in accordance with the criteria prescribed by Community law, or by a credit institution subject to and compliant with regulatory provisions that are, in the opinion of the BaFin, equivalent to those laid down by Community law; or
- f) they have been issued by another issuer and meet the requirements of Section 48 (1) sentence 1 no. 6 InvG.

2. Money market instruments within the meaning of paragraph 1 above may only be acquired if they meet the applicable requirements of Section 48 (2) and (3) InvG.

### § 7 Bank Deposits

The Company may maintain bank deposits for the account of the Fund, provided that the term of any such deposits does not exceed 12 months. These bank deposits must be kept in blocked accounts with credit institutions domiciled in the European Union or another contracting state to the Treaty on the European Economic Area; said bank deposits may also be maintained with credit institutions domiciled in a non-EEA state whose regulatory provisions are, in the opinion of the BaFin, equivalent to those laid down by Community law. Unless stated otherwise in the Special Fund Rules, the bank deposits may also be denominated in a foreign currency.

### § 8 Investment Units

1. Unless the Special Fund Rules provide otherwise, the Company may acquire, for the account of an investment fund, units of domestic directive-compliant investment funds and investment stock corporations as well as EU investment units within the meaning of the German Investment Act. Units in other domestic investment funds

and investment stock corporations as well as foreign investment units that are not EU investment units may be acquired if they meet the requirements of Section 50 (1) sentence 2 InvG.

2. The Company may only acquire units in domestic investment funds and investment stock corporations, EU investment units and foreign investment units if the fund rules or the articles of association of the investment company, the investment stock corporation or the foreign investment company limit the investment in units of other domestic investment funds, investment stock corporations or foreign investment asset pools within the meaning of Section 50 InvG to 10 per cent of the value of their assets.

### § 9 Derivatives

1. Unless the Special Fund Rules provide otherwise, the Company may use derivatives as defined in Section 51 (1) sentence 1 InvG and financial instruments having a derivative component within the meaning of Section 51 (1) sentence 2 InvG for the management of the Fund. Depending on the type and volume of the utilised derivatives and financial instruments with a derivative component, the Company may use either the simplified or the qualified approach within the meaning of the ordinance enacted pursuant to Section 51 (3) InvG pertaining to risk management and risk measurement in funds (German Derivatives Ordinance, DerivateV) to ascertain the degree of utilisation of the market risk limit for derivatives and financial instruments having a derivative component as laid down in Section 51 (2) InvG; further details are set out in the Sales Prospectus.

2. To the extent that the Company uses the simplified approach, it may as a rule only use basic types of derivatives, financial instruments with a derivative component or combinations of such derivatives, financial instruments with a derivative component or combinations of permissible underlyings pursuant to Section 51 (1) sentence 1 InvG within the Fund. Complex derivatives with permissible underlyings pursuant to Section 51 (1) sentence 1 InvG may be used to a negligible extent only. The amount eligible for inclusion in the market risk of the Fund, which must be ascertained in accordance with Section 16 DerivateV, must never exceed the value of the Fund.

Basic types of derivatives are:

- a) futures contracts on underlyings pursuant to Section 51 (1) InvG with the exception of investment units as defined by Section 50 InvG;

b) options or warrants on underlyings pursuant to Section 51 (1) InvG with the exception of investment units as defined by Section 50 InvG and on futures contracts pursuant to letter a) above, provided they have the following features:

- ba) the exercise is either possible throughout the entire term or at the end of the term, and
  - bb) at the time of exercise, the option value is linearly dependent on the positive or negative difference between strike price and market price of the underlying and will become zero if the difference has the opposite algebraic sign;
- c) interest rate swaps, currency swaps or cross-currency interest rate swaps;
  - d) options on swaps as per letter c) above, provided that such options have the features described under letters b) ba) and bb) above (swaptions);
  - e) credit default swaps, provided that such swaps serve solely and transparently to hedge the credit risk of investment fund assets that can be specifically identified.

3. To the extent that the Company uses the qualified approach and provided that it has a suitable risk management system, the Company may invest in any financial instruments with a derivative component or derivatives that are derived from a permissible underlying as defined in Section 51 (1) sentence 1 InvG.

In doing so, the potential amount at risk to be allocated to the Fund with regard to market risk ("amount at risk") must never exceed twice the potential amount at risk for the market risk of the associated benchmark assets as per Section 9 DerivateV. By way of alternative, the amount at risk may never exceed 20 per cent of the value of the Fund.

4. Under no circumstances shall the Company be entitled to deviate from the investment principles and limits stated in the General and Special Fund Rules, or the Sales Prospectus, when entering into any such transactions.

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

6. When determining the market risk limit for the use of derivatives and financial instruments with a derivative component, the Company may switch, at any time, from the

simplified approach to the qualified approach under Section 7 DerivateV. The switch to the qualified approach does not require the approval of the BaFin; however, the Company shall notify the BaFin of the switch without undue delay and disclose such switch in the next half-yearly or annual report.

7. When using derivatives or financial instruments with a derivative component, the Company shall comply with the German Derivatives Ordinance.

### § 10 Other Investment Instruments

Unless the Special Fund Rules provide otherwise, the Company may acquire, for the account of an investment fund, other investment instruments as defined by Section 52 InvG up to the value of 10 per cent of the value of the investment fund.

### § 11 Issuer Limits and Investment Limits

1. In its management activities, the Company shall observe the limits and restrictions set forth in the German Investment Act, the German Derivatives Ordinance and the Fund Rules.

2. In individual cases, securities and money market instruments, including those purchased under repurchase agreements with the same issuer (debtor), may be acquired in excess of the value limit of 5 per cent of the investment fund value up to a maximum of 10 per cent of the relevant investment fund value, with the aggregate value of the securities and money market instruments of those issuers (debtors) being limited to a maximum of 40 per cent of the value of the relevant investment fund.

3. The Company may invest up to 35 per cent of the value of the Fund in each case in bonds, promissory note loans and money market instruments issued or guaranteed by the German Federal Government, a German federal state, the European Communities, a Member State of the European Union or the local authorities of any such Member State, another contracting state to the Treaty on the European Economic Area, a non-EEA state or an international organisation to which one or more Member States of the European Union belong. The Company may invest up to 25 per cent of the value of the Fund in each case in asset-covered bonds (Pfandbriefe) and municipal bonds as well as bonds issued by credit institutions domiciled in a European Union Member State or in a contracting state to the Treaty on the European Economic Area, provided that said credit institutions are by law subject to special public supervision for the protection of the holders of such bonds and that the mo-

nies raised through the issue of such bonds are by law invested in assets which provide sufficient cover for the resulting liabilities throughout the entire life of the bonds, and which assets, in case of default by the issuer, have a senior ranking as regards the redemption of principal and the payment of interest of such bonds. Where the Company invests more than 5 per cent of the Fund value in bonds of the same issuer as per sentence 2, their aggregate value must not exceed 80 per cent of the Fund value.

4. The limits set out in paragraph 3 sentence 1 above may only be exceeded for securities and money market instruments of the same issuer pursuant to Section 60 (2) sentence 1 InvG if this is permitted by the Special Fund Rules, specifying the relevant issuers. In such cases, the securities and money market instruments held for the account of the Fund must originate from at least six different issues, with a maximum of 30 per cent of the Fund value being held in any single issue.

5. The Company may only invest up to 20 per cent of the Fund value in bank deposits as defined by Section 49 InvG with one and the same credit institution.

6. The Company must ensure that any combination of:

- a) securities and money market instruments issued by one and the same entity,
- b) deposits with said entity, and/or
- c) amounts eligible for inclusion in the counterparty risk arising from transactions with said entity,

does not exceed 20 per cent of the total value of the relevant investment fund. Sentence 1 shall apply to the issuers and guarantors specified in paragraph 3 with the proviso that the Company must ensure that any combination of the assets and amounts listed in sentence 1 does not exceed 35 per cent of the relevant investment fund value. The individual maximum limits shall remain unaffected in both cases.

7. The bonds, promissory note loans and money market instruments listed in paragraph 3 do not count towards the 40 per cent limits specified in paragraph 2. The provision in paragraph 6 notwithstanding, the limits specified in paragraphs 2 and 3 and paragraphs 5 and 6 may not be aggregated.

8. The Company may only invest up to 20 per cent of the Fund value in one and the same investment asset pool pursuant to § 8 (1) above. In aggregate, the Company may only invest up to 30 per cent of the Fund value in units of investment asset pools pursuant to § 8 (1) sentence 2 above. The Company may not acquire more than 25 per

cent of the issued units of another domestic or foreign investment asset pool for the account of the Fund.

### § 12 Merger

1. In accordance with Section 2 (25) InvG the Company may

- a) transfer all the assets and liabilities of this Fund to another existing or a new domestic investment fund founded thereby;
- b) incorporate all the assets and liabilities of another domestic investment fund in this Fund;
- c) incorporate all the assets and liabilities of another EU investment fund in this Fund;
- d) transfer all the assets and liabilities of this Fund to another existing or new EU investment asset pool founded thereby.

2. The merger requires the approval of the competent supervisory authority. The procedure is set out in more detail in Sections 40 to 40 h InvG.

3. Mergers of EU investment asset pools into the Fund can furthermore be effected pursuant to Article 2 (1) letter p (iii) of Directive 2009/65/EC.

### § 13 Loans

1. For the account of the Fund, the Company may grant securities loans for either a definite or indefinite period of time, for consideration in line with market conditions, to any one borrower provided that sufficient collateral has been furnished, if the market value of the securities to be transferred, together with the market value of any securities that have already been transferred to the same borrower as part of a securities loan for the account of the Fund, does not exceed the value limit of 10 per cent of the Fund value. The market value of any securities to be transferred for a definite period of time, together with the market value of any securities that have already been transferred for a definite period of time as part of a securities loan for the account of the investment fund, must not exceed 15 per cent of the value of the investment fund.

2. Where the borrower of securities provides collateral for the transferred securities in the form of deposits, the Company may avail itself of the option of investing these deposits in the form of money market instruments within the meaning of Section 48 InvG in the currency of said deposit; investments in money market instruments denominated in the currency of the deposit can also be effected by way of a repurchase agreement pursuant to Section 57 InvG.

The Fund is entitled to any income from the investment of collateral.

3. Moreover, the Company may utilise an organised system, for the brokerage and settlement of securities loans, offered by a central securities depository or other companies specified in the Special Fund Rules, whose object is the settlement of cross-border securities transactions for third parties, even if said system does not comply with the requirements of Sections 54 and 55 InvG, provided that such system is operated in accordance with rules that safeguard the interests of the investors.

4. Unless the Special Fund Rules provide otherwise, the Company may also grant securities loans with regard to money market instruments and investment units, provided that these assets may be acquired for the Fund. The provisions of § 13 shall apply mutatis mutandis to any such transactions.

### § 14 Repurchase Agreements

1. For the account of the Fund, the Company may, for consideration, enter into securities repurchase agreements within the meaning of Section 340b (2) of the German Commercial Code (Handelsgesetzbuch, "HGB") with credit institutions or financial services providers.

2. Any such repurchase agreements must involve securities whose acquisition is permitted for the Fund under the Fund Rules.

3. Repurchase agreements must not have a term exceeding 12 months.

4. Unless the Special Fund Rules provide otherwise, the Company may also enter into repurchase agreements with regard to money market instruments and investment units, provided that these assets may be acquired for the Fund. The provisions of § 14 shall apply mutatis mutandis to any such transactions.

### § 15 Borrowings

For the joint account of the investors, the Company may raise loans on a short-term basis up to a maximum of 10 per cent of the Fund, provided that the loan terms are in line with the market and the custodian bank agrees to such borrowings.

### § 16 Unit Certificates

1. Unit certificates are bearer certificates and issued for one single unit or several units.

2. The units may have different individual features, particularly in regard to the application of income, initial sales charges,

redemption fees, the currency of the unit value, the management remuneration, the minimum investment amount or a combination of these characteristics (unit classes). Further details are set forth in the Special Fund Rules.

3. As a minimum, unit certificates shall bear the handwritten or facsimile signatures of the Company and the custodian bank. Furthermore, said unit certificates shall bear the handwritten signature of a supervisory officer of the custodian bank.

4. The unit certificates are transferable. Upon transfer of a unit certificate, any and all rights evidenced by such certificate will pass to the new holder. In any case, the Company will deem the holder of a unit certificate to be the person entitled under such certificate.

5. If, upon launching an investment fund or introducing a unit class, it is intended to evidence investors' rights not in the form of global certificates but rather in the form of individual unit certificates or multiple certificates, a stipulation to this effect will be made in the Special Fund Rules.

### § 17 Issue and Redemption of Unit Certificates; Suspension of Redemption

1. The number of issued units and associated unit certificates is not restricted. However, the Company reserves the right to suspend the issue of units either temporarily or indefinitely.

2. Units may be acquired from the Company, the custodian bank or via third parties.

3. Investors may request that the Company repurchase (redeem) the units. The Company is under an obligation to redeem the units for the account of the Fund at the applicable redemption price. The custodian bank shall act as the redemption agent.

4. However, the Company may opt to suspend the redemption of units in accordance with Section 37 InvG if extraordinary circumstances are deemed to require such suspension, taking into consideration the best interests of the investors.

5. The investment company shall inform the investors about the suspension of redemption pursuant to the above paragraph 4 and the resumption of redemption by publishing it in a business or daily newspaper having a sufficiently wide circulation or in the electronic media specified in the Sales Prospectus. The investors are to be informed about the suspension and resumption of unit redemption by way of a durable medium immediately after the relevant announcement has been made in the electronic German Federal Gazette.

### § 18 Issue and Redemption Price

1. For the purpose of calculating the issue and redemption price of the units, the value of the assets contained in the Fund (net asset value) shall be ascertained on the dates specified in paragraph 4 above and divided by the number of outstanding units (unit value). Where differing unit classes are introduced for the Fund pursuant to § 16 (2) above, the unit value as well as the issue and redemption price must be determined separately for each unit class.

The valuation of the assets shall be carried out in accordance with Section 36 InvG and the German Investment Fund Accounting and Valuation Directive (Investment-Rechnungslegungs- und Bewertungsverordnung, "InvRBV").

2. The issue price corresponds to the unit value plus an initial sales charge if specified in the Special Fund Rules. The redemption price corresponds to the unit value minus a redemption fee if specified in the Special Fund Rules. Where the investor is required to pay other costs in addition to the initial sales charge or redemption fee, the amount and the calculation of any such costs must be specified in the Special Fund Rules.

3. The settlement date for unit purchase or redemption orders shall be no later than the valuation date following receipt of the relevant order, unless otherwise stipulated in the Special Fund Rules.

4. The issue and redemption prices are determined on each exchange trading day. Unless stipulated otherwise in the Special Fund Rules, the Company and the custodian bank may refrain from determining the unit value on statutory holidays that are also exchange trading days, as well as on 24 and 31 December every year; the Sales Prospectus contains further stipulations.

### § 19 Costs

The Special Fund Rules specify all remuneration payable to the Company, the custodian bank or third parties and any other costs that may be chargeable to the Fund. The Special Fund Rules must also specify the payment method, amount and calculation basis of any remuneration within the meaning of the preceding sentence 1.

### § 20 Accounting

1. The Company shall publish its annual report and its income and expense statement pursuant to Section 44 (1) InvG no later than four months after conclusion of the financial year of the Fund.



2. The Company shall publish its half-yearly report pursuant to Section 44 (2) InvG no later than two months after the mid-point of its financial year.

3. Where the right to manage the Fund is transferred to another investment company during the financial year or the Fund is merged into another investment fund or EU investment asset pool during the financial year, the Company shall prepare an interim report as at the transfer date that complies with the requirements for annual reports set forth in Section 44 (1) InvG.

4. If an investment fund is being liquidated, the custodian bank has to draw up annual liquidation reports as well as a liquidation report as at the date the liquidation has come to an end, these reports meeting the requirements for annual reports as set out in the above paragraph 1.

5. Said reports are available from the Company, the custodian bank and other institutions to be specified in the Sales Prospectus and the key investor information; in addition, said reports are published in the electronic German Federal Gazette.

### § 21 Termination and Liquidation of the Fund

1. The Company may terminate its management of the Fund by giving no less than six months' notice to this effect by way of publication in the electronic German Federal Gazette and in the relevant annual report or half-yearly report. The investors are to be informed of such termination published in accordance with sentence 1 without delay by way of a durable medium.

2. Upon said notice of termination entering into effect, the Company's right to manage the Fund will expire. In such cases, the Fund as well as the right to dispose over it shall pass to the custodian bank, which will liquidate the Fund and distribute the proceeds to the investors. During the liquidation period, the custodian bank shall be entitled to the same management fees as charged by the Company. With the approval of the BaFin, the custodian bank may refrain from such liquidation and distribution and instead entrust another investment company with the management of the Fund in accordance with the existing Fund Rules.

3. The Company shall prepare a dissolution report, which meets the requirements for an annual report in accordance with Section 44 (1) InvG, as at the date on which its management right ceases pursuant to Section 38 InvG.

### § 22 Amendments to Fund Rules

1. The Company may amend the Fund Rules.

2. Any amendments to the Fund Rules require the prior approval of the BaFin. To the extent that any amendments as per the preceding sentence 1 relate to investment principles of the Fund, they will also require the prior consent of the Company's Supervisory Board.

3. All proposed amendments will be published in the electronic German Federal Gazette as well as in a business or daily newspaper having a sufficiently wide circulation or in the electronic information media specified in the Sales Prospectus. Any publication as per sentence 1 must also contain a reference to the proposed amendments and their entry into force. In the event of amendments to costs within the meaning of Section 41 (1) sentence 1 InvG, to the investment principles of the Fund within the meaning of Section 43 (3) InvG or to essential investor rights, investors must be informed, no later than the publication pursuant to sentence 1, by means of a durable medium as required by Section 43 (5) InvG about the most important features of the planned amendments to the Fund Rules, their background as well as their rights pursuant to Section 43 (3) InvG in an understandable manner.

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

### § 23 Place of Performance; Legal Venue

1. Place of performance shall be the registered office of the Company.

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

**Special Fund Rules governing the legal relationship between investors and FRANKFURT-TRUST Investment-Gesellschaft mbH, Frankfurt am Main, (hereinafter referred to as the “Company”) with regard to the directive-compliant investment fund incepted by the Company, FMM-Fonds, which Rules shall only apply in conjunction with the General Fund Rules issued by the Company for the relevant individual investment fund.**

### Investment Principles and Investment Limits

#### § 1 Assets

The Company may acquire the following assets for the Fund:

1. securities as defined in Section 47 of the German Investment Act (Investmentgesetz, “InvG”);
2. money market instruments as defined in Section 48 InvG;
3. bank deposits as defined in Section 49 InvG;
4. investment units as defined in Section 50 InvG;
5. derivatives as defined in Section 51 InvG;
6. other investment instruments as defined in Section 52 InvG.

#### § 2 Investment Limits

1. In aggregate, the Company shall invest more than 51 per cent of the Fund value in securities as defined in Section 47 InvG. Any securities purchased under repurchase agreements will count towards the investment limits specified in Section 60 (1) and (2) InvG.
2. The Company may invest up to a total of 49 per cent of the Fund value in money market instruments in accordance with § 6 of the General Fund Rules. Any money market instruments purchased under repurchase agreements will count towards the investment limits specified in Section 60 (1) and (2) InvG.
3. The Company may invest up to a total of 49 per cent of the Fund value in bank deposits (in liquid funds) in accordance with § 7 sentence 1 of the General Fund Rules.
4. The Company may use derivatives in the management of the Fund. The Company will use derivatives for hedging purposes, efficient portfolio management and the generation of additional returns if and when it

deems this necessary in the best interest of the investors.

5. The Company may invest up to a total of 10 per cent of the Fund value in investment fund units within the meaning of § 8 of the General Fund Rules.

- a) The Fund may acquire up to 10 per cent in units of domestic or foreign investment funds, provided that such investment funds invest predominantly in equities (equity funds) pursuant to their fund rules.
- b) The Fund may acquire up to 10 per cent in units of domestic or foreign investment funds, provided that such investment funds invest predominantly in fixed-income securities (bond funds) pursuant to their fund rules.
- c) The Fund may acquire up to 10 per cent in units of domestic or foreign investment funds, provided that such investment funds invest, pursuant to their fund rules, at least 85 per cent of their value in bank deposits, money market instruments (Section 48 InvG) or money market fund units (money market funds).
- d) Any investment units purchased under repurchase agreements will count towards the investment limits specified in Sections 61 and 64 (3) InvG.

#### § 3 Unit Classes

1. Pursuant to § 16 (2) of the General Fund Rules unit classes may be formed for the Fund, which may differ in terms of the application of income, initial sales charges, the currency of the unit value including the use of currency hedges, the management fees, the minimum investment amounts or a combination of these characteristics. Unit classes may be formed at any time at the Company's discretion.
2. The existing unit classes are listed individually in the Sales Prospectus as well as in the annual and half-yearly reports. The key characteristics of these unit classes (application of income, initial sales charges, currency of the unit value, management fees, minimum investment amounts or a combination of these characteristics) are described individually in the Sales Prospectus and in the annual and half-yearly reports.
3. Currency hedges may be concluded for a single currency unit class only. § 9 of the General Fund Rules notwithstanding, the Company may also use derivatives within the meaning of Section 51 (1) InvG and that are linked to foreign exchange rates or currencies for currency unit classes with currency hedges in favour of the currency of the unit class (reference currency) with the

aim of preventing any losses in the unit value due to exchange rate losses as regards Fund assets not denominated in the reference currency of the unit class.

4. The unit value is calculated separately for each unit class by allocating the costs of issuing the new unit class, the application of income, the management fees and the results of currency hedges attributable to a specific unit class, including any income equalisation, to the respective unit class only.

### Issue Price, Redemption Price; Redemption of Units; Costs

#### § 4 Unit Certificates

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

#### § 5 Issue and Redemption Price

1. The initial sales charge amounts to up to 5 per cent of the unit value of each unit class. The Company may at its own discretion decide to charge a lower or no initial sales charge for one or several unit classes. A redemption fee shall not be charged.
2. § 18 (3) of the General Fund Rules notwithstanding, the settlement date for purchase or redemption orders shall be no later than the second valuation date following receipt of the relevant order.

#### § 6 Costs

1. The Company shall receive a daily remuneration in the amount of up to 1.5 per cent p.a. of the Fund value for the management of the Fund; this value is calculated on the basis of the net asset value, as determined on every exchange trading day; the remuneration is paid out of the Fund. This management fee may be debited to the Fund at any time. The Company may at its own discretion decide to charge a lower or no management fee for one or several unit classes.
2. The custodian bank may charge a daily remuneration in the amount of up to 0.1 per cent p.a. of the Fund value for its services; this value is calculated on the basis of the net asset value, as determined on every exchange trading day; the remuneration is paid out of the Fund. The custodian bank fee may be debited to the Fund at any time.



3. In addition to the above-mentioned types of remuneration, the following expenses will be debited to the Fund:

- a) any costs arising in connection with the acquisition or disposal of assets;
- b) any custody fees in accordance with normal banking practice including, if applicable, any standard bank fees for the custody of foreign securities abroad;
- c) any costs for the printing and forwarding of annual and half-yearly reports, fact sheets, sales prospectuses and key investor information;
- d) any costs associated with the publication of annual and half-yearly reports or the issue and redemption prices or, if applicable, with distributions and the dissolution report;
- e) the costs of auditing the Fund by the Company's auditor;
- f) any costs for the publication of the tax bases and the issue of certificates stating that any tax details were determined in accordance with the rules of German tax law; the Company is entitled to charge up to EUR 3,000.– p. a. to the Fund for determining foreign key tax figures; it shall furthermore be entitled to charge the Fund with all external costs incurred in this context, such as the costs for the publication and examination of the foreign tax data;
- g) any taxes imposed in connection with the costs of management and custody;
- h) any costs for the assertion and enforcement of any legal claims the Fund may have; in cases in which claims are enforced for the Fund in or out of court, the Company may furthermore charge up to 15 per cent of the amounts thus enforced and collected for the Fund;
- i) free of charge for the time being;
- j) fees charged by the supervisory authorities for authorising and registering the Fund and/or costs related to the registration of the fund units for public distribution in various countries, fees of the representatives, tax agents and paying agents in the countries in which fund units are or will be authorised for public distribution;
- k) the costs incurred in the context of setting up the technical installations required for measuring and analysing the performance and market risk of the Fund.

4. The Company shall disclose the amount of initial sales charges and redemption fees, which were charged to the Fund for the purchase and the redemption of units as per § 1 No. 4 above, in the annual report and the half-yearly report. Where units are purchased that are managed, whether directly or indirectly, by the Company itself or by another company linked to the Company via a direct or indirect material interest, neither the Company nor the other company may charge initial sales charges or redemption fees for the purchase or redemption of any such units. In the annual report and the half-yearly report, the Company shall disclose any fees which the Company itself, another investment company, an investment stock corporation, another company affiliated with the Company by way of a direct or indirect material interest, or a foreign investment company, including its management company, has charged to the Fund as remuneration for managing the units held by it.

### Application of Income; Financial Year

#### § 7 Application of Income

##### Distribution

1. As regards the distributing unit classes, the Company shall as a rule distribute all the pro rata interest, dividends and income from investment units accrued during the financial year for the account of the Fund and not used to cover costs as well as any income from lending and repurchase operations, the relevant income equalisation being taken into account in the calculation. Disposal gains as well as other income – taking the relevant income equalisation into account – can also be included in the distribution on a pro rata basis.

2. Distributable pro rata income as set out in paragraph 1 can be carried forward for distribution in later financial years to the extent that the total amount of the income carried forward does not exceed 15 per cent of the respective value of the Fund at the end of the financial year. Income from truncated financial years can be carried forward in full.

3. In order to preserve the value of the Fund, pro rata income can be reinvested in part, or in special cases also in full.

4. Distribution is effected annually within three months after the end of the financial year.

##### Accumulation

As regards the accumulating unit classes, the Company shall reinvest the interest, dividends and other income accrued during

the financial year for the account of the Fund and not used to cover costs – after taking account of the relevant income equalisation – as well as disposal gains of the accumulating unit classes in the Fund on a pro rata basis.

#### § 8 Financial Year

The financial year of the Fund commences on 1 January and ends on 31 December.

## FRANKFURT-TRUST

Investment-Gesellschaft mbH  
Neue Mainzer Strasse 80  
60311 Frankfurt am Main  
Postal address:  
Postfach 11 07 61  
60042 Frankfurt am Main

Telefon (+49 69) 9 20 50-200  
Telefax (+49 69) 9 20 50-101

Subscribed and paid-in capital:  
EUR 16.0 million

Liable capital:  
EUR 12.1 million

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

Registration Court:  
Frankfurt am Main, HRB 10692

## Custodian Bank

The Bank of New York Mellon SA/NV  
Garden Towers Branch  
Frankfurt am Main  
Neue Mainzer Strasse 46 – 50  
60311 Frankfurt am Main

Liable capital:  
EUR 1.25 billion

## Management

Karl Staecker  
Spokesman

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

Gerhard Engler

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

Winfried Hutmänn

## Supervisory Board

Bjoern H. Robens  
Chairman

Spokesman of the Board of Managing Directors of BHF-BANK

Rolf Friedhofen  
Deputy Chairman

Member of the Board of Managing Directors of BHF-BANK

Frank Behrends  
Member of the Board of Managing Directors of BHF-BANK

Beate Bischoff  
Managing Director of BHF-BANK

Wolfgang Danicke

Michael Hochgürtel  
Managing Director of BHF-BANK

Ulrich Lingenthal  
Managing Director of BHF-BANK

Thomas Segura  
Managing Director of BHF-BANK

Professor Dr. Hartwig Webersinke  
Dean at the Faculty of Law and Economics at the University of  
Applied Sciences Aschaffenburg (Hochschule Aschaffenburg)

## Distribution

DJE Kapital AG  
Georg-Kalb-Strasse 9  
82049 Pullach

## Fund Administration

BNY Mellon Service  
Kapitalanlage-Gesellschaft mbH  
Neue Mainzer Strasse 46 – 50  
60311 Frankfurt am Main

