



**LA FRANÇAISE**

SYSTEMATIC ASSET MANAGEMENT

# Sales prospectus La Française Systematic Global Listed Infrastructure

including general conditions of the separate assets issued  
under German law

May 2023

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## **NOTE ON THE SALES PROSPECTUS**

Acquisitions and sales of shares in the separate assets La Française Systematic Global Listed Infrastructure are transacted on the basis of the Sales Prospectus, the Key Information Document and the General Terms of Investment in conjunction with the Special Investment Guidelines in the respectively valid versions. The General Terms of Investment and the Special Investment Guidelines are printed after this Sales Prospectus starting on p. 48.

The Sales Prospectus is to be made available along with the most recently published annual financial report and any half-year report potentially published after the annual financial report, on request and free of charge, to the those interested in acquiring shares in the La Française Systematic Global Listed Infrastructure and to every investor in the fund. In addition, those interested in acquiring shares in the Ve-RI Listed Infrastructure are to be provided with the Key Information Document free of charge and within sufficient time before the close of contract.

It is not permissible to provide any information or statements deviating from the Sales Prospectus. Any acquisition of shares made on the basis of information or statements not contained in the Sales Prospectus or the Key Information Document is exclusively at the buyer's risk. The Sales Prospectus is supplemented by the respectively most recent annual financial report and, if applicable, the half-year report published after the annual financial report.

## **INVESTMENT RESTRICTIONS FOR U.S. PERSONS**

La Française Systematic Asset Management GmbH and/or the La Française Systematic Global Listed Infrastructure are not and will not be registered according to the United States Investment Company Act of 1940 in its valid version. The shares of the fund are not and will not be registered according to the United States Securities Act of 1933 in its valid version or according to the securities trading regulations of any one of the federal states of the United States of America. Shares of the La Française Systematic Global Listed Infrastructure must be neither sold to any U.S. person in the United States nor offered or sold on their account. Persons interested in the acquisition of shares must demonstrate, if applicable, that they are not U.S. persons and neither acquire shares on behalf of U.S. persons nor resell them to U.S. persons. U.S. persons are natural persons if they have their residence in the United States. U.S. persons can also be partnerships or corporations if, for example, they are founded under the laws of the USA or of an individual state of the USA, or a territory or a U.S. overseas territory.

## THE MOST IMPORTANT LEGAL EFFECTS OF THE CONTRACTUAL RELATIONSHIP

La Française Systematic Asset Management GmbH acquires the ownership of the assets held in the La Française Systematic Global Listed Infrastructure. By acquisition of the shares, the investor becomes a beneficiary and holds claims under the law of obligations against the company. No voting rights are vested in the shares.

All publications and promotional documents must be written in German or be provided with a translation into German. La Française Systematic Asset Management GmbH will furthermore communicate in the German language with its investors.

### Enforcement of rights

The legal relationship between La Française Systematic Asset Management GmbH and the investor, as well as the pre-contractual relations are governed by German law. The place of registration of La Française Systematic Asset Management GmbH is the place of jurisdiction for claims of the investor arising from the contractual relationship against the investment management company. Investors, who are consumers and reside in a different EU Member State, can also file suit in a competent court at their place of residence. The enforcement of court rulings will be determined according to the German Code of Civil Procedure, and if applicable, the law on compulsory auction and receivership or the Insolvency Code. Since La Française Systematic Asset Management GmbH is governed by domestic law, recognition of domestic rulings is not required before their enforcement. The address of La Française Systematic Asset Management GmbH is:

Neue Mainzer Str. 80  
60311 Frankfurt/Main

To enforce their rights, investors can seek recourse before the ordinary courts, or also pursue proceedings for alternative dispute resolution if such are available.

La Française Systematic Asset Management GmbH has also undertaken to participate in dispute resolution procedures before a consumer mediation office.

In the event of disputes, consumers can appeal to the "Ombudsman's Office for Investment Funds" of the BVI Bundesverband Investment und Asset Management e.V.

[German Association for Investment and Asset Management] as the competent consumer mediation office. La Française Systematic Asset Management GmbH participates in dispute resolution procedures before this mediation office.

The contact details of the "Ombudsman's Office for Investment Funds" are

Ombudsman's Office of the BVI  
Bundesverband Investment und Asset Management e.V.  
Unter den Linden 42  
10117 Berlin  
Phone: (030) 6449046-0  
Fax: (030) 6449046-29  
Email: [info@ombudsstelle-investmentfonds.de](mailto:info@ombudsstelle-investmentfonds.de)  
[www.ombudsstelle-investmentfonds.de](http://www.ombudsstelle-investmentfonds.de)

Consumers are natural persons, who invest in the fund for a purpose that cannot be attributed primarily to their commercial or self-employed professional activity, thus who act for private purposes.

In the case of disputes arising from the application of the regulations of the German Civil Code regarding distance-selling contracts for financial services, the mediation office is Deutsche Bundesbank.

The contact details are:

Deutsche Bundesbank  
Mediation Office  
P.O. Box 11 12 32  
60047 Frankfurt  
Email: [schlichtung@bundesbank.de](mailto:schlichtung@bundesbank.de)  
[www.bundesbank.de](http://www.bundesbank.de)

In the case of disputes relating to purchase agreements or service contracts that have been concluded through electronic channels, consumers can also appeal to the online dispute resolution platform of the EU ([www.ec.europa.eu/consumers/odr](http://www.ec.europa.eu/consumers/odr)). For the purposes of such an appeal, the following email address can be specified as contact address of the investment management company: [management-am@la-francaise.com](mailto:management-am@la-francaise.com). The platform itself is not a mediation office but instead acts merely as an intermediary for the Parties' contact with the competent national mediation office.

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

## **Right of revocation in case of an acquisition outside of the permanent offices**

If the acquisition of shares in open-end investment funds materialises due to verbal negotiations outside of the permanent establishment of the party selling the shares or having brokered the sale, the buyer will have the right to revoke his purchase declaration in text form and without a statement of reasons within a period of two weeks. The buyer will be informed about the right of revocation in the statement of purchase. The right of revocation also applies if the party selling the shares or

having brokered the sale does not have a permanent establishment. A right of revocation does not apply if the seller proves that (i) either the buyer is not a natural person concluding the legal transaction for a purpose that cannot be attributed to its professional activity (consumer), or (ii) the negotiation has taken place at the behest of a buyer, i.e. the seller has visited the buyer for negotiations based on a previous order placed by the buyer. No right of revocation applies to contracts that have been concluded exclusively via telecommunications channels (e.g. letters, phone calls, emails) (distance selling contracts).

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## **BASES**

### **The separate assets (the fund)**

The separate assets La Française Systematic Global Listed Infrastructure (hereinafter "Fund") is an undertaking for collective investments, which collects capital from a number of investors, in order to invest it according to a defined investment strategy for the benefit of these investors (hereinafter "Investment Fund"). The Fund is an Investment Fund according to Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (hereinafter "UCITS") in the definition of the Capital Investment Act (*Kapitalanlagegesetzbuch*, hereinafter "KAGB"). It is under the management of La Française Systematic Asset Management GmbH (hereinafter "Company"). The Fund was issued on 02/07/2001 for an indefinite period.

The Company invests the capital deposited with it in its own name and for joint account of the investors, according to the principle of risk diversification, in the assets permitted pursuant to the KAGB in the form of separate assets, separately from its own assets. The business purpose of the Fund is limited to capital investment according to a defined investment strategy under collective asset management, by means of the financial resources deposited with it; an operative activity and an active business management of the assets held by it is excluded. The KAGB, the related ordinances, and the Investment Tax Act (*Investmentsteuergesetz*, hereinafter "InvStG"), and the Terms of Investment governing the legal relationship between the investors and the Company determine into which assets the Company may invest the funds of investors, and which regulations must be observed in the process. The Terms of Investment include a general and a special part ("General Terms of Investment" and "Special Terms of Investment"). Terms of investment of public investment funds must be approved by the BaFin [German Federal Financial Supervisory Authority] before they are applied. The Fund is not part of the Company's insolvency estate.

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

The Sales Prospectus, the Key Information Document, the Terms of Investment and the current annual and half-year

financial reports can be obtained free of charge from the Company in electronic format or as a hardcopy.

Additional information about the investment limits of the Fund's risk management, the risk management methods and the most recent developments in risks and returns of the major asset categories can be obtained from the Company in electronic format or as a hardcopy.

If the Company provides further information to individual investors about the composition of the Fund portfolio or its performance, it will post this information simultaneously on its website and make it thereby available to all investors of the Fund.

### **Terms of Investment and their modification**

The Terms of Investment are printed in this document on the pages directly following this Sales Prospectus. The Terms of Investment can be modified by the Company. Modifications of the Terms of Investment require the approval of the BaFin. Changes in the Fund's investment principles are permissible only on the condition that the Company offers investors to either redeem their shares without further costs before the changes take effect or exchange their shares free of charge for shares in investment funds with comparable investment principles, provided that such investment funds are managed by the Company or another company in its corporate group.

The intended changes shall be published in the Federal Gazette and moreover on the Company's website at [www.la-francaise-systematic-am.de](http://www.la-francaise-systematic-am.de). If the changes pertain to remuneration and refunds for expense, which may be withdrawn from the Fund, or the Fund's investment principles or essential rights of investors, the investors will moreover receive information thereof in an accessible and unmodified form from their depositaries, on a medium storing information for a period appropriate for one of the purposes of the information, for example, on paper or in electronic format (so-called "permanent data carrier"). This information includes the essential subjects of the planned changes, their reasons, the rights of investors in connection with the change, and a note as to where and how further information can be obtained.

The changes will take effect at the earliest on the day after their announcement. Changes in the rules on remuneration and expense refunds will take effect at the earliest four weeks after their announcement, unless an earlier date has been determined with the agreement of the BaFin.

Changes in the Fund's investment principles to date will likewise take effect at the earliest four weeks after their announcement.

## MANAGEMENT COMPANY

### Company name, legal form and registered office

The Company, founded on 13 September 1991, is an investment management company as defined by the KAGB, under the legal form of a company with limited liability (GmbH). The Company's name is La Française Systematic Asset Management GmbH. Its registered office is in Frankfurt/Main.

The Company is permitted to manage domestic investment funds and EU investment funds in the form of UCITS (Undertakings for Collective Investment in Transferable Securities).

The Company has a licence as a UCITS capital management company in accordance with the KAGB. The Company has been allowed to manage "UCITS funds" (legally named "securities funds" in 1991 and "directive-compliant funds" from 2004 to 2013) since its establishment.

Following commencement of the German Investment Code, the Company has been permitted to manage investment funds in line with the UCITS directive since 21 July 2013.

### Management board/directors and supervisory board

More information about the management and the composition of the supervisory board can be found at the end of the Sales Prospectus.

### Equity and additional equity

The Company has subscribed and paid in company equity of EUR 2.6 million; the Company's liable capital amounts to EUR 8 million (status respectively 31/12/2021).

## DEPOSITARY

### Identity of the depositary

The credit institution BNP PARIBAS Securities Services S.C.A., Frankfurt branch (from 01 October, 2022 BNP Paribas S.A, Germany branch), Senckenberganlage 19, 60325

Frankfurt am Main, has taken on the function of Depositary for the Fund. The depositary is the German branch of a credit institution under French law.

### Details of the depositary

The KAGB mandates the separation of the management and the custody of the separate assets. The depositary keeps the assets in custody in blocked depositary or blocked securities accounts. For assets that cannot be kept in custody, the depositary will check if the management company has acquired the ownership of these assets. It monitors if the dispositions by the Company over the assets comply with the regulations of the KAGB and the Terms of Investment. The investment in bank deposits at another credit institution and dispositions over such bank balances are permissible only with the depositary's agreement. The depositary must grant its agreement if the investment or disposition is reconcilable with the Terms of Investment and the regulations of the KAGB.

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

- Issuance and redemption of shares of the Fund;
- Ensuring that the issuance and redemption, as well as the valuation of the shares complies with the regulations of the KAGB and the Terms of Investment of the Fund;
- Ensuring that the counter value of transactions executed on joint account of the investors is delivered to its custody within the usual timeframes;
- Ensuring that the earnings of the Fund are appropriated in accordance with the regulations of the KAGB and pursuant to the Terms of Investment;
- Monitoring of borrowing by the Company on account of the Fund and agreement to the borrowing if applicable;
- Ensuring that the collateral for loans on securities is created validly and available at all times.

### Conflicts of interest

No conflicts of interest are apparent that arise for the Fund from the assumption of the depositary function. In particular, BNP PARIBAS Securities Services S.C.A., Frankfurt/Main Branch (from 01 October, 2022 BNP Paribas S.A, Germany branch), is not associated with the Company in terms of corporate law.

## Sub-depositary

The company has received the following information from the depositary. Since the Company relies on the depositary to supply the information, its accuracy and completeness cannot be verified.

According to its own statements, the depositary has transferred the depositary functions pursuant to Sec. 72 KAGB to the following companies (sub-depositaries). The sub-depositaries act either as first intermediate depositaries, further intermediate depositaries or central securities depositaries, whereby the information relates in each case to assets in the countries or markets listed below. In this connection, it is pointed out that the Fund does not invest in securities and certificates of deposit of all of the listed countries.

### Country, Sub-Depositaries depositary

Egypt, HSBC Bank S.A.E.

Argentina, Citibank N.A., Buenos Aires Branch

Australia, BNP Paribas Securities Services S.C.A., Australia Branch

Bahrain, HSBC Bank Middle East Limited, Bahrain

Bangladesh, Hong Kong And Shanghai Banking Corp Limited, Dhaka

Belgium, BNP Paribas Securities Services S.C.A., Paris

Bermuda, HSBC Bank Bermuda Limited

Botswana, Standard Chartered Bank Botswana Ltd.

Brazil, Banco BNP Paribas Brasil S.A.

Bulgaria, UniCredit Bulbank A.D.

Chile, Banco de Chile; ab 8. März 2021: BNP Paribas Securities Services Sociedad Fiduciaria S.A.

China, HSBC Bank (China) Company Limited, Shenzhen (B Shares), HSBC Bank (China) Company Limited, Shanghai (B Shares), BNP Paribas (China) Ltd (Direct CIBM), HSBC Bank (China) Company Limited (A Shares)

Denmark, Skandinaviska Enskilda Banken AB (publ)'s branch in Denmark

Germany, BNP Paribas Securities Services S.C.A. Frankfurt/Main branch (from 01 October, 2022 BNP Paribas S.A, Germany branch)

Ivory Coast, Standard Chartered Bank Cote d'Ivoire

Estonia, AS SEB Pank

Finland, Nordea Bank AB (publ), Finnish branch

France, BNP Paribas Securities Services S.C.A., Paris

Ghana, Standard Chartered Bank Ghana Ltd.

Greece, BNP Paribas Securities Services S.C.A., Athens branch

Great Britain, BNP Paribas Securities Services S.C.A., London branch

Hong Kong, BNP Paribas Securities Services S.C.A., Hong Kong branch

India, BNP Paribas S.A., India branch

Indonesia, PT Bank HSBC Indonesia

Ireland, BNP Paribas Securities Services S.C.A., London branch

Israel, Citibank N.A., Israel

Italy, BNP Paribas Securities Services S.C.A., Milan branch

Japan, The Hong Kong And Shanghai Banking Corporation Ltd, Tokyo

Canada, RBC Investor & Treasury Services

Qatar, HSBC Bank Middle East Limited, Doha

Kenya, Standard Chartered Bank Kenya Limited

Columbia, BNP Paribas Securities Services Sociedad Fiduciaria S.A.

Korea, The Hongkong And Shanghai Banking Corporation Limited, Seoul

Croatia, Unicredit Bank Austria AG

Kuwait, HSBC Bank Middle East Limited, Kuwait City

Latvia, AS SEB Banka

Lithuania, AS SEB Bankas

Luxembourg, BNP Paribas Securities Services S.C.A. Luxembourg branch

Malaysia, HSBC Bank Malaysia Berhad

Malta, Clearstream Banking SA, Luxembourg – Malta

Morocco, Banque Marocaine Pour Le Commerce Et L'Industrie (BMCI)

Mauritius, The Hong Kong And Shanghai Banking Corporation Ltd.

Mexico, Banco Nacional De Mexico S.A. (Citibanamex)

New Zealand, BNP Paribas Securities Services S.C.A., Australia branch

Netherlands, BNP Paribas Securities Services S.C.A., Paris

Nigeria, Stanbic IBTC Bank PLC

Norway, Nordea Bank AB (publ), filial i Norge

Austria, BNP Paribas Securities Services S.C.A., Frankfurt/Main branch

Oman, HSBC Bank Oman S.A.O.G.

Pakistan, Citibank N.A., Pakistan branch

Peru, BNP Paribas Securities Services Sociedad Fiduciaria S.A.

Philippines, Standard Chartered Bank

Poland, BNP Paribas Securities Services S.C.A., Warsaw branch

Portugal, BNP Paribas Securities Services S.C.A., Paris

Romania, Citibank Europe plc, Dublin - Romania branch

Russia, PJSC Rosbank Moscow

Sweden, Skandinaviska Enskilda Banken AB (publ)  
 Switzerland, BNP Paribas Securities Services S.C.A., Zurich branch  
 Serbia, Unicredit Bank Austria AG  
 Singapore, BNP Paribas Securities Services S.C.A. Singapore branch; Standard Chartered Bank  
 Slovakia, Raiffeisen Bank International AG Vienna  
 Slovenia, Unicredit Bank Slovenija d.d.  
 Spain, BNP Paribas Securities Services S.C.A., Madrid branch  
 Sri Lanka, Hong Kong And Shanghai Banking Corp Limited, Colombo  
 South Africa, The Standard Bank of South Africa Limited  
 Tanzania, Stanbic Bank Tanzania Limited  
 Taiwan, HSBC Bank (Taiwan) Limited  
 Thailand, Hongkong and Shanghai Banking Corp. Bank, Bangkok  
 Czech Republic, Raiffeisen Bank International AG  
 Tunisia, Union Internationale de Banques  
 Turkey, TEB Securities Services  
 Uganda, Standard Chartered Bank Uganda Limited  
 Hungary, BNP Paribas Securities Services S.C.A., Budapest branch  
 Uruguay, Banco Itau Uruguay S.A.  
 USA, BNP Paribas S.A., New York branch  
 United Arab Emirates, HSBC Bank Middle East Limited. ADX/NDL  
 Vietnam, HSBC Bank (Vietnam) LTD.  
 Cyprus, BNP Paribas Securities Services S.C.A., Athens branch  
 International CSD, Clearstream Banking S.A., Luxembourg  
 International CSD, Euroclear Bank S.A.

The following conflicts of interest can result from this transfer:

Potential conflicts of interest can result if the depositary transfers individual depositary functions or the sub-depositary function to a further outsourced company. If this further outsourced company should be a business affiliated with the Company or the depositary, the interaction between the outsourced companies and the Company or the depositary can result in potential conflicts of interest.

In addition, potential conflicts of interest may arise from the fact that a comparable service is provided within another customer relationship, or that the Depositary currently receives and will receive a fee for a service provided to the Company or in relation to assets managed by the Company where the achievement of a financial

benefit or the avoidance of a financial disadvantage is at the expense of the Fund, or there is an interest in the outcome of a service provided to the Fund which is not aligned with the Fund's interest in the outcome of the transaction. For the avoidance of potential collisions of interest, the depositary ensures that the listed sub-depositaries observe the duties and prohibitions pursuant to Sec. 70 (1), (2), (4) and (5) KAGB and pursuant to Sec. 72 KAGB.

The depositary has also ensured through organisational rules and procedures that conflicts of interest, which might result from the sub-depositary function are avoided by a suitable functional, hierarchical separation of tasks between the depositary and the sub-depositary.

The depositary has also ensured through organisational rules and procedures that potential conflicts of interest are identified, controlled, monitored and disclosed correctly to the investors of the Investment Fund.

The Company cannot extend any warranty for the correctness and completeness of the information in all details.

## Liability of the depositary

The depositary is generally responsible for all assets that are kept in custody by it or another entity with its agreement. In case such an asset is lost, the depositary will be liable to the Fund and its investors, unless the loss is due to events outside of the depositary's sphere of influence. For damages that do not consist of the loss of an asset, the depositary will generally be liable only if it has failed to fulfil its obligations pursuant to the regulations of the KAGB at least through negligence.

## Additional information

On request, the Company will provide the latest information to the investors about the depositary and its duties, the sub-depositaries and about potential conflicts of interest in connection with the activity of the depositary or sub-depositaries.

## RISK NOTICE

***Before making a decision on the acquisition of shares in the Fund, investors should read the following risk notice carefully, along with the other information contained in this Sales***

***Prospectus and consider this in their investment decision. The occurrence of one or more of these risks by itself or together with other circumstances can have a negative effect on the performance of the Fund or the assets held in the Fund and thereby also have a negative effect on the share value.***

***If the investor sells all shares in the Fund at a time when the prices of the assets held in the Fund have fallen compared to the time when he acquired the shares, the capital invested in the Fund will not be returned to him or not in full. The investor might lose part, or in some cases even all of the capital he has invested in the Fund. Value increases cannot be guaranteed. The investor's risk is limited to the sum invested. No obligation to make subsequent payments beyond the capital invested by the investor applies.***

***The performance of the Fund can be impaired due to various further risks besides the risks and uncertainties described in the following or in other passages of the Sales Prospectus, and uncertainties not known at this time. The order in which the following risks are listed is intended neither as a statement on the probability of their occurrence nor as a statement on the extent or significance of individual risks upon their occurrence.***

## **Risks of a fund investment**

The risks typically associated with an investment in a UCITS are described herein below. These risks can have a negative effect on the share value, the capital invested by the investor, and the holding period for the fund investment planned by the investor.

### **Volatility of the fund share value**

The fund share value is calculated from the value of the Fund, divided by the number of shares brought into circulation. The value of the Fund meanwhile equals the sum of the market values of all assets held in the Fund assets, less the sum of the market values of all liabilities of the Fund. The fund share value is therefore dependent on the value of the assets held in the Fund assets and the

amount of the liabilities of the fund. If the value of these assets falls or if the value of liabilities rises, the fund share value will be reduced.

### **Effects on the individual result from tax aspects**

The tax treatment of capital gains depends on the personal situation of the respective investor and can be subject to changes in the future. For specific questions – in particular, in consideration of the personal tax situation – the investor should contact his personal tax adviser.

### **Change of the Terms of Investment or the investment conditions**

The Company can modify the Terms of Investment with approval from the BaFin. This can also affect the rights of the investor. The Company can, for example, through a change of the investment conditions modify the Fund's Terms of Investment or increase the costs to be charged against the fund. The Company can furthermore modify the investment spectrum permissible within the limits of the law and under the contract, and thus without a modification of the Terms of Investment and its approval by the BaFin. This can change the risk associated with the Fund.

### **Sustainability Risks**

The performance of the fund may be affected by sustainability risks. Sustainability risks within the meaning of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector are environmental, social or governance events, conditions or circumstances, the occurrence of which could have an actual or potential material adverse effect on the value of the funds investment. Sustainability risks can affect all known risk types and contribute as a factor to the materiality of these risk types. Examples of these risk types are market risk, liquidity risk, counterparty risk and operational risk, which are described in the following sections.

These environmental, social and governance (ESG) events, conditions or circumstances affect the following topics among others:

#### Environment

- Climate change mitigation
- Adaptation to climate change

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

#### Social

- Compliance with recognized labor standards (no child or forced labor, no discrimination)
- Compliance with occupational health and safety standards
- Appropriate remuneration, fair conditions at the workplace, diversity, and opportunities for training and continuing education
- Freedom of trade union and assembly
- Ensuring adequate product safety, including health protection
- Equal requirements for companies in the supply chain
- Inclusive projects and consideration for the needs of communities and social minorities

#### Corporate governance

- Tax honesty
- Measures to prevent corruption
- Sustainability management by the management body
- Remuneration of the management body based on sustainability criterias
- Enabling whistleblowing
- Guarantee of employee rights
- Ensuring data protection
- Disclosure of information

Sustainability risks can affect all known risk types and contribute as a factor to the materiality of these risk types. The risk types market risk, liquidity risk, counterparty risk and operational risk described in the following sections should be mentioned as examples; additional statements may be made on some types of risk in this regard.

Sustainability risks can lead to a significant deterioration in the financial profile, liquidity, earning power or reputation of the underlying investment.

#### **Market risk in connection with sustainability risks**

The market price may also be affected by risks related to environmental, social and corporate governance issues. If companies do not take sustainability aspects into account or do so to a very small extent and/or do not make sustainable changes, market prices can change negatively. Similarly, the strategic orientation of companies that do not incorporate sustainability criteria can have a negative impact on the (share) price. Reputational risk due to unsustainable entrepreneurial activities is another potential negative factor. In addition, physical damage due to climate change or measures in the course of the transition to a low-carbon economy can weigh on the market price.

#### **Risks from criminal acts, grievances or natural disasters, lack of attention to sustainability**

The Fund may fall victim to fraud or other criminal acts. It may suffer losses due to errors by employees of the Company or external third parties or be damaged by external events such as natural disasters or pandemics. These events can be caused or amplified due to a lack of attention to sustainability.

#### **Suspension of share redemption**

The Company may temporarily suspend the redemption of shares if extraordinary circumstances are given making a suspension appear to be required in the investors' interest. Extraordinary circumstances in this sense can be, e.g. economic or political crises, redemption requests in unusual scope as well as the closure of stock exchanges or markets, trading restrictions or other factors that obstruct the assessment of the share value. Besides this, the BaFin can order the Company to suspend the redemption of shares if this is required in the interest of the investors or the public. The investor cannot return his shares during this period. In the case of a suspension of the share redemption, the share value can fall; e.g. if the Company is forced to sell assets below the market value during the suspension of share redemption. The share price after resumption of the share redemption can be lower than the price before the suspension of redemption. A suspension can be followed directly by the liquidation of the separate assets, without a resumption of the redemption of shares, e.g. if the Company terminates the management of the Fund to then liquidate the Fund. There is the risk for the investor, therefore, that he cannot realise the holding period planned by him and that a significant part of the invested capital is unavailable for an indefinite period or might be lost entirely.

## **Liquidation of the fund**

The Company has the right to terminate the management of the fund. The Company can liquidate the fund completely after terminating the management. The right of disposition over the Fund will transfer to the depositary after a notice period of six months. There is the risk for the investor, therefore, that he cannot realize the holding period planned by him. On the transfer of the Fund to the depositary, the Fund might be charged taxes other than the German income taxes. When the fund shares are written off from the investor's securities account after the termination of the liquidation procedure, the investor may be charged with the income tax.

## **Transfer of all assets of the Fund to another open-ended public Investment Fund (merger)**

The Company can transfer all assets of the Fund to another UCITS. In that case, the investor can (i) return his shares, (ii) or keep the shares with the consequence that he will become an investor in the UCITS taking over, (iii) or exchange his shares for shares in an open-ended public investment fund with comparable investment principles, insofar as the Company or one of its affiliates manages such an investment fund with comparable investment principles. This applies equally if the Company transfers all assets of another open-ended public investment fund to the Fund. The investor must therefore make another investment decision on time in the course of the transfer. In case of a return of the shares, income taxes might be incurred. In an exchange of the shares into shares of a fund with comparable investment principles, the investor may be charged taxes, for example, when the value of the received shares is higher than the value of the old shares at the time of the procurement.

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

The Company can transfer the Fund to another investment management company. Although the Fund, as the investor's standing, will actually remain unchanged by this, the investor must decide in the course of the transfer, however, whether he considers the new investment management company to be equally qualified as the previous one. If he wants to stay invested in the fund, he

must return his shares. Income taxes might be incurred in the process.

## **Profitability and fulfilment of the investor's investment goals**

It cannot be guaranteed that the investor will achieve the success he desires with his investment. The share value of the Fund may fall and losses can be caused for the investor. There are no guarantees extended by the Company or third parties regarding a certain minimum payment commitment on the return or upon a certain investment success of the Fund. Investors might therefore receive a lower amount in return than the one originally invested. An issue premium paid for the acquisition of shares or a redemption discount paid for the sale of shares can furthermore reduce or even cancel out an investment profit, especially in case of very short investment periods.

## **Risks of the negative value development of the Fund (market risk)**

Risks associated with the Fund's investment in particular assets are described in the following. These risks listed below can impair the value development of the Fund or the assets held in the Fund, and thereby have a negative effect on the share value and the capital invested by the investor.

### **Value change risks**

The assets in which the Company invests on account of the Fund are subject to risks. For instance, value losses can occur because the market value of the assets falls compared to the purchase price, or because of a divergent development of the spot and forward rates.

### **Capital market risk**

The price or market value development of financial products depends in particular on the development of the capital markets, which in turn is influenced by the general situation of the global economy, and the economic and political framework conditions in the respective countries. Also, irrational factors such as sentiments, opinions and rumours can affect the general price development, in particular at the stock exchange. Fluctuations in the price and market values can also be due to changes in interest rates, exchange rates or the credit rating of the issuer.

## **Price change risk of stocks**

According to experience, stocks are subject to strong price fluctuations and therefore also to the risk of price declines. These price fluctuations are influenced in particular by the development of the profits of the issuer firm, the developments of the industry and by the overall economic development. The confidence of market participants in the respective company can also influence the price development. This applies especially to companies the shares of which were only admitted relatively recently to trading at the stock exchange or another organized market. Slight changes in the forecasts already can lead to strong price movements. If the portion of freely tradable stocks held by many shareholders (so-called free float) is small, already small purchase and sales contracts can cause a strong effect on the market price and thus lead to higher stock price fluctuations.

## **Interest rate risk**

The investment in fixed income securities is associated with the opportunity that the market interest rate level that applies at the time of the issuance of a security will change. If the market interest rates rise compared to the interest as at the time of the issuance, the prices of fixed income securities will usually fall. If the market interest rate falls instead, the price of fixed income securities will rise. This price development entails that the current yield of the fixed income security roughly equals the current market interest rate. These price fluctuations, however, will commonly have different strengths depending on the (remaining) maturity of the fixed income securities. Fixed income securities with shorter maturities have lower price risks than fixed income securities with longer maturities. In comparison, fixed income securities with shorter maturities usually have lower yields than fixed income securities with longer maturities. Based on their short maturities of at most 397 days, money market instruments tend to have lower price risks. In addition, the interest rates of different interest-based financial instruments denominated in the same currency with comparable remaining maturities can have different developments.

## **Risk of negative credit interest rates**

The Company invests liquid funds on account of the Fund at the depositary or other banks. For these bank deposits, an interest rate is agreed in some cases, which equals the Euro Short-Term Rate (€STR) less a certain margin. If the €STR falls to below the agreed margin, this results in

negative interest on the relevant account. Depending on the development of the interest policy of the European Central Bank, short, medium as well as long-term bank deposits can reach a negative interest yield.

## **Price change risk of convertible and callable bonds**

Convertible and callable bonds securitise the right to exchange the bond for stocks or to acquire stocks. The development of the value of convertible and callable bonds is therefore dependent on the price development of the stock as the underlying asset. The risks of the value development of the underlying stocks can therefore also affect the value development of the convertible and callable bond. Callable bonds that grant the issuer the right to offer the investor a predefined number of stocks for acquisition instead of repayment of a nominal amount (reverse convertibles) are more strongly dependent on the corresponding stock price.

## **Risks relating to derivatives transactions**

The Company may conclude derivatives transactions for the Fund. The acquisition and sale of options and the conclusion of futures contracts or swaps are associated with the following risks:

- When using derivatives, losses can be caused that are not anticipatable and which can even exceed the amounts used for the derivatives transaction.
- Price changes in the underlying asset can reduce the value of an option or futures contract. If the value reduces and the derivative becomes worthless because of this, the Company may be forced to let the acquired rights expire. Value changes of an asset underlying a swap can also cause losses of the Fund.
- There might not be a liquid secondary market for a certain instrument at a given time. A position in derivatives can then not be economically neutralised (closed) under certain circumstances.
- The value of the Fund assets can be influenced more strongly because of the leverage of options than it is the case in a direct acquisition of the underlying assets. The loss risk can be indeterminable on conclusion of the transaction.
- The acquisition of options harbours the risk that the option will not be exercised because the prices do not

develop in the way expected, so that the option premium paid by the Fund will be forfeit. In option sales, there is the risk that the Fund is obligated to buy assets at a higher market price than the current price, or to deliver assets for a lower than the current market price. The Fund will then suffer a loss in the amount of the price difference, less the received option premium.

- In futures contracts there is the risk that the Company will be obligated on account of the Fund to bear the difference between the price underlying on conclusion of the transaction and the market price at the time of the squaring or due date of the transaction. The Fund would also incur losses because of this. The risk of loss cannot be determined on conclusion of the futures contract.
- The potentially required conclusion of a counter-transaction (squaring) is tied to costs.
- The forecasts made by the Company on the future development of underlying assets, interest rates, prices and currency markets can prove to be incorrect in retrospect.
- The assets underlying the derivatives cannot be bought or sold at a per se more opportune point in time, or they have to be bought or sold at a less opportune point in time.

In off-market transactions, so-called over-the-counter (OTC) transactions, the following risks may occur:

- There might not be an organised market, so that the Company can only sell the financial Instruments acquired in the OTC market on account of the Fund with difficulty or not at all.
- The conclusion of a counter-transaction (squaring) can be difficult based on the individual agreement or it might be impossible or associated with significant costs.

### **Risks in securities lending and borrowing transactions**

If the Company grants a loan on account of the fund through securities, it will transfer these to a borrower, who will retransfer securities of the same kind, quantity and quality at the end of the transaction (securities lending and borrowing). The Company has no possibility to dispose over loaned securities for the duration of the transaction.

If the security loses value during the term of the transaction and if the Company wants to sell the security on the whole, it must cancel the loan transaction and wait for the customary settlement cycle, which can cause a loss risk for the fund.

### **Risks in sale and repurchase transactions**

If the Company sells securities of the fund under repurchase agreements, it sells them and undertakes to repurchase them at the end of the term against the payment of a premium. The repurchase price to be paid by the seller at the end of the term and the premium are set when the transaction is entered into. Should the securities sold under repurchase agreements lose value during the term of the transaction and if the Company wants to sell them to limit the losses in value, it can do so only by exercising the right to premature cancellation. The premature cancellation of the transaction can be associated with financial losses of the Fund. It can turn out in addition that the premium to be paid at the end of the term is higher than the earnings, which the Company has earned from the reinvestment of the cash funds received as the purchase price payment.

If the Company buys securities of the fund under repurchase agreements, it buys them and needs to sell them again at the end of the term. The repurchase price and a markdown are set already when the transaction is entered into. The securities bought under the repurchase agreement will then serve as collateral for the provision of liquidity to the contractual partner. Potential value increases of the securities will not be credited to the fund.

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

The Company receives collateral for derivatives transactions, securities lending and sale and repurchase transactions. Derivatives, securities provided for loan or securities sold under repurchase agreements can increase their value. The collateral received might then not be sufficient anymore to cover the right to delivery or retransfer of the Company against the counterparty in the full amount.

The Company can invest cash collateral on blocked accounts, government bonds of high quality and money market funds with short maturities. The credit institution where the bank deposit is kept, however, might default. Government bonds and money market funds can develop negatively. At the end of the transaction, the invested collateral might not be available anymore in the full

amount, even though it has to be returned by the Company for the Fund in the amount originally granted. In that case, the fund would have to bear the losses suffered in the collateral.

### **Risk in the securitisation without cost sharing**

The Fund may only still acquire commercial papers securitising obligations (securitisation positions), which have been issued after 1 January 2011, if the debtor of the obligations retains at least 5 percent of the securitisation volume as so-called cost sharing and observes further covenants. The Company is therefore obligated to initiate remedial measures in the interest of the investors if securitisations are held in the Fund assets that do not meet this EU standard. Within the scope of these remedial measures, the Company might be forced to sell such securitisation positions. Based on legal requirements for banks, fund management companies and insurances, there is the risk that the Company may not sell such securitisation positions or only with strong price deductions or at a significant delay.

### **Inflation risk**

Inflation represents a devaluation risk for all assets. This also applies to assets held in the Fund. The inflation rate can be above the value increase in the Fund.

### **Foreign exchange risk**

Assets of the Fund can be invested in another currency than the Fund's currency. The Fund receives the income, repayments and returns on such investments in a different currency. If the value of this currency compared to the Fund currency falls, the value of such investments and therefore also the value of the Fund assets will fall.

### **Risk of concentration**

If there is a concentration of the investment on certain assets or markets, the fund will be particularly strongly dependent on the development of these assets or markets.

### **Risks relating to the investment in fund shares**

The risks of shares in other Investment Funds that are acquired for the fund (so-called "target funds") are closely tied to the risks of the assets contained in this target fund and respectively the investment strategies pursued by it. As the managers act independent of each other, it can also occur, however, that several target funds pursue the same

or contrary investment strategies. This may cause a cumulation of existing risks and potential opportunities may cancel each other out. It is usually not possible for the Company to control the management of the target fund. Its investment decisions do not necessarily have to be consistent with the assumptions or expectations of the Company. The Company will often not know the current composition of the target funds. If the composition does not match its assumptions or expectations, it may react only at a significant delay by returning the target fund shares.

Open-end Investment Funds in which the fund acquires shares might furthermore temporarily limit or suspend the redemption of shares. In that case, the Company will be prevented from selling the shares held in the target fund by returning them to the management company or to the depositary of the Fund against the pay out of the redemption price.

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

In observation of the investment principles and limits prescribed by law and the Terms of Investment, which provide for a very broad framework for the Fund, the actual investment policy can also be aimed at acquiring assets with a concentration, e.g. only few industries, markets or regions/countries. This concentration on a few specific investment sectors can be tied to risks (e.g. narrowness of the market, large fluctuation bandwidth within certain economic cycles). The annual financial report informs in retrospect for the reporting year ended about the content of the investment policy.

### **Risks of limited or increased liquidity of the Fund and risks relating to increased subscriptions or returns (liquidity risk)**

In the following, the risks are described that can impair the liquidity of the Fund. The consequence of this can be that the Fund is unable fulfil its payment obligations temporarily or permanently or that the Company is temporarily or permanently unable to satisfy the investors' redemption demands. If applicable, the investor cannot realise the holding period he has planned and the invested capital or a part of it may not be available to him for an indefinite period. If liquidity risks materialise, this might furthermore reduce the value of the Fund assets and thereby the share value, for example, if the Company is forced to sell assets for the Fund below the market value, insofar as legally permissible. If the Company is not able to

satisfy the investors' redemption demands, this can also lead to the limitation or suspension of redemption and, in the extreme case, to the subsequent liquidation of the Fund.

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

Also assets that are not admitted to trading at a stock exchange, or admitted to or included in another organised market may be acquired for the Fund. Under certain circumstances, these assets might likewise be sold further only with high discounts on the price, at a delay, or not at all. Assets admitted to trading at a stock exchange might also not be sold further depending on the market situation, the timeframe and the budgeted costs, or only with high discounts on the price. Even though only assets may be acquired for the Fund that can generally be liquidated at any time, it cannot be ruled out that these can only be sold at a loss temporarily or permanently.

### **Risks arising from borrowing**

The Company is authorised to borrow loans on account of the Fund. Loans with a flexible interest rate can have negative effects on the Fund assets from rising interest rates. If the Company has to repay a loan and if it cannot compensate it with follow-up financing or liquidity available in the Fund, it might be forced to sell assets early or at poorer conditions than planned.

### **Risks from increased returns or subscriptions**

Liquidity flows into or out of the Fund assets from buy and sell orders. After netting, inflows and outflows can result in a net inflow or outflow of liquid means of the Fund. This net in or outflow can prompt the fund manager to buy or sell assets whereby transaction costs are incurred. This applies in particular when the inflows or outflows exceed or fall below a liquid fund quota planned by the Company. The transaction costs arising from this will be charged to the Fund, which can impair the Fund's performance. In case of inflows, increased fund liquidity can have a burdening effect on the performance of the Fund if the Company cannot invest the funds or not promptly at appropriate conditions.

### **Risks due to holidays in certain regions/countries**

According to the investment strategy, investments for the Fund are to be made in particular in certain regions/countries. Due to local holidays in these regions/countries, discrepancies between the trading days

at stock exchanges in these regions/countries and the valuation days of the Fund can occur. On a day that is not a valuation day, the Fund might possibly not be able to react to market developments in the regions/countries, or on a valuation day that it is not a trading day in these regions/countries, it might not be able to trade on the market there. This can cause a prevention of the Fund to sell assets at the required time. This can have a negative effect on the Fund's ability to satisfy demands for returns or other payment obligations.

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

In the following, the risks are described that can result for the Fund within the scope of a business relationship with another party (so-called counterparty). There is the risk here that the contractual partner can no longer fulfil its agreed obligations. This can impair the performance of the Fund and thereby also have a negative effect on the share value and the capital invested by the investor.

### **Address non-payment risk/counterparty risks (except for central counterparties)**

Though default of an issuer (hereinafter "Issuer") or a contractual partner (hereinafter "Counterparty"), against whom the Fund holds claims, losses can arise for the Fund. The Issuer risk relates to the effects of the special developments of the respective Issuer, which besides the general trends in the capital markets affect the price of a security. Even in a careful selection of securities, it cannot be precluded that losses occur in consequence of a deterioration of an Issuer's financial position. The party to a contract concluded on account of the Fund can default in part or in full (counterparty risk). This applies to all contracts that are concluded on account of the Fund.

### **Risk from central counterparties**

A Central Counterparty ("CCP") acts as an intermediary institution in certain transactions on behalf of the Fund, in particular in transactions involving derivative financial instruments. In that case, it will act as a buyer in relation to the seller and as a seller in relation to the buyer. A CCP hedges the risk that its business partners cannot perform the agreed services, by means of a number of protection mechanisms, which permit it at any time to compensate losses from the transactions entered into (e.g. by collateralisation). It cannot be ruled out that, in spite of these protection mechanisms, a CCP becomes over-

indebted or defaults on its part, whereby also the Company's claims for the Fund can be affected. This can cause losses for the Fund.

### **Address non-payment risks in sale and repurchase transactions**

If the Company sells securities under repurchase agreements on account of the Fund, it must receive sufficient collateral from the contractual partner securing against the default of the contractual partner. In case of the contractual partner's default during the term of the sale and repurchase transaction, the Company has a right to liquidate the provided collateral. A loss risk for the Fund can arise if the provided collateral is no longer sufficient to cover the Company's retransfer claim in the full amount, for example, because of rising prices of the securities sold under a repurchase agreement.

### **Address non-payment risks in securities lending and borrowing transactions**

If the Company grants a loan on securities on account of the Fund, it must be granted sufficient collateral from the contractual partner securing against the contractual partner's default. The scope of the collateral provisions equals at least the market price of the securities transferred as a loan on securities. The borrower has to provide additional collateral if the value of the securities granted on loan increases, or if the quality of the provided collateral reduces, or if a deterioration of the borrower's financial situation occurs and the collateral already provided is insufficient. If the borrower cannot fulfil this obligation for subsequent payment, there is the risk that the retransfer claim is not fully secured in case of the contractual partner's on default. If the collateral is kept in custody by an institution other than the Fund's depository, there is furthermore the risk that the collateral might not be liquidated immediately or not to full extent in the event of the borrower's default.

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

In the following, risks are described, which can result, for example, from inadequate internal processes and human or system error at the Company or external third parties. These risks can impair the performance of the Fund and thereby also have a negative effect on the share value and the capital invested by the investor.

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

The Fund can become the victim of fraud or other criminal acts. It can suffer losses due to mistakes by employees of the Company or external third parties or suffer losses from external incidents such as natural disasters or pandemics.

### **Country or transfer risk**

There is the risk that a foreign debtor, in spite of the ability to make payment, is unable to make payments on time, in general or only in another currency due to missing transferability of the currency, missing transfer willingness of its country of domicile or for similar reasons. For example, payments to which the Company is entitled on account of the Fund might be made in a currency that is (no longer) convertible due to foreign currency restrictions or it might be made in a different currency. If the debtor pays in a different currency, this position will be subject to the currency risk described above.

### **Legal and political risks**

Investments on behalf of the Fund may be made in legal systems where German law does not apply or where the place of jurisdiction is outside of Germany in the case of legal disputes. The resulting rights and duties of the Company acting on account of the Fund can differ from those in Germany to the disadvantage of the Fund or the investor. Political or legal developments including the changes of the legal framework conditions in these jurisdictions might not be recognised by the Company or not on time, or they might lead to restrictions regarding acquirable or already acquired assets. These consequences can also arise if the legal framework conditions change for the Company and/or the management of the Fund in Germany.

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

The statements relating to tax matters in this Sales Prospectus are premised on the legal situation as currently known. The summary information on tax regulations is addressed to persons with unlimited income tax obligation or unlimited corporation tax obligation in Germany. However, no warranty can be given that the tax assessment will not change through legislation, the case law or decrees of the fiscal authority.

The present draft of the Investment Tax Reform Law also prescribes that, in spite of tax exemption, funds will have to pay the capital gains tax on domestic dividends and returns from domestic equity-like coupons received as of 1 January 2016, insofar as they are the economic owner and owner under civil law of the stocks or coupons during the period of 45 days before and 45 days after the dividend dates. Days for which the Fund hedges against price change risks resulting from the stocks and coupons, so that it does not bear these risks or only in a lesser portion, do not count in this respect. The planned regulation can have effects on the share prices and the investor's tax position. This can also be due to the implementation of the investment strategy.

### **Key personnel risk**

If the investment result of the fund is very positive within a certain period, this success might also depend on the qualification of the acting persons and therefore on the right decisions by the management. The composition of the fund management personnel can change, however. New decision makers might possibly act with less success than.

### **Depository risk**

A loss risk is associated with the custody of assets especially abroad, which can result from insolvency or a breach of the duties of care by the depository or from force majeure.

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

In the settlement of securities transactions, there is the risk that one of the parties does not pay on time or not as agreed or that the securities are not delivered within the allowed time limit. This settlement risk applies accordingly also to trading with other assets on behalf of the Fund.

## **NOTES ON THE FUND'S RISK PROFILE**

In consideration of the investment policy specified in the section "Investment goals and strategy", the Fund's risk profile is consistent with that of a pure stock investment and therefore has a broad fluctuation width in the share price. In rare exceptional situations, stock index and derivative futures can cause additional fluctuations. The performance of the Fund is influenced in particular by the

market risk and company-specific risks (and if applicable, exchange rate risks).

## **INCREASED VOLATILITY**

**Due to its composition and the use of derivative instruments, the Fund has an increased volatility, i.e. the share values can also be subjected to significant fluctuations in upward or downward direction during short periods of time.**

## **PROFILE OF THE TYPICAL INVESTOR**

The Fund is targeted at private customers, professional investors and suitable counterparties, aiming for a general accumulation/optimisation of wealth with a long-term investment horizon of at least five years. At the same time, potential investors should already have at least basic knowledge and/or experience with stock funds and the positions held in them (stocks). Furthermore, the potential investor should be able to bear a financial loss (up to the complete loss of the employed capital) and not place value on investment share protection.

## **INVESTMENT GOALS, STRATEGY, PRINCIPLES AND LIMITS**

### **Investment aim and strategy**

The Fund is a stock fund investing globally with an industry focus.

The focus of the investment is on shares of stock-exchange listed companies in the infrastructure segment.

Active stock selection takes place with a proprietary set of stock selection rules being applied. A reference value is used to preserve the chance of a risk-adjusted excess return.

The selection of individual titles is in the foreground. It takes place according to a strictly systematic, forecast-free score system based on rankings, whereas sustainability criteria and good company management are also considered. The selection process is repeated on a regular basis. The aim is to arrive at a list of at least 45 stocks.

The country and sector weighting results ("bottom-up") from the regularly reviewed individual title selection. All stock positions are generally weighted equally with regular adjustment of the weighting ("rebalancing").

In the event of expected market turbulence, the Fund Management can deviate from this strategy temporarily to utilise additional opportunities or avoid risks. It is also permissible to use stock index futures and currency futures for this purpose.

The Fund does not track a stock index. The Company is oriented on the NMX Infrastructure Composite TR Index (EUR) as reference standard for the Fund. The NMX Infrastructure Composite TR Index (EUR) is not tracked. The Fund management decides actively at its own discretion on the selection of assets in consideration of analyses and valuations of companies and national economic and political developments. It aims to outperform the value development of the reference standard. The composition of the Fund as well as its performance can differ significantly from the reference standard, even completely and over the long term, in positive or negative direction.

The aim of the investment policy is the highest value increase possible. The risks associated with this investment policy are explained in the section "Risk notice – essential risks of the fund investment".

The Fund's asset management activities are not classified as sustainable asset management within the meaning of Article 8 or Article 9 of the Transparency Regulation (EU) 2019/2088. However, the Company incorporates sustainability risks into the investment process. We define sustainability risk as an environmental, social or governance (ESG) event or condition, the occurrence of which could have an actual or potential material adverse effect on the value of the investment within the portfolios. As part of its consideration of sustainability risks, the Fund will not make investments in connection with activities in controversial business areas, highly dubious business practices or breaches of international standards. As part of the investment process, the company uses the Group's own research centre based in London and Paris with regard to the consideration of sustainability risks. When putting together the portfolio, 20% of the companies with the lowest ESG score are systematically excluded. With regard to sustainability, the following criteria, among others, are taken into account at target company level: (i) environmentally sustainable business practices, (ii) conscious promotion of human capital and adherence to best labour standards; and (iii) good corporate governance. Sustainability risks can be consciously taken and return opportunities identified in the sustainability analysis can be exploited. Sustainability risks can thus have

a positive or negative impact on the fund's return in the investment process.

The investment fund is classified as an Article 8 fund within the meaning of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector ("Disclosure Regulation").

**IT CANNOT BE GUARANTEED THAT THE AIMS OF THE INVESTMENT POLICY WILL IN FACT BE REACHED.**

## Assets

The Company is authorised to acquire the following assets on account of the Fund:

- securities according to Sec. 193 KAGB,
- money market instruments according to Sec. 194 KAGB,
- bank deposits according to Sec. 195 KAGB,
- fund shares according to Sec. 196 KAGB,
- derivatives according to Sec. 197 KAGB, and
- other investment instruments according to Sec. 198 KAGB.

The Company may acquire these assets within the investment limits described in particular in the sections "Investment limits for securities and money market instruments also using derivatives and bank deposits" and "Fund shares and their investment limits". Details regarding these assets and the investment limits applicable to them are presented in the following.

## Securities

The Company may acquire securities of domestic and foreign Issuers on account of the Fund,

1. if they are admitted to trading in a Member State of the European Union ("EU") or another signatory state of the Agreement on the European Economic Area ("EEA"), or if they are admitted to or included in another organised market in one of these States;
2. if they are admitted to trading exclusively at a stock exchange outside of the Member States of the EU or outside of the other signatory states of the Agreement on the EEA, or if they are admitted to or included in another organised market in one of these States, provided that the BaFin has permitted the choice of this stock exchange or this organised market.

Securities of new issues may be acquired only if it must be applied for admission to or inclusion in one of the stock exchanges or organised markets named under (1) and (2) pursuant to the securities' terms of issue and if the admission or inclusion takes place within one year after issuance.

Deemed securities in this sense are also:

- Shares in closed-end investment funds in a contractual or corporate form that are subject to control by the shareholders (so-called corporate governance), i.e. the shareholders must have voting rights in important decisions and the right to control the investment policy by means of appropriate mechanisms. The Investment Fund must furthermore be managed by a legal entity, which is subject to the regulations on investor protection, unless the Investment Fund is issued in corporate form and the activity of the investment manager is not assumed by another legal entity;
- Financial instruments that are collateralised by other assets or coupled to the development of other assets; insofar as components of derivatives are embedded in such financial instruments, further requirements must be fulfilled to permit the Company to acquire these as stocks.

The stocks may be acquired only on the following conditions:

- The potential loss that can be incurred by the Fund must not exceed the purchase price of the stocks. No obligation to make subsequent payment may apply.
- Absent liquidity of the stocks acquired by the Fund must not entail that the Fund can no longer fulfil the legal requirements on the redemption of shares. This applies in consideration of the legal possibility for being able to suspend the redemption of shares in special cases (cf. the section "Shares – Issuance and redemption of shares and – Suspension of share redemption").
- A reliable valuation of the security by means of exact, reliable and regular prices must be available; these must be either market prices or prices provided by a valuation system that is independent of the issuer of the stocks.
- Appropriate information about the security must be available in the form of regular, exact and comprehensive market information about the stocks

or, if applicable, a related portfolio, i.e. a portfolio securitised.

- The security is tradeable.
- The acquisition of the commercial paper is consistent with the investment goals or investment strategy of the Fund.
- The risks of the security are covered appropriately by the risk management of the Fund.

Securities in the following form may also be acquired:

- Stocks that are in the Fund's entitlement upon a capital increase from company funds;
- Securities that are acquired to exercise the subscription rights belonging to the Fund;

As securities in this sense, also subscription rights may be acquired for the Fund, provided that the securities from which the subscription rights originate can be held in the Fund.

### **Money market instruments**

The Company may invest up to 49 percent of the Fund's value on account of the Fund in money market instruments, which are customarily traded in the money market and in fixed-income securities and which have alternatively

- a maturity or remaining maturity of at most 387 days at the time of their acquisition for the Fund;
- a maturity or remaining maturity of more than 387 days at the time of their acquisition for the Fund while their interest calculation regularly has to be adjusted at the market level, whereas at least once in 397 days, pursuant to the terms of issue;
- a risk profile consistent with the risk profile of securities that meet the criterion of the remaining maturity or of the interest adjustment.

Money market instruments may only be acquired for the Fund if they are

1. admitted to trading in a Member State of the EU or another signatory state of the Agreement on the EEA, or if they are admitted to or included in another organised market in one of these States;
2. admitted to trading exclusively at a stock exchange outside of the Member States of the EU or outside of the other signatory states of the Agreement on the EEA, or if they are admitted to or included in an organised market in one of these States, provided that

the BaFin has permitted the choice of this stock exchange or this market;

3. issued or guaranteed by the EU, the federal government, special assets of the federal government, a sovereign state, another Member State or another centralised state, regional or local territorial entity or the central bank of a Member State of the EU, the European Central Bank or the European Investment Bank, a third country, or if it is a federal state, a member state of this federal state or by an international institution of public law with at least one EU Member State among its members;
4. issued by an enterprise the stocks of which are traded in the markets named in (1) and (2);
5. issued or guaranteed by a credit institution, which is subject to supervision according to the criteria defined under EU law, or by a credit institution, which is subject to supervisory regulations that are equivalent to those under EU law in the opinion of the BaFin; or
6. issued by other Issuers and the respective Issuer
  - a) is an enterprise with equity of at least 10 million euro, which drafts and publishes its annual financial statements pursuant to the European Directive on statutory audits of annual accounts and consolidated accounts of incorporated companies;
  - b) a legal entity that is competent for the financing of this group within one or more corporate groups consolidating stock-exchange listed companies; or
  - c) a legal entity that issues money market instruments with liabilities as underlying by drawdown on a credit facility granted by a bank. These are products in which loan receivables of banks are securitised (so-called asset-backed securities).

All of the mentioned money market instruments may only be acquired if they are liquid and if their value can be determined precisely at any time. Deemed liquid money market instruments are such that can be sold within a sufficiently short period of time at limited costs. Here, it must be considered that the Company has an obligation to redeem the shares in the Fund on the investors' request and that it must be able to do so, and to sell such money market instruments accordingly within the short term. Furthermore, an exact and reliable valuation system must be in place for money market instruments, which permits the assessment of the net holding value of the money market instrument and which is based on market data or valuation models (including systems based on amortised cost). The criterion of liquidity is deemed fulfilled for

money market instruments when they are admitted to or included in an organised market in the EEA, or admitted to or included in another market outside of the EEA, provided that the BaFin has approved the choice of this market. This does not apply if the Company has information speaking against the sufficient liquidity of the money market instruments.

In addition, for money market instruments that are not listed at a stock exchange or admitted to trading in another regulated market (see above under no. 3 to no. 6), the issue or the Issuer of these instruments must be subject to regulations on deposit guarantee and investor protection. Accordingly, sufficient information must be available about these money market instruments, permitting an appropriate evaluation of the credit risks associated with the instruments, and the money market instruments must be freely transferrable. The credit risks can be assessed, for example, by a check of the credit rating by a rating agency.

For these money market instruments, furthermore the following requirements apply, unless they are issued or guaranteed by the European Central Bank or the Central Bank of a Member State of the EU:

- if they are issued or guaranteed by the following institutions (which are referred to under no. 3):
  - the EU,
  - the federal government,
  - separate assets of the federal government,
  - a sovereign state,
  - another Member State,
  - another central state territorial entity,
  - the European Investment Bank,
  - a third state or, if it is a federal state, a member state of this federal state,
  - an international institution of public law with at least one EU Member State among its members, sufficient information about the issue and the issuance programme respectively, or on the legal and financial situation of the Issuer must be available before the issuance of the money market instrument.
- If they are issued or guaranteed by a credit institution that is supervised in the EEA (see above under no. 5), sufficient information about the issue and the issuance programme respectively, or on the legal and financial situation of the Issuer must be available before the issuance of the money market instrument, and be updated at regular intervals and on occurrence of significant events. Furthermore, data of the issue

and the issuance programme respectively (e.g. statistics) must be available enabling an appropriate assessment of the risks associated with the investment.

- If they are issued by a credit institution that is subject to supervisory regulations outside of the EEA, which are equivalent to the requirements for a credit institution inside of the EEA according to the opinion of the BaFin, the following conditions must be fulfilled:
  - The credit institution maintains its registered office in a Member State of the Organisation for Economic Cooperation and Development (hereinafter "OECD") that belongs to the so-called group of ten (group of the ten leading industrialised nations – G10).
  - The credit institution has a rating at least qualifying as so-called "investment grade". ["Investment-Grade" refers to a rating of "BBB" or "Baa" or better within the scope of the credit rating by a rating agency.]
  - By means of an in-depth analysis of the Issuer, it can be proven that the supervisory regulations applicable to the credit institution are at least equally strict as those under EU law.
- For the remaining money market instruments that are not listed at a stock exchange or admitted to trading at a regulated market (see above under no. 4 and no. 6 and the others referred to under no. 3), sufficient information must be available about the issue and the issuance programme respectively, or on the legal and financial situation of the Issuer before the issuance of the money market instrument, be updated at regular intervals and on occurrence of significant events, and be reviewed by third parties that are independent of the Issuer. Furthermore, data of the issue and the issuance programme respectively (e.g. statistics) must be available enabling an appropriate assessment of the risks associated with the investment.

### **Bank deposits**

The Company may hold up to 49 percent of the Fund's value on account of the Fund exclusively in bank deposits with a maximum maturity of twelve months.

These deposits are to be maintained on blocked accounts at credit institutions with registered office in a Member State of the EU or another signatory state of the Agreement on the EEA. They can also be maintained at credit institutions with registered office in a third country, with supervisory regulations that are equivalent to those

under the EU law in the opinion of the BaFin. Bank deposits must not be denominated in foreign currencies.

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

The Company may invest up to 10 percent of the Fund's value in total in other assets:

- Securities, which are not admitted to trading at a stock exchange or admitted to or included in another organised market but which generally fulfil the criteria for securities. In deviation from the traded or admitted securities, the reliable valuation of these securities must be available in the form of a regularly conducted valuation, which is derived from information of the Issuer or a competent financial analysis. Sufficient information about not admitted or not included securities or, if applicable, the related portfolio, i.e. the securitised portfolio must be available to the Fund in the form of regular and exact information;
- Money market instruments from Issuers that do not meet the aforementioned requirements, if they are liquid and if their exact value can be determined at any time. Deemed liquid money market instruments are such that can be sold within a sufficiently short period of time at limited costs. Here, it must be considered that the Company has an obligation to redeem the shares in the Fund on the investors' request and that it must be able to do so, and to sell such money market instruments accordingly within the short term. Furthermore, an exact and reliable valuation system must be in place for money market instruments, which permits the assessment of the net holding value of the money market instrument and which is based on market data or valuation models (including systems based on amortised cost). The criterion of liquidity is deemed fulfilled for money market instruments when they are admitted to or included in an organised market in the EEA, or admitted to or included in another market outside of the EEA, provided that the BaFin has approved the choice of this market.
- Stocks of new issues if, according to their terms of issuance,
  - it is to be applied for admission of which to trading at a stock exchange in a Member State of the EU or another signatory state of the Agreement on the EEA, or to trading at or inclusion in an organised market in a Member State of the EU or another signatory state of the Agreement on the EEA; or

- it is to be applied for their admission to trading at a stock exchange or their admission to or inclusion in an organised market outside of the Member States of the EU, or outside of the other signatory states of the Agreement on the EEA, insofar as the choice of this stock exchange or this organised market is permitted by the BaFin; the admission or inclusion takes place within one year after the issue.
- Promissory note bonds, which can be assigned at least twice after acquisition for the Fund and which have been granted by one of the following institutions:
  - a) the federal government, special assets of the federal government, a sovereign state, the EU or a Member State of the OECD;
  - b) another domestic territorial entity or a regional government or local territorial entity of another Member State of the EU or signatory state of the Agreement on the EEA, provided that the obligation can be treated in accordance with the Regulation on prudential requirements for credit institutions and investment firms in the same way as an obligation of the central state in the sovereign territory of which the regional government or territorial entity is located;
  - c) other corporations or institutions of public law with registered office in the domestic country or another Member State of the EU or another signatory state of the Agreement on the EEA;
  - d) enterprises having issued the securities that are admitted to trading at an organised market within the EEA or another regulated market, which fulfils the essential requirements for regulated markets in the sense of the Directive on markets and financial Instruments in the respectively valid version; or
  - e) other debtors, provided that one of the entities referred to in lit. a) to lit. c) has issued a guarantee for the interest accrual and repayment.

### **Investment limits for securities and money market instruments also using derivatives and bank deposits**

The Company may invest up to 10 percent of the Fund's value in securities and money market instruments of the same Issuer (debtor). In doing so, the total value of the securities and money market instruments of these Issuers (debtors) must not exceed 40 percent of the Fund. Beyond this, the Company may invest merely 5 percent of the

Fund's value in securities and money market instruments respectively of one Issuer. Securities, money market instruments and fund shares bought under the repurchase agreement are counted toward this investment limit. The Issuers of securities and money market instruments must also be taken into account within the limits mentioned if the securities and money market instruments issued by them are acquired indirectly via other securities included in the Fund which are linked to their performance.

The Company may invest only up to 20 percent of the Fund's value in bank deposits with respectively one and the same credit institution.

### *Investment limit for debentures with special cover funds*

The Company may invest respectively up to 25 percent of the Fund's value in debenture bonds, municipal debentures and debentures, which have been respectively issued by a credit institution with registered office in a Member State of the EU or another signatory state of the Agreement on the EEA. The condition for this is that the funds borrowed with the debentures are invested, so that they cover the liabilities of the debentures throughout their entire terms and serve the paramount purpose of debt repayment the payment of interest in the event of default of the Issuer of the debentures. If more than 5 percent of the Fund's value is invested in such debentures of the same Issuer, the total value of such debentures must not exceed 80 percent of the Fund's value. Securities, money market instruments and fund shares bought under the repurchase agreement are counted toward this investment limit.

### *Investment limits for public Issuers*

The Company may invest up to 35 percent of the Fund's value respectively in debentures, promissory note bonds and money market instruments of special national and supranational public Issuers. These Issuers include the federal government, the federal states, Member States of the EU or their territorial entities, third countries and supranational public institutions with at least one EU Member State among its members.

The securities and money market instruments of these Issuers held in the Fund must originate from at least six different issues, whereas no more than 30 percent of the Fund's value may be held in one issue.

Securities, money market instruments and fund shares bought under the repurchase agreement are counted toward this investment limit.

### *Combination of investment limits*

The Company may invest at most 20 percent of the Fund's value in a combination of the following assets:

- Securities or money market instruments issued by one and the same institution;
- Deposits with this institution, i.e. bank deposits;
- Attributable amounts of the counterparty risk of the transactions entered into with this institution in derivatives, securities lending and borrowing, and sale and repurchase transactions.

In the case of public issuers (see section "Investment goals, strategy, principle and limits – investment limits for securities and money market instruments also using derivatives and bank deposits – investment limits for public issuers"), a combination of the aforementioned assets must not exceed 35 percent of the Fund's value.

The individual top limits remain unaffected.

### *Investment limits for the use of derivatives*

The amounts of securities and money market instruments of one Issuer, which can be counted toward the aforementioned limits, can be reduced by the use of derivatives going in the opposite market direction with underlying assets of the same Issuer in securities and money market instruments. Thus, beyond the aforementioned limits, securities or money market instruments of one Issuer may be acquired on account of the Fund, if the issuer risk increased thereby is reduced again through hedging transactions.

### *Investment quota in terms of taxes for stock funds*

More than 50 percent of the Fund's value is invested in equity participations in the definition of Sec. 2(8) of the investment tax law. Equity participation in this definition are:

- shares held in incorporated companies that are admitted to official trading at a stock exchange or admitted to or included in another organised market;
- shares in incorporated companies that are not real estate companies and are domiciled in a Member State of the EU or another signatory state of the Agreement on the EEA, which are subject to and not

exempt there from income taxation for incorporated companies;

- shares in incorporated companies that are not real estate companies and are domiciled in a third country, which are subject to and not exempt there from income taxation for incorporated companies in the amount of at least 15 percent.

### **Fund shares and their investment limits**

The Company may invest up to 10 percent of the Fund's value in shares in target funds, provided that these are open-ended domestic and foreign investment funds. Only up to 20 percent of the Fund's value may be invested in shares of one single target fund. Overall, only up to 30 percent of the Fund's value may be invested in AIF. The Company may not acquire more than 25 percent of the issued shares of a target fund on account of the Fund. The Company acquires shares in Germany or other Member States of the EU on behalf of the Fund.

Pursuant to their terms of investment or their statutes, the target funds may invest at most up to 10 percent in other open-ended investment funds. For shares in Alternative Investment Funds (AIF), the following requirements apply in addition:

- The target fund must have been admitted pursuant to legal regulations subjecting it to effective public supervision for the protection of investors, and there must be sufficient guarantee for a satisfactory cooperation between the BaFin and the supervisory authority of the target fund.
- The standard of protection for investors must be equivalent to the standard of protection for an investor in a domestic UCITS, in particular with regard to the separation of management and custody of assets, borrowing and granting of loans, and short sales of securities and money market instruments.
- The business activity of the target fund must be the subject of annual and half-year financial reports, and permit investors to form an opinion on the assets and liabilities, as well as earnings and transactions during the reporting period.
- The target fund must be a public fund where the number of shares is not limited in quantity and the investors have a right to return the shares.

### *Information to investors in the event of limited or suspended redemption of target fund shares*

Target funds can temporarily limit or suspend the redemption of shares within the limits of the law. The Company might then not, or only to a limited extent, return the target fund shares to the manager or depositary of the target fund against payment of the redemption price (also see the section "Risk notice – Risks relating to the investment in fund shares"). If applicable, it will be published on the Company's homepage at [www.la-francaise-systematic-am.de](http://www.la-francaise-systematic-am.de) whether and to what extent the Fund holds shares of target funds, which have currently suspended the redemption of shares.

### **Derivatives**

**As part of the investment strategy, the Company may execute transactions with derivatives for the fund. This includes transactions with derivatives for the efficient portfolio management and for earning of additional income, i.e. also for speculative purposes. The loss risk of the Fund can thereby be increased at least temporarily.** A derivative is an instrument the price of which depends on the price fluctuations of or price expectations for other assets (hereinafter "Underlying"). The following statements refer to both derivatives as well as financial Instruments with derivative component (hereinafter referred to collectively as "Derivatives").

The Fund's market risk may at most double due to the use of Derivatives ("Market Risk Cap"). The market risk is the loss risk resulting from fluctuations in the market value of assets held in the Fund, which are due to changes in the variable prices or prices of the market such as interest rates, exchange rates, stock and commodities prices, or changes in an Issuer's credit rating. The Company has to observe the Market Risk Cap continuously. It must measure the utilisation of the Market Risk Cap on a daily basis according to legal requirements; these requirements result from the Ordinance on Risk Management and Risk Measurement in the Use Of Derivatives, Securities Lending and Borrowing, and Sale and Repurchase Transactions in Investment Funds (*Derivateverordnung*, "Derivatives Ordinance") pursuant to the Capital Investment Act.

To measure the utilisation of the Market Risk Cap, the Company uses the so-called simplified approach in the definition of the Derivatives Ordinance. It sums up the

attributable amounts of all Derivatives and loans on securities and repurchase agreements, which lead to an increase of the degree of investment. Generally, the market value of the Underlying serves as the basis for the attributable amounts for Derivatives and financial instruments with derivative components. The sum of attributable amounts for the market risk arising from the use of Derivatives and financial instruments with derivative components must not exceed the value of the Fund assets.

The Company may regularly acquire Derivatives only if it would be permitted to acquire the Underlying of these Derivatives on account of the Fund or if the risks represented by the Underlying could have also arisen from assets in the investment fund that the Company is permitted to acquire on account of the Fund. The Company is authorised to acquire on account of the Fund:

- basic forms of Derivatives,
- combinations of these Derivatives,
- combinations of these Derivatives with other assets that may be acquired by the Fund.

The Company can identify and measure with sufficient accuracy all market risks harboured in the Fund, which are based on the use of Derivatives.

The Company may acquire the following kinds of Derivatives on account of the Fund:

- a) Futures contracts on securities, money market instruments, interest rates, exchange rates or currencies, and financial indices that are sufficiently diversified, representing an adequate reference basis for the market to which they refer and published in an appropriate manner ("Qualified Financial Indices").
- b) Options or warrants on securities, money market instruments, interest rates, exchange rates or currencies, and on futures contracts pursuant to lit. a), as well as Qualified Financial Indices if the options or bond options have the following characteristics:
  - i) exercise is possible either during the entire term or at the end of the term; and
  - ii) the option value at the time it is exercised has a linear dependency on the positive or negative difference between the base price and market price of the Underlying and becomes zero if the difference has the other algebraic sign;
- c) interest swaps, currency swaps or interest-currency swaps;
- d) options on swaps pursuant to lit. c) if they have the characteristics described under lit. c) (swap options);

- e) credit default swaps referring to a single base value (single name credit default swaps).

A negligible part of the investment strategy may be based on a so-called complex strategy. The Company may furthermore invest a negligible portion in complex Derivatives. A portion can be assumed to be negligible if it does not exceed one percent of the Fund's value in consideration of the maximum loss.

#### *Futures contracts*

Futures contracts are agreements that are unconditionally binding on both contractual partners for the acquisition or sale of a certain number of units of a certain Underlying at a certain time, the maturity date or within a certain period. The Company may conclude futures contracts on securities and money market instruments acquirable for the Fund, interest rates, exchange rates or currencies, and Qualified Financial Indices on account of the Fund within the limits of the investment principles. Forwards (futures contracts that are not traded at a stock exchange) may also be concluded, whereas exclusively with suitable contractual partners, who are specialised in such transactions and who guarantee a correct execution of such transactions.

#### *Options transactions*

Options transactions include that a third party is granted the right against consideration (option premium) to demand the delivery or acceptance of assets, or to payment of a difference, or also to acquire corresponding option rights during a certain period or at the end of a certain period of time for a price determined from the outset (base price).

The Company may buy and sell purchase options and sell options on account of the Fund within the limits of the investment principles. The option transactions must refer to securities, money market instruments, interest rates, exchange rates or currencies, and financial indices that are sufficiently diversified, representing an adequate reference basis for the market to which they refer and published in an appropriate manner. The options or warrants must provide for an exercise during the entire term or at the end of the term. Moreover, the option value at the time it is exercised has a linear dependency on the positive or negative difference between the base price and market price of the Underlying, and it becomes zero if the difference has the other algebraic sign.

The Company does not intend at this time to invest in options transactions for the Fund.

#### *Swaps*

Swaps are contracts for exchanges in which the payment flows or risks underlying the transaction are swapped between the contractual partners. The Company may conclude interest swaps, currency swaps, interest/currency swaps, equity swaps and variance swaps.

The Company does not intend at this time to invest in swaps for the Fund.

#### *Swap options*

Swap options are options on swaps. A swap option is the right but not an obligation to enter into a swap precisely defined in terms of conditions, at a certain point in time or within a certain period. Furthermore, the principles described in connection with option transactions apply. Company may conclude only such swap options on account of the Fund that consist of the options and swaps described above.

The Company does not intend at this time to invest in swap options for the Fund.

#### *Credit default swaps*

*Credit default swaps are credit derivatives that permit transferring a potential credit default volume to others. In return for the acceptance of the credit default risk, the seller pays a premium to his contractual partner. For the rest, the statements regarding swaps apply analogously.*

The Company does not intend at this time to invest in credit default swaps for the Fund.

#### *Total return swaps*

Total return swaps are derivatives where one counterparty transfers the total amount of a reference liability including income from interest and fees, profits and losses from price fluctuations as well as price losses to another party.

The Company does not intend at this time to invest in total return swaps for the Fund.

#### *Securitised financial instruments*

The Company can also acquire the financial instruments described above on account of the Fund if these are

securitised. At the same time, the transactions for financial instruments can also only be included in part in securities (e.g. option bonds). The statements regarding opportunities and risks apply analogously to such securitised financial instruments, whereas with the proviso that the loss risk for securitised financial instruments is limited to the value of the security.

The Company does not intend at this time to invest in securitised financial instruments for the Fund.

### *OTC derivatives transactions*

The Company may execute transactions in Derivatives that are admitted to trading at a stock exchange, or admitted to or included in another organised market, as well as off-market transactions, so-called over-the-counter (OTC) transactions. The Company may execute transactions in Derivatives that are admitted to trading at a stock exchange or admitted to or included in another organised market only with suitable credit institutions or financial services institutions on the basis of standardised master agreements. For OTC-traded Derivatives, the counterparty risk regarding a contractual partner is limited to 5 percent of the Fund's value. If the contractual partner is a credit institution with registered office in a Member State of the EU, in another signatory state of the Agreement on the EEA, or a third country with a comparable standard of supervision, the counterparty risk may amount up to 10 percent of the Fund's value. OTC-traded Derivatives transactions that are concluded with a central clearinghouse of a stock exchange or another organised market as the contractual partner are not counted toward these limits if the Derivatives are subject to a daily valuation at market prices with daily margin calls. Claims of the Fund against an intermediary dealer, however, are to be counted toward the limits if the Derivative is traded at a stock exchange or another organised market.

The Company does not intend at this time to invest in OTC Derivatives transactions for the Fund.

### **Securities lending and borrowing transactions**

The securities, money market instruments and fund shares held in the Fund can be transferred as loans against a fee in line with the market to third parties, whose status and credit rating has been checked by the Company beforehand. Here, the entire holding of the Fund in securities, money market instruments and fund shares can be transferred only for indefinite period to third parties as a loan on securities. The Company expects that no more

than 5 percent of the Fund's assets are subject of loan transactions in the normal case. However, this is merely an estimated value, which can be exceeded in the individual case. The Company has the opportunity at all times to cancel the loan transaction. It must be agreed under a contract that securities, money market instruments or fund shares of the same kind, quality and quantity will be retransferred to the Fund upon termination of the loan transaction within the customary settlement period. The condition for the transfer as a loan is that sufficient collateral is provided to the Fund. For this purpose, also bank deposits, securities or money market instruments can be transferred. The income from the investment of collateral is in the Fund's entitlement.

The borrower is furthermore obligated to pay interest on borrowed securities, money market instruments or fund shares having been received to the depositary, on account of the Fund on maturity. No securities, money market instruments or fund shares transferred to a single borrower may exceed 10 percent of the Fund's value.

The borrower generally attains the full legal ownership of the borrowed securities, money market instruments or fund shares. Their use is therefore at its discretion.

The Company can use an organised system for the brokerage and settlement of loans on securities. In the settlement of loans on securities through organised systems, the securities transferred to a borrower must not exceed 10 percent of the Fund's value.

The loan transactions described herein are executed to generate additional income for the Fund from the fee to be paid by the borrower.

External firms may be involved in the execution of securities lending and borrowing if applicable. These will be named in the annual report; it will also be stated in the annual report if these firms are dependent or how they are associated if applicable with the Company or the depositary.

The Company must not grant monetary loans to third parties on account of the Fund.

Securities lending and borrowing transactions are not executed for the Fund.

### **Sale and repurchase transactions**

The Company may conclude sale and repurchase transactions with a maximum term of twelve months on

account of the Fund with credit institutions and financial services institutions. For this purpose, it can transfer securities, money market instruments or fund shares of the Fund against a fee to a purchaser under a repurchase agreement (simple repurchase agreement), and also buy securities, money market instruments or fund shares within the limits of the respectively applicable investment limits (reverse repurchase agreement). The entire holding of the Fund in securities, money market instruments and fund shares can be transferred to third parties by way of the sale and repurchase transaction. The Company expects that no more than 5 percent of the Fund's assets is subject of sale and repurchase transactions in the normal case. However, this is merely an estimated value, which can be exceeded in the individual case. The Company has the possibility to cancel the repurchase transaction at any time; this does not apply to repurchase transactions with a maturity of up to one week. On cancellation of a simple repurchase transaction, the Company has the right to demand the return of the securities, money market instruments or fund shares sold under a repurchase agreement. The cancellation of a reverse repurchase agreement can entail repayment of the full monetary amount or of the accumulated monetary amount at the level of the current market value. Sale and repurchase transactions are permissible only in the form of so-called true repurchase agreements. In these, the buyer under the repurchase agreement accepts the obligation to retransfer the securities, money market instruments or fund shares at a certain point in time, or on a date determined by the seller under the repurchase agreement, or to repay the monetary amount plus interest.

Insofar as the fund buys securities under repurchase agreements, these will be kept in custody by the depository. If the Fund acts as a seller under repurchase agreements, the custody of the securities is at the discretion of the contractual partner, who will attain the economic ownership of the securities.

Sale and repurchase transactions are exercised to achieve additional income for the Fund (reverse repurchase agreement) or to create additional liquidity in the Fund temporarily (simple repurchase agreement).

External firms may be involved in the execution of sale and repurchase transactions if applicable. These will be named in the annual report; it will also be stated in the annual report if these firms are dependent or how they are associated if applicable with the Company or the depository.

Sale and repurchase transactions are not executed for the Fund.

### **Securities financing transactions**

No securities financing transactions (sale and repurchase transactions, securities, or commodities borrowing transactions, purchase/resale or sale/repurchase transactions and Lombard business) are executed for the Fund.

### **Collateral strategy**

As part of the Derivatives, securities lending and borrowing, and sale and repurchase transactions, the Company accepts collateral on account of the Fund. The collateral serves to fully or partly to reduce the default risk of the contractual partner in these transactions.

### **Kinds of permissible collateral**

At this time, the Company accepts only cash collateral for Derivatives transactions/ securities lending and borrowing/ sale and repurchase transactions. If non-cash collateral should also be accepted in the future, the Company will apply a risk-oriented collateral markdown (haircut). Only such non-cash collateral is accepted that consists of assets, which may be acquired for the Investment Fund pursuant to the KAGB and which fulfil the further conditions of Sec. 27 (7) DerivateV [Derivatives Ordinance] or Sec. 200 (2) KAGB.

### **Scope of collateralisation**

Securities lending and borrowing transactions are collateralised to full extent. The collateral value in these transactions is formed by the trading price of the loaned securities together with the related earnings. The provision of collateral by the borrower must not fall short of the collateral value plus a customary mark-up.

For the rest, Derivatives, securities lending and borrowing transactions, and sale and repurchase transactions must be collateralised to such an extent that it is ensured that the amount attributable to the default risk of the respective contractual partner does not exceed five percent of the Fund's value. If the contractual partner is a credit institution with registered office in a Member State of the EU or another signatory state of the Agreement on the EEA, or a third country in which equivalent supervisory regulations apply, the amount attributable to the default risk may amount up to 10 percent of the Fund's value.

## **Collateral valuation and strategy for discounts on the valuation (haircut strategy)**

The Company currently accepts only cash collateral that is fully considered for securities lending and borrowing transactions/sale and repurchase transactions. If non-cash collateral should also be accepted in the future, the Company will apply a risk-oriented collateral markdown (haircut).

## **Investment of cash collateral**

Cash collateral in the form of bank deposits may be held on blocked accounts at the Fund's depository or at a different credit institution with the depository's agreement. The reinvestment may be made only in sovereign bonds of high quality or money market funds with short maturity structure. Moreover, cash collateral can be invested by way of a reverse repurchase agreement with a credit institution if recalling the accumulated balance is assured at all times.

## **Borrowing of loans**

The borrowing of short-term loans on joint account of the investors is permissible for up to 10 percent of the Fund's value, insofar as the conditions of the borrowing are in line with the market and the depository agrees to the borrowing of the loan.

## **Leverage**

Leverage refers to the method whereby the Company raises the degree of investment. Such methods include in particular the borrowing of loans, conclusion of securities lending or sale and repurchase transactions, as well as the acquisition of Derivatives with embedded leverage financing. The Company can use such methods for the Fund to the extent that is described in this Sales Prospectus. The possibility to use Derivatives and the conclusion of securities lending and borrowing transactions, as well as sale and repurchase transactions is described in the section "Investment goals, strategy, principles and limits – Assets – Derivatives or securities lending and borrowing transactions – Sale and repurchase transactions". The possibility for borrowing loans is explained in the section "Investment goals, strategy, principles and limits".

The Company may at most double the Fund's market risk by the methods described above ("Market Risk Cap", cf. section "Investment goals, strategy, principles and limits –

Assets – Derivatives"). Short-term borrowing of loans will not be considered in the calculation of this cap. It limits the use of leverage in the Fund.

## **Valuation**

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

*Assets admitted to trading at a stock exchange/organised market*

Assets that are admitted to trading at a stock exchange, or admitted to or included in another organised market, and the subscription rights for the Fund are valued at the last available tradeable price that permits a reliable valuation, unless stated otherwise in the next section "Special rules for the valuation of particular assets".

*Assets not listed at stock exchanges or traded at organised markets or assets without tradeable price.*

Assets that are neither admitted to trading at the stock exchanges nor admitted to or included in any other organised market, or for which no tradeable price is available, are valued at the current fair value, which is appropriate in a careful estimation according to suitable valuation models, in consideration of the current market conditions, unless stated otherwise in the next section "Special rules for the valuation of particular assets".

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

*Non-listed debentures and promissory note bonds*

For the valuation of promissory note bonds that are not admitted to trading at a stock exchange or admitted to or included in another organised market (e.g. non-listed bonds, commercial papers and certificates of deposit) and for the valuation of promissory note bonds, the prices agreed for comparable debentures and promissory note bonds, and if applicable, the trading prices of bonds from comparable Issuers with corresponding maturities and interest yields are considered if applicable with a markdown to compensate for restricted saleability.

*Option rights and futures contracts*

The option rights and liabilities held in the Fund, which result from options granted to a third party, and which are admitted to trading at a stock exchange, or admitted to or included in another organised market, are valued at the

respectively last available trading price permitting a reliable valuation.

The same applies to receivables and liabilities resulting from futures contract sold on account of the Fund. The prepayments made at the cost of the Fund are added to the Fund's value in consideration of the valuation gains and valuation losses determined on the trading day.

#### *Bank deposits, time deposits, shares in investment funds and loans*

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

Time deposits are valued at the current value if the time deposit can be cancelled at any time and if the repayment on cancellation is not made in the nominal value plus interest.

Shares in investment funds are generally recognised at their last assessed redemption price or the last available trading price permitting a reliable valuation. If these values are not available, the shares in the Investment Fund will be valued at the current market value, which is appropriate in a careful estimation according to suitable valuation models, in consideration of the current market conditions.

The respective trading price of the loaned assets is decisive for claims to repayment from loan transactions.

#### *Assets denominated in foreign currency*

Assets denominated in foreign currency are converted into euro on the basis of the exchange rate of the currency published by "The WM Company" at 5:00 p.m. on the previous day.

## **Subfunds**

The Fund is not a subfund of any umbrella construction.

## **SHARES**

The rights of investors are securitised in share certificates or issued as electronic share certificates. Securitised share certificates are securitised exclusively in global certificates. These global certificates are kept in custody at a central securities depository. The investor does not have a right to the delivery of individual share certificates. It is only possible to acquire shares if safe custody is provided. The shares are made out to the bearer.

## **Issuance and redemption of shares**

### **Issuance of shares**

The number of issued shares is generally not limited. The shares can be acquired by the depository. They will be issued by the depository for the issue price, equalling the net asset value per share ("Share Value") plus an issue mark-up if any, which might be incurred for the respective asset class. The calculation of the net asset value is explained in the section "Shares", subsection "Issue and redemption price". In addition, an acquisition is possible through the brokerage of third parties for which additional costs may be incurred. The Company reserves the right to partly or fully discontinue the issuance of shares temporarily or permanently.

No minimum investment sums are set for share classes R and RC. For other share classes, the respectively set minimum investment sums are shown in the overview of the share classes at the end of this prospectus. The Company may deviate from the set minimum investment sums on the basis of corresponding agreements.

### **Redemption of Shares**

The Company is obligated to redeem the shares for the redemption price applicable on the settlement date, which is equal the Share Value assessed on that date, if applicable, less a redemption markdown. The redemption can also take place through the brokerage by third parties (e.g. the investor's depository) for which additional costs may be incurred.

### **Settlement of share issuance and redemption**

The Company takes the principle of the equal treatment of investors into account by ensuring that no investor can attain any advantages through the purchase or sale of shares relating to already known Share Values. Therefore, it determines a daily order acceptance cut-off. The settlement of issue and redemption orders that are received by the depository or the Company up to the order acceptance cut-off will be follow at the latest on the next valuation date (= settlement date) after receipt of the order at the then for the previous day measured Share Value. Orders that are received by the depository or the Company after the acceptance cut-off will be settled only on the valuation date (= settlement date) following the next at the then for the previous day measured Share Value. The order acceptance cut-off for this Fund is

published on the Company's homepage at [www.la-francaise-systematic-am.de](http://www.la-francaise-systematic-am.de). It can be changed at any time by the Company.

Moreover, third parties, e.g. the investor's depositary, can broker the issuance or redemption of shares. In the process, longer settlement periods may result. The Company does not have any influence on the different settlement modalities of the depositaries.

### **Suspension of share redemption**

The Company may temporarily suspend the redemption of the shares if extraordinary circumstances are given, which make a suspension appear to be required in the investors' interest. Such extraordinary circumstances are given, for example, if a stock exchange, at which a significant part of the securities of the Fund is traded, is closed unexpectedly or if the value of the Fund's assets cannot be determined. Besides this, the BaFin can order the Company to suspend the redemption of shares if this is required in the interest of the investors or the public.

It remains reserved for the Company to redeem or exchange the shares only at that time for the then applicable redemption price, if it has sold assets of the Fund immediately, while in observation of the interests of all investors. A temporary suspension can be followed directly by a liquidation of the separate assets without resumption of the redemption of shares (in this regard, see the section "Liquidation, transfer and merger of the Fund").

The Company will inform the investors by publication in the Federal Gazette and additionally on its homepage at [www.la-francaise-systematic-am.de](http://www.la-francaise-systematic-am.de) about the suspension and resumption of the redemption of shares. Furthermore, the investors will receive information thereof from their depositaries on a permanent data carrier, e.g. on paper or in electronic format.

### **Liquidity management**

The Company has defined principles and procedures in writing for the Fund, permitting it to monitor the Fund's liquidity risks and ensuring that the liquidity profile of the Fund's investments covers the Fund's underlying liabilities. In consideration of the investment strategy, which is described in the section "Investment goals, strategy, principles and limits", the Fund's liquidity risks can be classified as average to below average by trend. The principles and procedures include:

- The Company monitors the liquidity risks that can result at the level of the Fund or the assets. In the process, it estimates the liquidity of the assets held in the Fund relative to the Fund assets and sets a liquidity ratio for this purpose. The assessment of the liquidity includes, for example, an analysis of the trading volume, the complexity of the asset, number of trading days, which are needed for the sale of the relevant asset without influencing the market price. At the same time, the Company also monitors the investments in target funds and their redemption principles, and the resulting effects on the Fund's liquidity if any.
- The Company monitors the liquidity risks that can result from increased demand of investors for the redemption of shares. Here, the expectations of net liquidity changes forms in consideration of the available information about the investor structure and experience values from historical net liquidity changes. It takes the effects from large-volume call risks and other risks (e.g. reputational risks).
- The Company has determined adequate limits for the Fund for the liquidity risks. It monitors the observation of these limits and it has defined procedure in case of an exceedance or possible exceedance of the limits.
- The procedures set in place by the Company ensure consistency between the liquidity ratio, liquidity risk caps and the expected net liquidity change.

The Company reviews these principles on a regular basis and updates them accordingly.

The Company conducts stress tests at regular intervals, whereas at least annually, by means of which it can assess the Fund's liquidity risks. The Company conducts the stress tests on the basis of reliable and current quantitative or, if this is not appropriate, qualitative information. The investment strategy, redemption periods, payment obligations and deadlines within which the assets can be sold, and information relating to the general investor behaviour and market developments are considered in this. The stress tests simulate the missing liquidity of the assets in the Fund if applicable and the number and scope of atypical requests for share redemptions. They cover market risks and their effects including demands for subsequent payments, requests for collateral or credit lines. They take valuation intensities under stress conditions into account. They are conducted in consideration of the investment strategy, the liquidity profile, investor type and the redemption principles of the

Fund at a frequency that is appropriate to the nature of the fund.

The rights of return under normal and extraordinary circumstances as well as the suspension of the redemption are explained in the section "Shares – Issuance and redemption of shares – Suspension of share redemption". The risks associated to this are described under "Risk notice – Risk of the fund investment – Suspension of share redemption" and "– Risk of limited Fund liquidity (liquidity risk)".

## **Stock exchanges and markets**

The Company does not plan on a listing of the Fund shares or trading them at stock exchanges or other markets.

It cannot be precluded that the shares will be traded without the Company's agreement at organised markets or stock exchanges. A third party can initiate without the Company's agreement that the shares be included in the OTC market or other off-market trading.

The market price underlying trading at the stock exchange or other markets is not exclusively determined by the value of the assets held in the fund but also by offers to buy and sell. Therefore, this market price can differ from the Share Value assessed by the Company or depositary.

## **Fair treatment of investors and share classes**

It is planned that several share classes can be formed, which differ in terms of the amount of the issue premium, the management fee and the minimum investment sum. An overview of the share classes, their characteristics and – if already issued – their date of issue are printed at the end of the Sales Prospectus.

The Company must treat the investors of the Fund fairly. It must not put the interests of one investor or a group of investors above the interests of another investor or another group of investors in the context of the liquidity risk management and the redemption of shares.

Please see the sections "Settlement of share issuance and redemption" as well as "Liquidity management" about the procedures by which the Company ensures the fair treatment of investors.

## **Issue and redemption price**

For calculation of the issue price or redemption price for the shares, the depositary in cooperation with the Company assesses the value of the assets held in the Fund less liabilities on each valuation day ("Net Asset Value"). The division of the Net Asset Value assessed this way by the number of issued shares then results in the Share Value.

The value of the Fund shares is measured on all German trading days. On public holidays in Germany, which are trading days, and on the 24th and 31st of December in each year, the Company and the depositary can omit the assessment of the value. Holidays on which no Share Value is determined are New Year's Day, Epiphany, Good Friday, Easter, Easter Monday, 1st of May, Corpus Christi, Whitsun, Whit Monday, Feast of Corpus Christi, the Peace Festival, Assumption Day, German Unity Day, Reformation Day, All Saints', Penance Day, Christmas Eve, Christmas Day, Boxing Day, and New Year's Eve. It is up to the Company to assess a Share Value nonetheless on these days.

## **Suspension of the calculation of the issue and redemption price**

The Company can temporarily suspend the calculation of the issue and redemption price on the same conditions as the share redemption. These are explained in more detail in the section "Shares – Suspension of share redemption".

## **Issue premium**

When setting the issue price, an issue premium is added to the Share Value. Depending on the share class, the issue premium amounts up to 5.0 percent of the Share Value. The issue premium can reduce or even entirely use up the performance of the Fund, in particular in case of a short investment period. The issue premium essentially represents remuneration for the distribution of the Fund shares. The Company can pass on the issue premium to potential brokers to pay for distribution services or permit them to resell the shares with premium by settlement at the Share Value.

## **Redemption discount**

A redemption markdown is not charged.

## Publication of the issue and redemption prices

The issue and redemption prices, as well as the Net Asset Value per share if applicable are published for each issue and redemption on the website of the Company at [www.la-francaise-systematic-am.de](http://www.la-francaise-systematic-am.de).

## COSTS

### Costs on issuance and redemption of the shares

Shares will be issued and redeemed by the Company or the depository at the issue price (Share Value plus issue premium) or the redemption price without a charge of additional costs.

If the investor acquires shares through the brokerage of third parties, these can charge additional or higher costs than the issue premium. If the investor returns shares through third parties, these can charge their own costs on redemption of the shares.

### Management and other costs

#### - Fixed management fee

The company receives an annual fee for the management of the Fund of up to 1.5 per cent of the average net asset value of the Fund. This fee is calculated daily on the basis of the current net asset value and can be withdrawn from the Fund monthly. The company may charge a lower management fee for one or more share classes.

#### - All-in fee

The company receives an annual all-in fee from the Fund of 0.30 per cent of the average net asset value of the Fund. This fee is calculated daily on the basis of the current net asset value and can be withdrawn from the Fund monthly. The all-in fee covers the following fees and costs, if any, which are not charged separately to the Fund:

- remuneration of the depository;
- standard bank custody and account fees, including, where applicable, standard bank charges for the custody of foreign assets abroad;
- costs for printing and mailing the sales documentation prescribed by law to the investors

(annual and half-year financial reports, sales prospectus, key information document);

- costs for publication of the annual and half-year financial reports, and for the issue and redemption prices and, if applicable, the disbursements or reinvestments made, and the liquidation report;
- costs for the preparation and use of a permanent data carrier, except in the case of information on fund mergers and the information on measures relating to breaches of the investment limits or calculation mistakes in the valuation of shares;
- costs for the audit of the Fund by the Fund's auditors;
- costs for the publication of the taxation bases and the certificate that the disclosures relating to taxes have been made according to the rules of the German tax law;
- costs for the redemption of coupons;
- fees and costs levied by government authorities in relation to the Fund;
- costs of legal and tax advice in relation to the Fund, with the exception of those listed under "Expenses" below;
- costs and any fees that might be incurred in connection with the acquisition and/or use or mention of a reference standard or financial index;
- costs for the analysis of the Fund's investment performance by third parties.

#### - Sum of the all-in fee and costs

The amount withdrawn annually from the Fund as the remuneration total of the fixed management fee and all-in fee, may amount to up to 1.8 per cent of the average net asset value of the Fund, calculated on the basis of the daily-determined net asset value.

#### - Expenses

Besides the all-in fee in the Company's entitlement, the following compensation and cost can be charged in addition:

- costs incurred in connection with the acquisition and disposal of assets (transaction costs);

- costs for the assertion and enforcement of legal claims by the company for the accounting of the Fund, as well as for the defence of claims asserted against the company to the detriment of the Fund;
- costs for the engagement of a voting rights proxy.

### **Particularities in the acquisition of fund shares**

In the same way as a management fee is charged for this Fund, a management fee is usually also charged for the target fund the shares of which are held in the Fund.

In connection with the acquisition of target fund shares, ultimately all kinds of fees, costs, taxes, commissions and other expenses that are charged to the target fund are to be borne indirectly by the investors of the Fund. This includes in particular fixed and performance-based management fees, depositary fees, distribution costs if applicable, and all costs typically to be assumed by a fund such as publication, audit and consulting costs, fees of the supervisory authorities, etc.

Furthermore, also transaction costs can be incurred in the acquisition of fund shares as for other assets as well.

The issue premiums and redemption markdowns are disclosed in the annual and half-year financial report, which have been charged to the Fund in the reporting period for the acquisition and redemption of shares in the target fund. Furthermore, the remuneration is disclosed, which has been charged to the Fund as management fee for the target fund shares held in the Fund by a domestic or foreign firm or a company associated with the Company in a significant direct or indirect shareholding.

### **Disclosure of a total cost ratio**

The management costs incurred at the expense of the Fund in the financial year are disclosed in the annual report and shown as a ratio of the average fund volume (total cost ratio). The management costs consist of the remuneration for the management of the Fund, the remuneration of the depositary, and the expenses that can be charged to the Fund in addition (see sections "Costs – Management and other costs" and "Particularities in the acquisition of fund shares"). If the Fund invests a significant part of its assets in other open-ended investment funds, the total cost ratio of these target funds will be considered in addition. The total cost ratio does not include incidental charges and costs that are incurred in the acquisition and sale of assets (transaction costs). The total cost ratio is published as in

the Key Information Document as the so-called "running costs".

### **Deviating cost disclosure by distributors**

If the investor is advised by third parties in the acquisition of shares or if these broker the acquisition, they might disclose costs or cost ratios to him, which are not identical to the cost disclosures in this Prospectus and in the Key Information Document, and which can exceed the total cost ratio described herein. The reason for this can be in particular that the third party additionally considers the costs for its own activity (e.g. brokerage, consulting or maintaining a depositary account). Moreover, one-off costs such as issue premiums regularly using different calculation methods or also estimates for the costs incurred at the Fund level, which include in particular the transaction costs of the Fund, might be considered by it.

Discrepancies in the cost disclosure can result regarding the information provided prior to the close of contract and regarding the regular cost information about the existing Fund investment in a permanent customer relationship.

### **REMUNERATION POLICY**

The remuneration policy of the company is based on the regulations of §37 (1) of the German Capital Investment Code (KAGB) for capital management companies and the requirements of the amended directive 2009/65/EC (articles 14a and 14b UCITS directive). In order to implement the regulatory requirements, we hereby provide information on the principles of our remuneration system.

The remuneration policy applied by the company is consistent with and promotes sound and effective risk management. It does not encourage the taking of risks which are incompatible with the risk profiles, terms of contract or instruments of the UCITS managed.

The remuneration policy conforms, with regard to sustainability risks, to the business strategy, objectives, values and interests of the company and its UCITS, as well as the investors in those UCITS. It includes measures to avoid conflicts of interest.

The company's supervisory board, acting on proposals from the management board, establishes the general principles of the remuneration policy, reviews them at least once a year and is responsible for their implementation.

Remuneration policy fundamentals are approved by the supervisory board of the company.

As part of Groupe La Française (hereafter GLF), the company is included in the scope of consolidation for variable remuneration within GLF.

The remuneration committee was set up by GLF for all companies within the scope of consolidation, in order to demonstrate competence and independence when assessing policy, remuneration practices and risk management incentives.

Remuneration of company employees consists of the following aspects:

- a fixed component which takes into account the position and field of responsibility of a staff member and
- a variable component. The total of this variable remuneration (bonus pool) depends on the annual performance of the company and GLF business unit. The quantitative parameters for calculating the bonus pool are the results for the business year and the achievement of GLF targets for that respective year.

The variable aspect for the business year is allocated according to both qualitative and quantitative criteria. The bonus pool is apportioned to each employee through a dual basis of allocation, this depending on a business unit's contribution to the GLF result and personal target achievement.

These fixed and variable components are proportionate to one another. The fixed aspect accordingly represents a sufficiently high amount of the total remuneration in order to provide complete flexibility with regard to the variable aspect, including the possibility of doing without the latter.

So too, special remuneration arrangements apply to employees whose activities have a significant impact on the risk profile of the company and the UCITS managed by it. In accordance with a yearly analysis procedure, employees relevant to risk are identified. For such people, an amount of at least 50% of the variable remuneration (above a threshold value of 75,000 euros) is deferred over a period of three years minimum. This 50% (deferred bonus) is indexed to a fund basket and progressively divided over the three years. In the event of leaving the company, an employee is not entitled to payments from

the deferred bonus. In such cases, deposited assets remain with the company.

The variable part of remuneration is only paid or acquired when this is in line with the financial situation of the company as a whole. The size of the variable component is, in general, substantially reduced if the company or respective UCITS display a poor or negative financial performance. This takes into account both current remuneration and the reduction in payments for amounts previously acquired.

Further details on remuneration policy, including the composition of the remuneration committee, are published on the company's website: <https://www.la-francaise-systematic-am.de/rechtliche-hinweise.html>

Upon request, the principles are available in paper form free of charge.

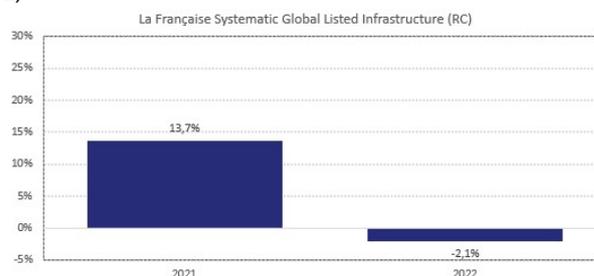
## PERFORMANCE, MEASUREMENT AND APPROPRIATION OF EARNINGS, FINANCIAL YEAR

### Performance

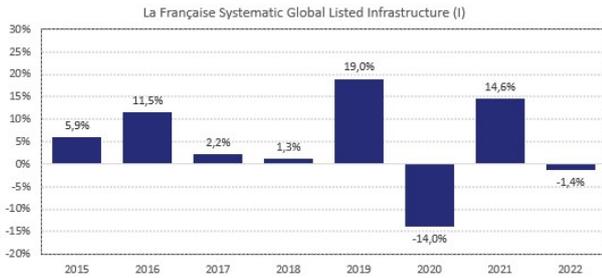
1)



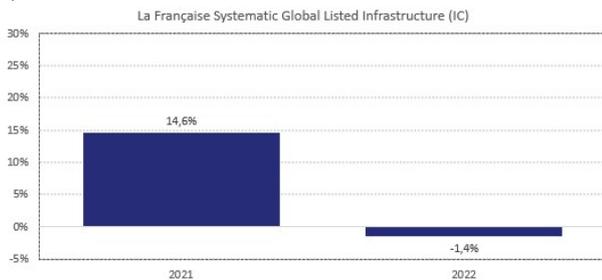
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5)

Period	Share class R	Share class RC	Share class I	Share class IC
2012 to 2022	90,63%	-	-	-
2017 to 2022	12,86%	-	17,15 %	-
2019 to 2022	4,96%	-	2,79 %	-

The average annual performance (disclosure 1 and 2) or the overall performance (disclosure 3) is shown for the periods of ten, five and three years, respectively from the last day of the year until the last day of the next year for those share classes that have been held throughout the entire period. Share classes RC and IC have not yet been in existence for a full year. Sufficient data are not yet available to provide useful information on past performance.

Source: own calculation / SGSS

**The historic performance of the Fund does not permit a prognosis of the future performance. The performance after issuance of the Sales Prospectus will be published in the annual and half-year financial reports as well as on the website of the Company at [www.la-francaise-systematic-am.de](http://www.la-francaise-systematic-am.de).**

## Measurement of earnings, capitalised earnings value method

The Fund generates earnings in the form of the interest, dividends and income from fund shares that are accumulated during the financial year and not used for the coverage of costs. Further earnings can result from the sale of the assets held on account of the Fund.

The Company applies a so-called capitalised earnings value method for the Fund.

This prevents that the share of distributable earnings in the share price fluctuates in consequences of cash inflows and outflows. Otherwise, each cash inflow to the Fund during the financial year would entail that fewer earnings per share are available on the dividend dates for distribution than this would be the case with a constant number of circulating shares. Cash outflows would entail that more earnings per share are available for distribution than this would be the case with a constant number of circulating shares.

To prevent this, the distributable earnings, which have to be paid by the share buyer as part of the issue price and which are received by the seller of the shares as part of the redemption price, are continuously calculated during the financial year and entered as distributable item in the earnings calculation. It is accepted in the process that investors, who acquire shares, for example, shortly before the dividend date, receive the portion of the issue price allocated to the earnings in the form of a distribution, even though their paid in capital has not contributed to the generation of the earnings.

## Appropriation of earnings and financial year

For the distributed share classes, the Company distributes – respectively per share – generally the interest, dividends and income from fund shares that are accumulated during the financial year and not used for the coverage of costs – in consideration of the related income equalisation – to the investors each year within four months after the end of the financial year. Realised sales profits can also be included in the distribution – in consideration of the related income equalisation.

Insofar as the shares are kept in a depositary account at the depositary, their offices will credit the disbursements free of charge. If the depositary account is maintained by other banks or savings banks, additional costs may be incurred.

In the case of the accumulating share classes RC and IC the income is not distributed but is reinvested in the Fund (accumulation).

The financial year of the Fund ends on 31 December.

## **LIQUIDATION, TRANSFER AND MERGER OF THE FUND**

### **Conditions for the liquidation of the Fund**

The investors are not entitled to demand the liquidation of the Fund. The Company has the right to terminate the management of the Fund in observation of a notice period of least six months, by giving notice in the Federal Gazette and additionally by publication in the annual or half-year report. The investors will receive information of the terminations from their depositaries on a permanent data carrier, e.g. on paper or in electronic format. On the termination taking effect, the Company's right to manage the Fund will expire.

Furthermore, the Company's management right will expire if insolvency proceedings over its assets are opened, or if such proceedings are rejected by legal force of a court order whereby the application for the opening of insolvency proceedings is dismissed for a lack of assets.

On expiration of the Company's management right, the right of disposition over the Fund will transfer to the depositary, which will liquidate the Fund and distribute the proceeds to the investors or the management will be transferred to another investment management company with approval from the BaFin.

### **Procedure for liquidation of the Fund**

On the transfer of the right of disposition over the Fund to the depositary, the issuance and redemption of shares will be discontinued and the Fund be liquidated.

The proceeds from the sale of the assets of the Fund, less any costs still to be paid by the Fund and the costs caused by the liquidation, will be distributed to the investors, whereas the investors will have claims to the distribution

of the liquidation proceeds in the proportionate amount of their respective shareholdings.

The Company will issue a liquidation report as at the date on which its management right expires, which conforms to the requirements for an annual financial report. At the latest three months after the Fund's liquidation date, the liquidation report will be published in the Federal Gazette. While the depositary liquidates the Fund, it will issue a report, which conforms to the requirements for annual financial report, each year as at the date on which the liquidation is completed. These reports are also to be published at the latest three months after the liquidation date in the Federal Gazette.

### **Transfer of the Fund**

The Company can transfer the separate assets to another investment management company. The transfer requires prior approval from the BaFin. The approved transfer will be published in the Federal Gazette and additionally in the annual report or half-year report of the Fund, as well as in the electronic information media specified in this Sales Prospectus. The date on which the transfer becomes effective is determined according to the contractual agreements between the Company and the receiving investment management company. The transfer, however, may become effective at the earliest three months after its announcement in the Federal Gazette. All rights and duties of the Company relating to the Fund will then transfer to the receiving investment management company.

### **Conditions for the merger of the Fund**

With approval from the BaFin, all assets of this Fund may be transferred to another existing investment fund or to one that is to be newly launched through the merger, which must fulfil the requirements for a UCITS that was launched in Germany or another EU or EEA State.

The transfer will become effective at the end of the financial year of the transferring fund (transfer date), unless another transfer date is determined.

### **Rights of investors in case of a merger of the Fund**

The investors have the possibility up to five working days before the planned transfer date to either return their shares without further costs, except for the costs to cover the liquidation of the Fund, or to exchange their shares for the shares of another open-ended public investment fund,

which is likewise managed by the Company or a company of the same group with investment principles that are comparable to those of the Fund.

The Company has to provide information to the investors of the Fund before the planned transfer date, on a permanent data carrier, e.g. on paper or in an electronic format, about the reasons of the merger, the potential effects for investors, their rights in connection with the merger and about the decisive aspects of the process. The investors must also receive the Key Information Document for the investment fund to which the Fund's assets will be transferred. The investor must receive the aforementioned information at least 30 days before expiration of the period for return or exchange of his shares.

On the transfer date, the Net Asset Values of the Fund and of the investment fund taking over are calculated, the exchange ratio determined, and the entire exchange process is audited by the auditor. The exchange ratio is determined according to the ratio of the Net Asset Value per share of the Fund to the investment fund taking over, as at the date of the takeover. The investor will receive the number of shares in the investment fund taking over, which is equal the value of his shares in the Fund.

If the investors do not exercise their right of return or exchange, they will become investors in the investment fund taking over on the transfer date. If applicable, the Company can also determine with the management company of the investment fund taking over that the investors of the Fund be paid out up to 10 percent of the value of their shares in cash. On the transfer of all assets, the Fund will expire. If the transfer takes place during the current financial year of the Fund, the Company must draft a report as at the transfer date, which meets the requirements for an annual financial report.

The Company will announce in the Federal Gazette and on its website at [www.la-francaise-systematic-am.de](http://www.la-francaise-systematic-am.de) when the Fund was merged into another investment fund under the management of the Company and when the merger became effective. If the Fund should be merged into another investment fund, which is not under the management of the Company, the management company managing the investment fund taking over or newly established will see to the publication of the effectiveness of the merger.

## **OUTSOURCING**

The Company has outsourced the following activities:

- The fund administration is outsourced to BNP Paribas S.A. Settlement Frankfurt/Main, Senckenberganlage 19, 60325 Frankfurt am Main.
- Internal auditing to BDO AG Wirtschaftsprüfungsgesellschaft, Frankfurt/Main
- IT to Groupe La Française, Paris (Parts of the IT services are outsourced to CW IT Services GmbH, Neu-Isenburg.)
- Financial and payroll accounting to 8P Partnerschaft mbB, Siegen
- Anti-money laundering function to GAR Gesellschaft für Aufsichtsrecht und Revision mbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main
- IT Security to Frommel Datenschutz, Bad Homburg vor der Höhe
- Data Protection to Frommel Datenschutz, Bad Homburg vor der Höhe
- Implementation of liquidation and control measures to La Française Asset Management, Paris (Middle Office)
- Execution of trading decisions for investment funds (trading desk) to La Française Asset Management, Paris.

## **CONFLICTS OF INTEREST**

The following conflicts of interest may arise at the Company:

The interests of the investors can collide with the following interests:

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

Circumstances or relationships that can cause conflicts of interest include, in particular:

- incentive systems for the Company's employees,
- employee dealings,
- gratuities granted to employees of the Company,
- portfolio regroupings in the Fund,
- improvement of the Fund performance in reference to reporting dates ("window dressing"),
- transactions between the Company and the investment funds or individual portfolios managed by it or

- transactions between investment funds and/or individual portfolios under the Company's management,
- combination of multiple orders ("block trades"),
- contracting of related companies and persons,
- individual investments of substantial scope;
- if the Company has subscribed the papers for multiple investment funds or individual portfolios after an oversubscription within the scope of an initial offering ("IPO Allocations");
- transactions after the close of trading at the already known closing price of the current day, so-called "late trading".

The Company does not receive reimbursements from the remuneration and expense refunds paid to the depositary and third parties from the Fund.

The Company pays brokerage fees, so-called "broker commissions", to agents such as credit institutions on a recurring basis, mostly quarter annually.

The Company uses the following organisational measures to handle conflicts of interests, in order to identify them, prevent, control, monitor and disclose them:

- Installation of a compliance department, which monitors compliance with laws and rules and which must be notified in cases of conflicts of interest.
- Disclosure duties
- Organisational measures such as
  - the installation of confidentiality zones for individual departments to prevent the abuse of confidential information;
  - attribution of competencies to prevent undue taking of influence;
  - forgoing of proprietary trading;
- code of conduct for employees with regard to employee dealings; obligations to observe insider regulations;
- installation of suitable remuneration systems;
- best practices for consideration of customer interests and observation of the investment policies respectively;
- best practices for execution in the acquisition and respectively sale of financial instruments;
- best practices for division of partial executions;
- definition of order acceptance cut-off times.

## SUMMARY INFORMATION ON TAX REGULATIONS

The statements on tax regulations apply only to investors who have unlimited tax liability in Germany. Investors who

have unlimited tax liability in Germany are hereinafter also referred to as resident taxpayers. We recommend foreign investors to contact their tax advisers before acquiring shares in the Fund described in this Sales Prospectus and to clarify potential tax consequences arising from the acquisition of shares in their home country for their specific case. Foreign investors are investors who do not have unlimited tax liability. They are also referred to hereinafter as non-residents for tax purposes.

The statements that are included here relate to the legal situation since 1 January 2018. If fund shares have been purchased prior to 1 January 2018, further specific provisions which are not described in more detail here may apply in relation to fund investments.

As a special purpose fund, the Fund is generally exempt from the corporation and trade tax. However, it is in part liable for the corporation tax with its domestic income from investment and other domestic income, in the sense of the limited liability for the income tax, with the exception of profits from the sale of shares in incorporated companies. The tax rate is 15 percent. Insofar as the taxable income is taxed by way of the capital gains tax deduction, the tax rate of 15 percent already includes the solidarity surcharge.

As income from capital, the investment income, however, is subject to the income tax on the side of the private investor, insofar as it, together with other income from capital, exceeds the flat exempt amount for savings of EUR 801 per year (for singles or married spouses assessed separately) or EUR 1,602 (for jointly assessed married spouses).

Income from capital is generally subject to a tax deduction of 25 percent (plus solidarity surcharge and church tax if applicable). The income from capital also includes income from the investment fund (investment income), i.e. the distributions from the Fund, the advance flat amounts and the profits from the sale of shares. Under certain conditions the investors may receive a flat-rate portion of such investment income on a tax-free basis (a so-called partial exemption).

The tax deduction generally has redemptive effect (as the so-called flat rate tax) for the private investor, so that the income from capital regularly does not have to be reported in the income tax return. When the tax deduction is made, the depositary has generally already set off losses and deducted foreign tax at source that originates from the direct investment.

However, the tax deduction has no redemptive effect if the personal tax rate is lower than the flat tax rate of 25 percent. In that case, the income from capital can be reported in the income tax return. The tax office will then apply the lower personal tax rate and deduct the tax deduction made from the personal tax debt (so-called check of most favourable tax treatment). If income from capital have not been subject to any tax deduction (e.g. because a profit from the sale of Fund shares is earned in a domestic depositary account), these must be reported in the tax return. As part of the assessment, the income from capital will then also be subject to the flat rate tax of 25 percent or the lower personal tax rate.

If the shares are held in operating assets, the income will be recognised as operating income.

## **Shares in private assets (domestic taxpayer)**

### **Distributions**

The distributions of the Fund are generally liable for taxes.

The Fund, however, fulfils the tax conditions for a stock fund, which is why 30 percent of the distributions are tax-free.

The taxable distributions are usually subject of a tax deduction of 25 percent (plus solidarity surcharge and church tax if applicable).

The tax deduction can be omitted if the investor is a domestic taxpayer and an exemption order is on hand, provided that the taxable income shares do not exceed EUR 801 for tax assessments of a single person or EUR 1,602 for tax assessments of married spouses.

The same applies also if a certificate is presented for the persons, who expect not to be assessed for the income tax (so-called non-assessment certificate, hereinafter "NA Certificate").

If the domestic investor keeps the shares in a domestic depositary account, the depositary as paying agent will omit the tax deduction if, prior to the dividend date determined by it, it receives either an exemption order issued for a sufficient amount and according to an official sample, or an NA Certificate issued by the tax office for the period of at most three years. In this case, the investor will be credited the entire dividend.

### **Advance flat fees**

The advance flat fee is the amount by which the Fund's distributions during a calendar year are below the basic income for the calendar year. The basic income is assessed by multiplication of the redemption price for the share in the beginning of a calendar year at 70 percent of the base rate derived from the long-term attainable yield of public bonds. The basic income is limited to the additional amount that results between the first and the last redemption price set in the calendar year, plus the disbursements made within the calendar year. In the year of the acquisition of the shares, the advance flat fee reduces by one-twelfth for each full month that precedes the month of the acquisition. The advance flat fee is deemed received on the first working day of the following calendar year.

Advance flat fees are generally taxable.

The Fund, however, fulfils the tax conditions for a stock fund, which is why 30 percent of the advance flat fees are tax-free. Share funds are investment funds which, in accordance with the investment conditions, continuously invest more than 50 percent of their value and/or of their assets in equity investments.

The taxable advance flat fees are usually subject to the tax deduction of 25 percent (plus solidarity surcharge and church tax if applicable).

The tax deduction can be omitted if the investor is a domestic taxpayer and an exemption order is on hand, provided that the taxable income shares do not exceed EUR 801 for tax assessments of a single person or EUR 1,602 for tax assessments of married spouses.

The same applies also if a certificate is presented for the persons, who expect not to be assessed for the income tax (so-called non-assessment certificate, hereinafter "NA Certificate").

If the domestic investor keeps the shares in a domestic depositary account, the depositary as paying agent will omit the tax deduction if, prior to the inflow date determined by it, it receives either an exemption order issued for a sufficient amount and according to an official sample, or an NA Certificate issued by the tax office for the period of at most three years. In that case, no tax will be paid. Otherwise, the investor has to make the amount of the payable tax available to the domestic depositary. For this purpose, the depositary may debit the amount for the payable taxes without the investor's agreement from an account maintained

by it and registered to the name of the investor. If the investor does not object to the advance flat fee prior to its receipt, the depositary can debit the amount of the payable tax from an account registered to the name of the investor, to the extent that a current account credit line agreed with the investor for this account has not been drawn down. Insofar as the investor does not fulfil his duty to provide the amount of the payable tax to the domestic depositary, the depositary has to report this to its competent tax office. In that case, the investor has to report the advance flat rate in his income tax return.

### **Sales profits at the investor level**

If shares in the Fund are sold after 31 December 2017, the sales profit will be subject to the flat rate tax of 25 percent. This applies to shares that have been acquired before 1 January 2018 and sold by 31 December 2017 and which are deemed reacquired as at 1 January 2018 as well as to shares acquired after 31 December 2017.

The Fund, however, fulfils the tax conditions for a stock fund, which is why 30 percent of the sales profits are tax-free.

For profits resulting from the sale of shares that have been acquired before 1 January 2018 and sold by 31 December 2017 and that are deemed reacquired as at 1 January 2018, it must be noted that at the time of the actual sale, the profits from the fictional sale taken place on 31 December 2017 must also be taxed if the shares have in fact been acquired after 31 December 2008. Changes in value of shares acquired before 1 January 2009 that occurred between the date of acquisition and 31 December 2017 are tax-free.

If the shares are kept in a domestic depositary account, the depositary will apply the deduction of tax in consideration of any partial exemptions. The deduction of tax of 25 percent (plus solidarity surcharge and church tax if applicable) can be avoided by submission of a sufficient exemption order or an NA Certificate. If such shares are sold at a loss by a private investor, the loss – reduced as applicable on the basis of a partial exemption – can be offset against other positive income from capital. If the shares are kept in a domestic depositary account and if positive income has been earned with the same depositary in the same calendar year, the depositary will set off the loss.

In the case that fund shares acquired prior to 1 January 2009 are sold after 31 December 2017, the profit resulting

after 31 December 2017 is generally tax-free for private investors up to an amount of EUR 100,000. This exempt amount can be used only if these profits are declared to the investor's competent tax office.

In the assessment of the sales profit, the profit must be reduced by the advance flat fees assessed during the period of ownership.

### **Shares in operating assets (domestic taxpayer)**

#### **Refund of the corporation tax of the Fund**

If the investor is a domestic corporation, partnership or legal estate and if, pursuant to its articles of association, foundation statutes or other charter and according to the actual management of business, it serves exclusively and directly not-for-profit, charitable or church purposes, or if it is a foundation under public law which serves exclusively and directly not-for-profit, charitable or church purposes, or if it is a legal entity under public law which serves exclusively and directly church purposes, then the corporation tax that has been incurred at the level of the fund can be reimbursed to the Fund for passing on to an investor; this does not apply if the shares are held in a commercial enterprise. The same applies to comparable foreign investors with a registered office and place of management in a foreign country which provides administrative assistance and assistance in enforced collection.

The precondition for this is that such an investor makes a corresponding application and that the incurred corporation tax applies on a proportional basis to his period of ownership. In addition, the investor must have been the civil-law and economic owner of the shares for at least three months before the receipt of earnings from the Fund that are subject to the corporation tax, without there being any obligation to transfer the shares to another party. Furthermore, with regard to the corporation tax incurred at the fund level on German dividends and on earnings from German profit participation rights that are similar to equity, the refund essentially requires that German stocks and German profit participation rights that are similar to equity have been held for 45 days without interruption, in the period of 45 days before and after the payment date of the capital gains, by the Fund as the economic owner, and that minimum value change risks of 70 percent have applied without interruption during these 45 days (so-called 45-day rule).

The request must enclose supporting documents on the tax exemption and a confirmation of the fund share issued by the depositary. The confirmation of the fund share is a certificate drafted according to official samples on the volume of the shares held by the investor continuously throughout a calendar year, and of the date and volume of the acquisition and the sale of shares during the calendar year.

The corporation tax that has been incurred at fund level may likewise be reimbursed to the Fund for passing on to an investor if the shares in the Fund are held under pension or basic pension insurance policies which have been certified in accordance with the Altersvorsorgeverträge-Zertifizierungsgesetz (Pension Policy Certification Act). In order for this to apply, the provider of a pension or basic pension insurance policy must within one month following the end of the Fund's financial year inform the Fund of the times at which shares have been purchased or sold, and of the amount of such transactions. Furthermore, the 45-day rule which is referred to above must be adhered to.

There is no obligation on the Fund or the Company to have the corresponding corporation tax reimbursed to it for forwarding to the investor.

Based on the high complexity of the provision, the consultation of a tax adviser seems to be sensible.

## **Distributions**

Distributions of the Fund are generally liable for the income or corporation and trade tax.

The Fund, however, fulfils the tax conditions for a stock fund, which is why 60 percent of the distributions are tax-free for the purposes of the income tax and 30 percent for the purposes of the trade tax if the shares are held by natural persons in their operating assets. For taxable corporations, generally 80 percent of distributions are tax-free for the purposes of the corporation tax and 40 percent for the purposes of the trade tax. For corporations that are life or health insurers and where the shares are attributable to financial investments or for corporations, which are credit institutions where the shares are attributable to the trading book or where they have been acquired with the aim of achieving profits from proprietary trading in the short term, 30 percent of distributions are tax-free for the purposes of the corporation tax and 15 percent for the purposes of the trade tax.

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

Since the Fund fulfils the tax prerequisites for a stock fund, the partial exemption of 30 percent is considered in the deduction of tax.

## **Advance flat fees**

The advance flat fee is the amount by which the Fund's distributions during a calendar year are below the basic income for the calendar year. The basic income is assessed by multiplication of the redemption price for the share in the beginning of a calendar year at 70 percent of the base rate derived from the long-term attainable yield of public bonds. The basic income is limited to the additional amount that results between the first and the last redemption price set in the calendar year, plus the disbursements made within the calendar year. In the year of the acquisition of the shares, the advance flat fee reduces by one-twelfth for each full month that precedes the month of the acquisition. The advance flat fee is deemed received on the first working day of the following calendar year.

Advance flat fees are generally liable for the income or corporation and trade tax.

The Fund, however, fulfils the tax conditions for a stock fund, which is why 60 percent of the advance flat fees are tax-free for the purposes of the income tax and 30 percent for the purposes of the trade tax if the shares are held by natural persons in their operating assets. For taxable corporations, generally 80 percent of advance flat fees are tax-free for the purposes of the corporation tax and 40 percent for the purposes of the trade tax. For corporations that are life or health insurers where the shares are attributable to financial investments or for corporations, which are credit institutions where the shares are attributable to the trading book or where they have been acquired with the aim of achieving profits from proprietary trading in the short term, 30 percent of advance flat fees are tax-free for the purposes of the corporation tax and 15 percent for the purposes of the trade tax.

The advance flat fees are usually subject to the tax deduction of 25 percent (plus solidarity surcharge).

Since the Fund fulfils the tax prerequisites for a stock fund, the partial exemption of 30 percent is considered in the deduction of tax.

## **Sales profits at the investor level**

Profits from the sale of shares are generally subject to the income or corporation tax and the trade tax. In the assessment of the sales profit, the profit must be reduced by the advance flat fees assessed during the period of ownership.

The Fund, however, fulfils the tax conditions for a stock fund, which is why 60 percent of the sales profits are tax-free for the purposes of the income tax and 30 percent for the purposes of the trade tax if the shares are held by natural persons in their operating assets. For taxable corporations, generally 80 percent of sales profits are tax-free for the purposes of the corporation tax and 40 percent for the purposes of the trade tax. For corporations that are life or health insurers where the shares are attributable to financial investments or for corporations, which are credit institutions where the shares are attributable to the trading book or where they have been acquired with the aim of achieving profits from proprietary trading in the short term, 30 percent of sales profits are tax-free for the purposes of the corporation tax and 15 percent for the purposes of the trade tax. In the case of a capital loss, the loss is not deductible up to the amount of the respective partial exemption that is to be applied for the investor.

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

## **Negative tax income**

Negative tax income cannot be attributed to the investor.

## **Liquidation taxation**

During the liquidation of the Fund, distributions are deemed income only to the extent that the value increase of a calendar year is included in them.

## Summary overview of the taxation on customary corporate investor groups

	Distributions	Advance flat fees	Sales profits
<b>Domestic investors</b>			
Sole proprietors	<p><u>Capital gains tax:</u> 25 percent (partial exemption for stock funds in the amount of 30 percent or for mixed funds in the amount of 15 percent is considered)</p> <p><u>Material taxation:</u> Income tax and trade tax, if applicable, in consideration of partial exemptions (stock funds 60 percent for income tax / 30 percent for trade tax; mixed funds 30 percent for income tax / 15 percent for trade tax)</p>		Capital gains tax: omission
Regularly taxed corporations (typically industrial firms; banks if shares are not held in the trading portfolio; property insurers)	<p><u>Capital gains tax:</u> Omission at banks, otherwise 25 percent (the partial exemption for stock funds in the amount of 30 percent or for mixed funds in the amount of 15 percent is considered)</p> <p><u>Material taxation:</u> Corporation tax and trade tax, if applicable, in consideration of partial exemptions (stock funds 80 percent for corporation tax / 40 percent for trade tax; mixed funds 40 percent for corporation tax / 20 percent for trade tax)</p>		Capital gains tax: omission
Life insurance and health insurance companies and pension funds, where the fund shares are attributable to financial investments	<p><u>Capital gains tax:</u> omission</p> <p><u>Material taxation:</u> Corporation tax and trade tax, insofar as no provision for premium refunds is created on the trade balance, which must also be recognised in terms of taxes and, if applicable, in consideration of partial exemptions (stock funds 30 percent for corporation tax / 15 percent for trade tax; mixed funds 15 percent for corporation tax / 7.5 percent for trade tax)</p>		
Banks holding fund shares in their trading portfolio	<p><u>Capital gains tax:</u> omission</p> <p><u>Material taxation:</u> Corporation tax and trade tax, if applicable, in consideration of partial exemptions (stock funds 30 percent for corporation tax / 15 percent for trade tax; mixed funds 15 percent for corporation tax / 7.5 percent for trade tax)</p>		
Tax-exempt non-profit, charitable or church investors (in particular, churches, charitable foundations)	<p><u>Capital gains tax:</u> omission</p> <p><u>Material taxation:</u> Tax-free – the corporation tax incurred at the fund level can be refunded additionally upon application</p>		
Other tax-exempt investors (in particular pension insurers, burial funds and friendly societies, provided that the conditions defined in the Corporation Tax Act are fulfilled)	<p><u>Capital gains tax:</u> omission</p> <p><u>Material taxation:</u> Tax-free</p>		

Domestic custody is assumed. The solidarity surcharge as a supplementing levy is charged on the capital gains tax, income tax and corporation tax. It may be required for the omission of the capital gains tax that certificates are presented on time to the depositary.

## **Foreign taxpayer**

If a foreign taxpayer keeps the fund shares in a depository account with a domestic depository, the tax deduction on distributions, advance flat fees and profits from the sale of the shares is omitted if he proves his status as foreign taxpayer. If the status as a foreign taxpayer is not known to the depository or not proven to it on time, the foreign taxpayer will be compelled to apply for the refund of the tax deduction in accordance with the Fiscal Code. The depository's competent tax office is responsible for this.

## **Solidarity surcharge**

Solidarity surcharge in the amount of 5.5 percent is to be charged on the tax deduction to be made for distributions, advance flat fees and profits from the sale of shares.

## **Church tax**

Insofar as the income tax is already charged by a domestic depository (party obligated to make the deduction) in the tax that is withheld, the church tax allocated on it pursuant to the church tax rate of the taxpayer's religious affiliation is charged regularly as a surcharge to the tax deduction. The deductibility of the church tax as an extraordinary expense is already taken into consideration in the reduction of the tax deduction.

## **Foreign tax at source**

Tax at source on foreign earnings of the Fund is in part withheld in the countries of origin. This tax at source cannot be considered in reduction of the tax on the investors' side.

## **Consequences of mergers of separate assets**

In cases of a merger of a domestic investment fund into another domestic investment fund where the same partial exemption rate is applied the silent reserves are disclosed neither at the level of the investors nor at the level of the participating investment funds, i.e. this process is neutral in terms of taxes. If the shareholders of the transferring investment fund receive a cash payment that is provided for in the merger plan, it must be treated like a distribution.

If the applicable partial exemption rate of the transferring investment fund differs from that of the receiving investment fund, then the units in the transferring investment fund are deemed to have been sold and the units in the receiving investment fund are deemed to have been purchased. The profit arising from the fictitious disposal is deemed to have accrued only once the units in the receiving investment fund have actually been sold.

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

The meaning of the automatic exchange of information on the fight against cross-border tax fraud and cross-border tax evasion has intensified strongly at the international levels in recent years. The OECD has, among other things, therefore published a global standard for the automatic exchange of information about financial accounts in relation to tax matters (Common Reporting Standard, hereinafter "CRS"). At the end of 2014 the CRS was incorporated by means of Directive 2014/107/EU of the Council of 9 December 2014 into Directive 2011/16/EU regarding the obligation for the automatic exchange of information in the field of taxation. The participating states (all EU Member States and several third countries) now apply the CRS. Germany has implemented the CRS in German law through the Law on Information Exchange regarding Financial Accounts of 21 December 2015.

Reporting financial institutions (essentially credit institutions) are obligated under the CRS to obtain certain information about their customers. If the customers (natural persons or legal entities) are parties subject to reporting requirements and are domiciled in other participating states (among them are not, e.g. stock-exchange listed corporations or financial institutions), their accounts and depository accounts are classified as accounts subject to reporting requirements. The reporting financial institutions will then transmit certain information about each account subject to reporting to their home tax authority. It will then transmit the information to the home tax authority of the customer.

The information to be transferred essentially consists of the personal data of the customer subject to reporting (name, address, tax identification number, date and place of birth (in case of natural persons), country of domicile) and information about the accounts and de-

pository accounts (e.g. account number, account balance or account value, total gross amount of income such as interest, dividends or distributions of investment funds), total gross income from the sale or redemption of financial assets (including fund shares)).

Consequently, investors who are subject to reporting requirements are specifically affected if they maintain an account and/or depository account with a credit institution that is domiciled in a participating state. Therefore, German credit institutions will report information about investors who are domiciled in other participating states to the Federal Central Tax Office, which will pass on the information to the respective tax authorities of the investors' countries of domicile. Accordingly, credit institutions in other participating states will report information about investors domiciled in Germany to their respective home tax authority, which will then pass on the information to the Federal Central Tax Office. It is lastly feasible that credit institutions domiciled in other participating states will report information about investors, who in turn are domiciled other participating states, to their respective home tax authority, which will pass on the information to the respective tax authorities of the investors' countries of domicile.

#### General notice

The statements relating to tax matters are based on the currently known legal position. They are intended to provide information for persons who are fully liable for income tax or who are fully liable for corporation tax in Germany. However, no assurance can be provided that the tax assessment will not change due to legislation, case law or decrees issued by the tax authorities.

## AUDITOR

FFA Frankfurt Finance Audit GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, is assigned with the audit of the Fund and the annual financial report.

The auditors audit the annual financial report of the Fund. The result of the audit must be summarised in a separate audit opinion by the auditors; the audit opinion must be restated in the complete wording in the annual financial report. In the audit, the auditors must also determine whether the regulations of the KAGB and the provisions of the Terms of Investment have been observed in the management of the Fund. The auditors

must submit the report on the audit of the Fund to the BaFin.

## SERVICE PROVIDERS

Companies that assume outsourced functions of the Company are described in the section "Outsourcing". Moreover, the Company has contracted the following service providers:

- Bloomberg Finance L.P., New York; Factset Research Systems Inc., Norwalk, Connecticut; KPMG Alpen-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna; LPX Group, Zürich, Fund KIS SAS, Antony, Light Trade by Groupe La Française, Paris, and LF Group UK Limited
- WTS Steuerberatungsgesellschaft mbH, Frankfurt am Main. Its responsibilities are tax advising services relating to the Investment Tax Act.
- La Française Asset Management, Paris. Tasks are risk reporting and data provision services.

The responsibilities of the service providers are the representation and consulting for the Company, and provision of the Company and its funds respectively, e.g. with market data and information for the support and further development of the investment approaches.

## PAYMENTS TO INVESTORS/PREPARATION OF REPORTS AND OTHER INFORMATION

It is ensured through the engagement of the depository that the investors will receive distributions and their shares will be redeemed. The Key Information Document mentioned in this Sales Prospectus can be obtained in the manner described in the section "Bases – Sales documentation and disclosure of information".

## OTHER INVESTMENT FUNDS UNDER THE COMPANY'S MANAGEMENT

Overall, the following public investment funds are managed by the Company, of which merely the La Française Systematic Global Listed Infrastructure is the subject of this Sales Prospectus.

### **Investment funds pursuant to the UCITS Directive**

- La Française Systematic ETF Dachfonds
- La Française Systematic Dynamic Allocation
- La Française Systematic Multi Asset Allocation
- La Française Systematic European Equities
- La Française Systematic Global Listed Infrastructure
- La Française Systematic Global Listed Real Estate
- La Française Systematic ETF Portfolio Global

### **Alternative investment funds (AIF)**

- None

The Company also does not manage any specialty investment funds.

## GENERAL TERMS OF INVESTMENT

to govern the legal relationship between the investors and La Française Systematic Asset Management GmbH, Frankfurt/Main, ("Company"), for the separate assets managed by the Company in accordance with the UCITS Directive, applying exclusively in conjunction with the "Special Terms of Investment" defined for the respective UCITS separate funds.

### § 1 Bases

(1) The Company is a UCITS investment management company and subject to the regulations of the Capital Investment Act ("KAGB").

(2) The Company invests the money deposited with it in its own name and on joint account of the investors according to the principle of risk diversification in the assets permitted pursuant to the KAGB and separately from its own assets in the form of UCITS separate assets. The rights of investors arising from this are securitised in global certificates.

(3) The legal relationship between the Company and the investor is governed by the General Terms of Investment (GTI) and the Special Terms of Investment (STI) of the UCITS separate assets.

### § 2 Depositary

(1) The Company appoints a credit institution as depositary for the UCITS separate assets; the depositary acts independently of the Company and exclusively in the interest of the investors.

(2) The tasks and responsibilities of the depositary are defined under the depositary agreement concluded with the Company pursuant to the KAGB [Capital Investment Act] and the Terms of Investment.

(3) The depositary can outsource depositary responsibilities to another firm (sub-depositary) in accordance with Sec. 73 KAGB. More details about this are contained in the Sales Prospectus.

(4) The depositary is liable to the UCITS separate assets or to the investors for the loss of a financial instrument in the definition of Sec. 72 (1) no. 1 KAGB that is in the custody of the depositary or the sub-depositary, who has been assigned to keep custody of financial instruments pursuant to Sec. 72 (1) no. 1 KAGB. The depositary

will not be liable if the loss is due to external effects the consequences of which were unavoidable in spite of all appropriate countermeasures. Further claims arising from the regulations of civil law based on contracts or tortious acts remain unaffected. The depositary will also be liable to the UCITS separate assets or the investors for all other losses they suffer in consequence of a failure of the depositary to fulfil its obligations pursuant to the regulations of the KAGB through negligence or intent. The liability of the depositary remains unaffected by any transfer of the depositary duties pursuant to para. 3 sent. 1.

### § 3 Fund management

(1) The Company shall acquire and manage the assets in its own name on joint account of the investors with the warranted expertise, honesty, care and diligence. In the exercise of its responsibilities, it shall act independently from the depositary and exclusively in the interest of the investors.

(2) The Company is authorised to acquire the assets from the money deposited by the investors, resell these assets and invest the proceeds elsewhere; it is furthermore entitled to take all other legal actions arising in the management of the assets.

(3) The Company may grant neither monetary loans on joint account of the investors nor enter any liabilities under a letter of comfort or guarantee agreement; it may not sell any assets according to the stipulations of Sec. 193, Sec. 194 and Sec. 196 KAGB, which are not held in the UCITS separate assets at the time of the conclusion of the transaction. Sec. 197 KAGB remains unaffected.

### § 4 Investment principles

The UCITS separate assets are invested directly or indirectly in accordance with the principle of risk diversification. The Company shall acquire only such assets for the UCITS separate assets that lead to expect earnings and/or growth. They shall determine in the STI which assets may be acquired for the UCITS separate assets.

### § 5 Securities

Insofar as the STI do not provide for any further limitations, the Company may acquire securities, subject to Sec. 198 KAGB on account of the UCITS separate assets, only if

a) they are admitted to trading in a Member State of the European Union or in another signatory state of the Agreement on the European Economic Area or if they are admitted to or included in another organised market in one of these States;

b) they are admitted to trading exclusively at a stock exchange outside of the Member States of the European Union or outside of the other signatory states of the Agreement on the European Economic Area, or if they are admitted to or included in another organised market in one of these States, provided that the German Federal Financial Supervisory Authority (BaFin) has permitted the choice of this stock exchange or this organised market<sup>1</sup>;

c) it is to be applied for their admission to trading at a stock exchange in a Member State of the European Union or another signatory state of the Agreement on the European Economic Area, or their admission to or inclusion in an organised market in a Member State of the European Union, or another signatory state of the Agreement on the European Economic Area pursuant to the Terms of Investment, provided that the admission or inclusion of these securities takes place within one year after their issuance;

d) it is to be applied for their admission to trading at a stock exchange or their admission to or inclusion in this market outside of the Member States of the European Union or outside of the other signatory states of the Agreement on the European Economic Area, insofar as the choice of this stock exchange or this organised market is permitted by the BaFin and that the admission or inclusion of these securities takes place within one year after their issuance;

e) they are stocks that are in the UCITS separate assets entitlement upon a capital increase from company funds;

f) they are acquired in exercise of subscription rights that are held in the UCITS separate assets;

g) they are shares in closed-end funds, which fulfil the criteria specified in Sec. 193 (1) sent. 1 no. 7 KAGB;

h) they are financial Instruments in closed-end funds, which fulfil the criteria specified in Sec. 193 (1) sent. 1 no. 8 KAGB.

The acquisition of securities pursuant to sent. 1, lit. a) to lit. b) is permitted only if the conditions of Sec. 193 (1) sent. 1 no. 2 KAGB are fulfilled in addition. Also acquirable are the subscription rights resulting from securities that can be acquired pursuant to this § 5.

## **§ 6 Money market instruments**

(1) Unless the STI provide for further limitations, the Company may acquire on account of the UCITS separate assets, subject to Sec. 98 KAGB, instruments, which are commonly traded in the money market, and fixed-income securities, which have a remaining maturity of at most 397 days at the time of their acquisition for the UCITS separate assets and the interest calculation of which is adjusted in line with the market, according to the terms of issue, at regular intervals during their entire maturity, whereas at least once every 397 days, or the risk profile of which matches the risk profile of such securities (money market instruments).

Money market instruments may be acquired for the UCITS separate assets, only if

a) they are admitted to trading in a Member State of the European Union or in another signatory state of the Agreement on the European Economic Area or if they are admitted to or included in another organised market there;

b) they are admitted to trading exclusively at a stock exchange outside of the Member States of the European Union or outside of the other signatory states of the Agreement on the European Economic Area, or if they are admitted to or included in another organised market there, provided that the BaFin has permitted the choice of this stock exchange or this organised market;<sup>2</sup>

c) they are issued or guaranteed by the European Union, the federal government, special assets of the federal government, a sovereign state, another Member State or another centralised state, regional or local territorial entity or the central bank of a Member State of the Eu-

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<sup>1</sup> The "List of authorised stock exchanges and other organised markets pursuant to Sec. 193 (1) no. 2 and 4 KAGB" is published on the homepage of BaFin. [www.bafin.de](http://www.bafin.de).

<sup>2</sup> See footnote 1

European Union, the European Central Bank or the European Investment Bank, a third country or, if it is a federal state, a member state of this federal state or of an international institution of public law with at least one EU Member State among its members;

d) they are issued by an enterprise the stocks of which are traded on the markets named in lit. a) and lit. b);

e) they are issued or guaranteed by a credit institution that is subject to supervision according to the criteria defined in the law of the European Union, or by a credit institution that is subject to and in compliance with supervisory regulations that are equivalent to those under the law of the European Union in the opinion of the BaFin; or

f) they are issued by another Issuer while meeting the requirements of Sec. 194 (1) sent. 1 no. 6 KAGB.

(2) Money market instruments in the definition of para. 1 may be acquired only if they fulfil the respective requirements of Sec. 194 (2) and (3) KAGB.

### **§ 7 Bank deposits**

The Company may hold on account of the UCITS separate assets bank deposits with a maximum maturity of twelve months. The bank deposits to be kept in blocked accounts can be maintained at a credit institution with registered office in a Member State of the European Union or another signatory state of the Agreement on the European Economic Area; the bank deposits can also be held at a credit institution with registered office in a third country, the supervisory regulations of which are equivalent to those under the law of the European Union in the opinion of the BaFin. Unless determined otherwise in the STI, the bank deposits can also be denominated in foreign currencies.

### **§ 8 Fund shares**

(1) Unless defined otherwise in the STI, the Company can acquire shares in investment funds in accordance with Directive 2009/65/EEC on account of the UCITS separate assets. Shares in other domestic separate assets and incorporated investment companies with modifiable equity and shares in open-ended EU AIF and foreign open-ended AIF can be acquired, provided that they fulfil the requirements of Sec. 196 (1) sent. 2 KAGB.

(2) Shares in domestic separate assets and incorporated investment companies with modifiable equity, in EU

UCITS, open-ended EU AIF and foreign open-ended AIF may be acquired by the Company, only if pursuant to the Terms of Investment or the articles of association of the investment management company or the incorporated investment company with modifiable equity, the EUR investment fund, the EU management company, the foreign AIF or foreign AIF management company, at most 10 percent of the value of their assets may be invested in shares of other domestic separate assets, incorporated investment company with modifiable equity, open-ended EU AIF and foreign open-ended AIF.

### **§ 9 Derivatives**

(1) Unless provided otherwise in the STI, the Company can use Derivatives according to Sec. 197 (1) sent. 1 KAGB and financial Instruments with derivative component according to Sec. 197 (2) sent. 2 KAGB within the scope of the management of the UCITS separate assets. It may – according to the kind and scope of the employed Derivatives and financial instruments with derivative component – use either the simple or qualified approach in the definition of the “Ordinance on Risk Management and Risk Measurement in the Use of Derivatives, Loans on Securities and Repurchase Agreements in Investment Funds pursuant to the Capital Investment Act” (“DerivateV”) for the assessment of the utilisation of the Market Risk Cap determined pursuant to Sec. 197 (2) KAGB for the use of Derivatives and financial instruments with derivative component; more details are defined in the Sales Prospectus.

(2) If the Company applies the simple approach, it may regularly use only the basic forms of Derivatives, financial instruments with derivative component or combinations of these Derivatives, financial instruments with derivative component and the permissible Underlying according to Sec. 197 (1) sent. 1 KAGB in UCITS separate assets. Complex Derivatives with permissible Underlying according to Sec. 197 (1) sent. 1 KAGB may be used only in a negligible proportion. The attributable amount to be assessed pursuant to Sec. 16 DerivateV of the UCITS separate assets for the market risk must not exceed the value of the separate assets at any point in time.

Basic forms of Derivatives are:

a) futures contracts on Underlying pursuant to Sec. 197 (1) KAGB, except for fund shares pursuant to Sec. 196 KAGB;

b) options or option warrants on Underlying pursuant to Sec. 197 (1) KAGB, except for fund shares pursuant to Sec. 196 KAGB and on futures contracts pursuant to lit. a) if they have the following characteristics:

aa) exercise is possible either during the entire term or at the end of the term; and

bb) at the time of the exercise of the option, the option value has a linear dependency on the positive or negative difference between the base price and market price of the Underlying and becomes zero if the difference has the other algebraic sign;

c) interest swaps, currency swaps or interest-currency swaps;

d) options on swaps pursuant to lit. c) if they have the characteristics described in lit. b) under lit. aa) and bb) (swap options);

e) credit default swaps referring to a single base value (single name credit default swaps).

(3) If the Company applies the qualified approach, it may – subject to a suitable risk management system – invest in any financial instruments with derivative component or Derivatives that are derived from Underlying that is permissible according to Sec. 197 (1) sent. 1 KAGB.

Here, the potential risk amount attributable to the UCITS separate assets for the market risk (“Risk Amount”) must not exceed twice the potential Risk Amount for the market risk of the related reference assets according to Sec. 9 DerivateV at any point in time. In alternative, the Risk Amount must not exceed 20 percent of the value of the UCITS separate assets at any point in time.

(4) The Company may by no means deviate in these transactions from the Terms of Investment or the investment principles and investment limits stated in the Sales Prospectus.

(5) The Company will use Derivatives and financial Instruments with derivative component for the purposes of hedging, efficient portfolio management and earning additional income if and insofar as it deems this to be warranted in the interest of the investors.

(6) In the assessment of the Market Risk Cap for the use of Derivatives and financial instruments with derivative component, the Company may switch between the simple and qualified approach at any time in accordance

with Sec. 6 (3) DerivateV. The switch does not require the approval from the BaFin, but the Company shall report the switch without delay to the BaFin and publish it in the half-year or annual report following to the next.

(7) When using Derivatives and financial instruments with derivative component, the Company will observe the DerivateV.

## § 10 Other investment instruments

Unless determined otherwise in the STI, the Company can invest up to 10 percent of the value of the UCITS separate assets on behalf of the UCITS separate assets in other investment instruments according to Sec. 198 KAGB.

## § 11 Issuer limits and investment limits

(1) In the management, the Company shall observe the limits and restrictions defined in the KAGB, the DerivateV and in the Terms of Investment.

(2) Securities and money market instruments including the securities and money market instruments acquired under repurchase agreements of the same Issuers may be acquired for up to 5 percent of the value of the UCITS separate assets; however, up to 10 percent of the value of the UCITS separate assets may be invested in these values if the STI provide for this and the total value of securities and money market instruments of these Issuers do not exceed 40 percent of the value of the UCITS separate assets. The Issuers of securities and money market instruments must also be taken into account in the context of the limits specified in the first sentence if the securities and money market instruments issued by them are acquired indirectly via other securities included in the UCITS which are linked to their performance.

(3) The Company may invest up to 35 percent of the value of the UCITS separate assets in debentures, promissory note bonds and money market instruments, which have been issued or guaranteed by the federal government, the European Union, a Member State of the EU or its territorial entities, another signatory state of the Agreement on the European Economic Area, a third country or an international institution of public law with at least one EU Member State among its members.

(4) The Company may invest up to 25 percent of the value of the UCITS separate assets respectively in public-

sector bonds and municipal debentures, as well as debentures that have been issued by the European Union, a Member State of the EU or in another signatory state of the Agreement on the European Economic Area, if the credit institutions based on legal regulations on the protection of the owners of these debentures are subject to particular public supervision and if the funds borrowed by issuance of the debentures are invested pursuant to the legal regulations in assets, which cover the liabilities resulting from the debentures sufficiently during the entire term of the debentures and which are designated with priority to cover the repayments and interest payments becoming due prematurely in the event of the Issuer's default. If the Company invests more than 5 percent of the value of the UCITS separate assets in debentures of the same Issuer pursuant to sent. 1, the total value of these debentures may not exceed 80 percent of the value of the UCITS separate assets.

(5) The limit in para. 3 may be exceeded for securities and money market instruments of the same Issuer in accordance with Sec. 206 (2) KAGB, if the STI so provide indicating the relevant issuer. In these cases, the securities and money market instruments held on account of the UCITS separate assets must originate from at least six different issues, whereas no more than 30 percent of the value of the UCITS separate assets may be held in one issue.

(6) The Company may invest only up to 20 percent of the value of the UCITS separate assets in bank deposits in the definition of Sec. 195 KAGB that are held at the same credit institution.

(7) The Company shall ensure that a combination of:

- a. securities and money market instruments issued by one and the same entity;
- b. deposits with this entity; and
- c. attributable amounts for the counterparty risk of the transactions entered into with this entity,

does not exceed 20 percent of the value of the UCITS separate assets. Sent. 1 applies to the issuers and guarantors named in para. 3 and para. 4 subject to the stipulations that the Company shall ensure that a combination of the assets and attributable amounts specified in sent. 1 does not exceed 35 percent of the value of the UCITS separate assets. The respective individual top limits remain unaffected.

(8) The debentures, promissory note bonds and money market instruments referred to in para. 3 and para. 4 are not considered in the application of the limits of 40 percent indicated in para. 2. The limits indicated in para. 2 to para. 4 and para. 6 to para. 7 must not be cumulated in deviation from the rule in para. 7.

(9) The Company may invest in shares in one single investment fund in accordance with Sec. 196 (1) KAGB only up to 20 percent of the value of the UCITS separate assets. The Company may invest in shares of investment funds in accordance with Sec. 196 (1) sent. 2 KAGB in total only up to 30 percent of the value of the UCITS separate assets. The Company may acquire on account of the UCITS separate assets no more than 25 percent of the issued shares of another open-ended domestic EU or foreign investment fund, which is invested pursuant to the principle of risk diversification in assets in the definition of Sec. 192 to Sec. 198 KAGB.

## **§ 12 Merger**

(1) In accordance with the stipulation of Sec. 181 to Sec. 191 KAGB, the Company may

a) transfer all assets and liabilities of these UCITS separate assets to other existing UCITS separate assets fund or UCITS separate assets to be newly launched through the merger, or an EU UCITS or UCITS incorporated investment company with modifiable capital;

b) merge all assets and liabilities of another open-ended public investment fund into these UCITS separate assets;

(2) The merger requires the approval of the respectively competent supervisory authority. The details of the procedure follow from Sec. 1182 to Sec. 191 KAGB.

(3) The UCITS separate assets may only be merged with a public investment fund that is not a UCITS if the investment fund that is taking over or that is newly launched continues to be a UCITS. An EU UCITS can moreover be merged into the UCITS separate assets according to the requirements of Article 2 (1) lit. p) (iii) Directive 2009/65/EC.

## **§ 13 Loans on securities**

(1) Against a fee that is customary in the market, the Company may grant a loan on securities that can be cancelled at any time to a securities loan borrower on account of the UCITS separate assets, after transfer of sufficient collateral according to Sec. 200 (2) KAGB. The

trading price of the securities to be transferred together with the trading price of the securities transferred already as a loan on securities on account of the UCITS separate assets to the same securities loan borrower including group affiliates in the definition of Sec. 290 HGB [German Commercial Code] must not exceed 10 percent of the Fund's value.

(2) If the collateral for the transferred securities is provided by the securities loan borrower in the form of deposits, the deposits must be maintained on blocked accounts according to Sec. 200 (2) sent. 3 no. 1 KAGB. In alternative, the Company may also use the possibility to invest these deposits in the currency of the deposit in the following assets:

a) in debentures of high quality that have been issued by the federal government, a state, the European Union, a Member State of the EU or its territorial entities, another signatory state of the Agreement on the European Economic Area or a third country;

b) in money market funds with short maturity according to the guidelines decreed by the BaFin on the basis of Sec. 4 (2) KABG; or

c) by way of a reverse repurchase transaction with a credit institution guaranteeing the claim for repayment of the accumulated deposit at any time.

The UCITS separate assets are entitled to the income from the investment of collateral.

(3) The Company can also use the organised system for the brokerage and settlement of securities loans maintained by a central securities depository differing from the requirements of Sec. 200 (1), third sentence KAGB, if the right of cancellation at any time pursuant to para. 1 applies unchanged.

(4) Unless provided otherwise in the STI, the Company may grant loans on securities also with regard to money market instruments and fund shares, if these assets are acquirable for the UCITS separate assets. The provisions in paras. 1 to 3 apply analogously for this purpose.

#### **§ 14 Repurchase transactions**

(1) The Company, on account of the UCITS separate assets securities, may conclude with credit institutions or financial services institutions on the basis of standardised master agreements repurchase agreements in the

definition of Sec. 340b (2) Commercial Code, which can be cancelled at any time, against consideration.

(2) The repurchase transactions must pertain to securities that may be acquired for the UCITS separate assets according to the Terms of Investment.

(3) The repurchase transactions may have a maturity of at most 12 months.

(4) Unless provided otherwise in the STI, the Company may conclude repurchase transactions also with regard to money market instruments and fund shares, if these assets are acquirable for the UCITS separate assets. The provisions in paras. 1 to 3 apply analogously for this purpose.

#### **§ 15 Borrowing of loans**

The Company may borrow short-term loans on joint account of the investors for an amount of 10 percent of the value of the UCITS separate assets, if the conditions for the borrowing are in line with the market and the depositary agrees to the borrowed of the loan.

#### **§ 16 Shares**

(1) The shares in the investment fund are issued in the name of the holder and securitised in the form of share certificates or issues as electronic share certificates.

(2) Securitised share certificates are securitised in a global certificate; the issuing of individual certificates is excluded. Upon purchasing a share in the investment fund the investor acquires a co-ownership share in the global certificate. This is transferable provided that the STIs do not state otherwise.

(3) The shares can have different characteristics, in particular regarding the appropriation of earnings, the issue premium, the redemption markdown, and currency of the Share Value, the management fee, the minimum investment sum, or a combination of these characteristics (share classes). The details are defined in the STI.

#### **§ 17 Issuance and redemption of shares, limitation and suspension of redemption**

(1) The number of issued shares is generally not limited. The Company reserves the right to partly or fully discontinue the issuance of shares temporarily.

(2) The shares can be acquired from the Company, the depositary or through the brokerage of third parties. The STI can prescribe that shares may be acquired and held only by certain investors.

(3) The investors can demand the redemption of shares from the Company. The STI can prescribe return deadlines. The Company is obligated to redeem the shares for the respectively applicable redemption price on account of the UCITS separate assets. The redemption agent is the depositary.

(4) Unless provided otherwise in the STI, the Company reserves the right, however, to limit the redemption of shares for up to 15 working days if the investors' return requests reach a threshold value above which the return requests can no longer be executed in the interest of all investors due to the liquidity situation of the Fund's assets. The threshold value is specified in the STI. It describes the return request as a percentage of the net asset value of the investment fund.

In this case, the Company will only meet the redemption request per investor proportionately, otherwise the redemption obligation will not apply. This means that each redemption order will only be executed proportionately. The unexecuted part of the order (remaining order) will also not be executed by the Company at a later point in time, but will rather expire (pro-rata approach with expiry of the remaining order).

Further details on the procedure of the redemption limitation can be found in the Sales Prospectus. The Company will publish the limitation on the redemption of shares and the lifting thereof on its website in a timely manner.

(5) It remains reserved for the Company, however, to temporarily suspend the redemption of the shares if extraordinary circumstances are given, which make a suspension appear to be required in the investors' interest.

(6) The Company must inform the investors about the suspension according to para. 5 and the resumption of redemption by publication in the Federal Gazette, and moreover in an adequately distributed financial or daily newspaper or in the electronic information media specified in the Sales Prospectus. The investors must be provided with information about the suspension and resumption of the redemption of shares, on a permanent data carrier, directly upon announcement in the Federal Gazette.

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

(1) Unless provided for otherwise in the STI, for calculating the issue and redemption prices of the shares, the market values of the assets held in the UCITS separate assets, less the borrowed loans and other liabilities (Net Asset Value) are assessed and divided by the number of circulating shares (Share Value). If according to § 16 (2), different share classes are introduced for the UCITS separate assets, the Share Value and the issue and redemption price must be assessed separately for each share class.

The valuation of the assets follows from Sec. 168 and Sec. 169 KAGB and the Capital Investment Accounting and Valuation Ordinance ("KARBV").

(2) The issue price equals the Share Value in the UCITS separate assets, plus an issue premium in accordance with Sec. 165 (2) no. 8 KARBV, if any, to be determined in the STI. The redemption price equals the Share Value in the UCITS separate assets, less a redemption mark-down in accordance with Sec. 165 (2) no. 8 KARBV, if any, to be determined in the STI.

(3) The settlement date for share calls and redemption orders is the next valuation date following the receipt of the share call or redemption order, unless defined otherwise in the STI.

(4) The issue and redemption prices are assessed on each trading day. Unless determined otherwise in the STI, the Company and the depositary can omit assessing the value on public holidays, which are trading days, and on 24th and 31st of December in any year; more details are defined in the Sales Prospectus.

## **§ 19 Costs**

The expenses and the remuneration in the Company's, the depositary's and third parties' entitlement, which can be charged to the UCITS separate assets, are disclosed in the STI. Regarding remuneration in the definition of sent. 1, the method, the amount and the basis of calculation of the remuneration must be disclosed in the STI in addition.

## **§ 20 Accounting**

(1) At the latest four months after the end of the financial year of the UCITS separate assets, the Company will pub-

lish an annual financial report including income and expense statement according to Sec. 101 (1), (2) and (4) KAGB.

(2) At the latest two months after the middle of the financial year, the Company will publish a half-year report according to Sec. 103 KAGB.

(3) If the right to manage the UCITS separate assets is transferred during the financial year to another investment management company, or if the UCITS separate assets are merged during the financial year into other UCITS separate assets, or a UCITS incorporated investment company with modifiable equity or an EU UCITS, the Company shall prepare an interim report as at the transfer date, which meets the requirements for an annual financial report according to para. 1.

(4) If the UCITS separate assets are liquidated, the depositary shall issue a liquidation report each year and as at the date on which the liquidation is completed, which conforms to the requirements for annual financial report according to para. 1.

(5) The reports shall be available from the Company and the depositary and further offices to be specified in the Sales Prospectus and the Key Information Document; they shall furthermore be published in the Federal Gazette.

#### **§ 21 Cancellation and liquidation of the UCITS separate assets**

(1) The Company can terminate the management of the UCITS separate assets in observation of a notice period of least six months by public notice in the Federal Gazette and additionally in the annual financial report or half-year report. The Investors shall be informed immediately of any cancellation declared pursuant to sent. 1 by means of a permanent data medium.

(2) On the termination taking effect, the right of the Company to manage the UCITS separate assets will expire. In that case, the UCITS separate assets or the right of disposition over the UCITS separate assets will transfer to the depositary, which shall liquidate and distribute it to the investors. For the time of the liquidation, the depositary will hold a claim to remuneration for its liquidation activity and for the refund of its expenses that are necessary for the liquidation. With the approval from the BaFin, the depositary can transfer the management of the UCITS separate assets, apart from the liquidation and

distribution, to another investment management company in accordance with the Terms of Investment applicable to date.

(3) The Company shall issue a liquidation report as at the date on which its management right pursuant to Sec. 99 KAGB expires, which conforms to the requirements for an annual financial report according to § 20 (1).

#### **§ 22 Change of the investment management company and depositary**

(1) The Company can transfer the UCITS separate assets to another capital management company. The transfer requires the prior approval from the BaFin.

(2) The approved transfer will be published in the Federal Gazette and additionally in the annual report or half-year report, as well as in the electronic information media specified in the Sales Prospectus. The transfer will become effective at the earliest three months after its announcement in the Federal Gazette.

(3) The Company can change the depositary for the UCITS separate assets. The change requires the approval from the BaFin.

#### **§ 23 Change to the Terms of Investment**

(1) The Company can change the investment conditions.

(2) Changes to the Terms of Investment require the prior approval from the BaFin.

(3) All changes intended will be published in the Federal Gazette and moreover in an adequately distributed financial or daily newspaper or in the electronic information media specified in the Sales Prospectus. In any publication pursuant to sent. 1, the intended changes and their effective date must be pointed out. In the event of changes that are detrimental to the investor in the costs as defined in Sec. 162 (2) no. 11 KAGB or changes that are detrimental to the investor in the essential investment rights as well as in the case of changes in the investment principles of the UCITS separate assets as defined in Sec. 163 (3) KAGB, simultaneously with the announcement pursuant to sent. 1, information must be given to the investors as to the contents of the intended changes to the Terms of Investment and the reasons for the changes in a comprehensible way and manner on a permanent data carrier. In the event of

changes to the existing investment principles, the investors must be informed of their rights in accordance with Sec. 163 (3) KAGB.

(4) The changes shall take effect at the earliest on the day after their announcement in the Federal Gazette; whereas, in case of changes in the costs and changes in the principles of investment, not before expiration of four weeks following the corresponding announcement.

#### **§ 24 Place of fulfilment**

The place of fulfilment is the Company's place of registration.

#### **§ 25 Dispute resolution procedures**

The Company has undertaken to participate in dispute resolution proceedings before a consumer mediation office.<sup>3</sup> In the event of disputes, consumers may call upon the Ombudsman's Office for Investment Funds of the BVI Bundesverband Investment und Asset Management e.V. as an independent consumer mediation office. The Company participates in dispute resolution proceedings before this mediation office.<sup>4</sup>

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

The European Commission has established a European Online Dispute Resolution platform at [www.ec.europa.eu/consumers/odr](http://www.ec.europa.eu/consumers/odr).<sup>5</sup> Consumers can use this platform for extrajudicial settlement of disputes arising from online sales contracts or online service contracts. The Company's e-mail address is: [info-am@la-francaise.com](mailto:info-am@la-francaise.com)

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<sup>3</sup> Sec. 36 (1)(1) Act on alternative dispute resolution in consumer matters

<sup>4</sup> Sec. 36 (1)(2) Act on alternative dispute resolution in consumer matters

<sup>5</sup> Article 14 of Regulation (EU) No 524/2013

## SPECIAL TERMS OF INVESTMENT

are established to govern the legal relationship between the investors and La Française Systematic Asset Management GmbH, Frankfurt/Main, ("Company"), for the separate assets managed by the Company in accordance with the UCITS Directive, **La Française Systematic Global Listed Infrastructure**, which apply exclusively in conjunction with the "General Terms of Investment" defined by the Company for the respective separate funds.

## PRINCIPLES OF INVESTMENT AND INVESTMENT LIMITS

### § 1 Assets

The company may acquire the following assets for the UCITS Fund (hereafter "Fund"):

1. securities according to § 5 GTI,
2. money market instruments according to § 6 GTI
3. bank deposits according to § 7 GTI,
4. fund shares according to § 8 GTI,
5. Derivatives according to § 9 GTI, and
6. other investment instruments according to § 10 GTI.

Securities lending and borrowing transactions according to § 13 and § 14 GTI are not concluded.

### § 2 Investment limits

(1) More than 50 percent of the value of the Fund are invested in securities in the definition of § 1 no. 1.

(2) More than 50 percent of the value of the Fund is invested in stocks issued by stock-exchange listed infrastructure companies and admitted to trading at a stock exchange or admitted to or included in another organised market and these are not shares in investment funds. Deemed an infrastructure company is a company,

(a) which is classified accordingly by at least one of the master data providers, Bloomberg Finance L.P. New York, Factset Research System Inc., Norwalk (USA), Datastream Professional/Thomson Reuters, New York., LPX Group, Zurich, or vwd Vereinigte Wirtschaftsdienste GmbH, Eschborn;

(b) the shares of which are components of the NMX Composite Infrastructure Global, FTSE Macquarie Global Infrastructure Index, Dow Jones Brookfield Infrastructure Index, MSCI Global Infrastructure Index, Deutsche Börse INFRAX Infrastructure, STOXX® Global Extended Infrastructure 100, UBS Global Infrastructure & Utilities Indexes or another recognised infrastructure index;

(c) the shares of which are acquired directly and indirectly by the iShares Global Infrastructure ETF (Macq.), the DB X-Trackers S&P Global Infrastructure or the Easyetf NMX30 Infrastructure Global; and/or

(d) the primary business purpose of which, measured by sales, profit and/or assets and documented in the most recently presented financial report and/or the most recently presented business plan, is the planning, development and/or operation of one or more infrastructure projects or the performance of services relating to such projects.

(3) Up to 49 percent of the value of the Fund may be invested in money market instruments according to § 6 GTI.

(4) Up to 49 percent of the value of the Fund may be held in bank deposits according to § 7 GTI.

(5) Up to 10 percent of the value of the Fund may be invested in fund shares according to § 8 GTI.

(6) Securities and money market instruments of the same issuer may be acquired for more than 5 percent up to 10 percent of the value of the Fund if the total value of the securities and money market instruments of these issuers does not exceed 40 percent of the value of the Fund.

## SHARE CLASSES

### § 3 Share classes

(1) Unit classes as defined in § 16(2) of the GTI may be formed for the Fund which differ in terms of the front-end load, currency of unit value (including the use of currency hedging transactions), management fee, minimum investment amount or any combination of these features. The formation of unit classes is permitted at any time and is at the discretion of the company.

(2) The conclusion of currency hedging transactions exclusively in favour of one single currency share class is permissible. For currency share classes with a currency hedge in favour of this share class (reference currency), the Company may also use Derivatives in the definition of Sec. 197 (1) KAGB, independently of § 9 GTI, on exchange rates or currencies, with the aim of avoiding losses in the Share Value in result of exchange rate losses of assets of the Fund that are not denominated in the reference currency of the share class.

(3) The Share Value is calculated separately for each share class, in that the costs of the issue of new share classes, distributions (including the taxes to be paid from the fund assets if applicable), the management fee, and the results from currency hedging transactions that are allocated to a certain share class including, if applicable, income equalisation are allocated exclusively to this share class.

(4) The existing share classes are enumerated both in the Sales Prospectus as well as in the annual and half-year financial report. The characteristics of the share classes (earnings appropriation, issue premium, redemption markdown, and currency of the Share Value, management fee, the minimum investment sum, or a combination of these characteristics) are described in detail in the Sales Prospectus and the annual and half-year financial report.

## **SHARES, ISSUE PRICE, REDEMPTION PRICE, REDEMPTION OF SHARES AND COSTS**

### **§ 4 Shares**

The investors participate in the respective shares of the Fund in the amount of their share as creditors by fractions.

### **§ 5 Issue and redemption prices**

(1) The issue premium amounts to 5 percent of the Share Value. It is at the Company's discretion to charge a lower issue premium.

(2) No redemption markdown will be applied.

(3) In deviation from § 18 (3) GTI, the settlement date for share call-offs and redemption orders is at the latest the valuation date following the next after receipt of the share call or redemption order.

### **§ 6 Costs**

(1) Remuneration to be paid to the company:

a) The company receives an annual fee for management of the Fund of up to 1.5 per cent of the average net asset value of the Fund, calculated on the basis of the daily-determined net asset value. For days on which no net asset value is calculated, the most recently calculated value applies. The management fee can be withdrawn from the Fund on a monthly basis. The company may charge a lower management fee for one or more share classes.

(2) The company receives from the Fund an annual all-in fee of 0.30 per cent of the average net asset value of the Fund, calculated on the basis of the daily-determined net asset value. For days on which no net asset value is calculated, the most recently calculated value applies. The all-in fee may be withdrawn from the Fund on a monthly basis. The all-in fee covers the following remuneration and costs, if any, which are not charged separately to the Fund:

- Remuneration of the depositary;
- Standard bank custody and account fees, including, where applicable, standard bank charges for the custody of foreign assets abroad;
- Costs for printing and mailing legally required sales documents intended for investors (annual and half-yearly reports, sales prospectuses, key information document);
- Costs of publishing annual and half-yearly reports, issue and redemption prices and, if applicable, distributions or reinvestments and of a liquidation report;
- Costs for preparation and use of a durable data medium, except in the case of information on fund mergers and information on measures relating to breaches of investment limits or calculation errors in determining unit values;
- Costs for the audit of the Fund by the Fund's auditors;
- Costs for the disclosure of the bases of taxation and the certification that tax information was ascertained in accordance with the provisions of German tax law;
- Costs for the redemption of coupons;

- Fees and costs levied by government authorities in relation to the Fund;
- Costs of legal and tax advice with regard to the Fund, with the exception of charges mentioned in item (4) b);
- Costs and fees that may be incurred in connection with the acquisition and/or use or designation of a benchmark or financial indices;
- Costs for the analysis of the Fund's investment performance by third parties.

(3) The amount withdrawn annually from the Fund as remuneration in accordance with (1) and (2) above may amount to up to 1.8 per cent of the average net asset value of the Fund, calculated on the basis of the daily-determined net asset value. For days on which no net asset value is calculated, the most recently calculated value applies.

(4) In addition to the flat-rate fee to which the company is entitled pursuant to Item (2), the following remuneration and costs may additionally be charged:

- a) Costs incurred in connection with the acquisition and disposal of assets;
- b) Costs for the assertion and enforcement of legal claims by the company for the accounting of the Fund, as well as for the defence of claims asserted against the company to the detriment of the Fund;
- c) Costs of appointing proxies.

(5) The company shall disclose in the annual and half-yearly reports the amount of front-end loads and redemption fees charged to the Fund during the period under review for the acquisition and redemption of units pursuant to § 196 of the German Investment Companies Act. When acquiring units that are managed directly or indirectly by the company itself, or by another company with which the company is affiliated through a significantly direct or indirect equity interest, the company or other company may not charge any front-end loads or redemption fees for the acquisition and redemption of units. The company is obliged to disclose in the annual and half-yearly reports the remuneration charged to the Fund by the company itself, any other capital management company, an investment stock corporation or another company with which the company is affiliated by a significantly direct or indirect equity interest, or by a foreign investment company, including its management

company, as a management fee for units held in the Fund.

## **APPROPRIATION OF EARNINGS AND FINANCIAL YEAR**

### **§ 7 Distribution**

(1) For share classes ( R ) and ( I ) the Company generally distributes the interest, dividends and other earnings accumulated during the financial year on account of the Fund, which are not used for coverage of costs, proportionally – in consideration of the related income equalisation. Realised sales profits – in consideration of the related income equalisation – can also be included proportionately in the distribution.

(2) Distributable proportionate earnings according to para. 1 can be carried forward for distribution in later financial years, insofar as the sum of the earnings carried-forward does not exceed 15 percent of the respective value of the Fund as at the end of the financial year. Earnings from shortened financial years can be carried forward completely.

(3) In the interest of maintaining asset value, part of the proportionate earnings can be designated for reinvestment in the Fund and in special cases also in the full amount.

(4) The distribution is made annually within four months after the end of the financial year by the paying agents specified in the distribution notices.

### **§ 8 Accumulation of income**

For share classes RC and IC the Company, while taking account of appropriate income equalization, reinvests in the UCITS investment fund the interest, dividends and other income which has accrued to the UCITS investment fund during the financial year and has not been used to cover expenses, as well as the capital gains that have been achieved.

### **§ 9 Return deadline and limitation of returns**

The Company does not assert the option pursuant to Sec. 17 (4) GTI to limit the redemption of shares.

### **§ 10 Financial year**

The financial year of the Fund is the calendar year.

**ESG ANNEX**

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

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

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

<b>Name of the product:</b> La Française Systematic Global Listed Infrastructure		<b>Company identifier (LEI code):</b> 529900IJHMNUYM0U2489	
<h2 style="color: green;">Environmental and/or social characteristics</h2>			
<b>Does this financial product have a sustainable investment objective?</b>			
<input checked="" type="radio"/> <input checked="" type="radio"/> <input type="checkbox"/> Yes		<input checked="" type="radio"/> <input type="radio"/> <input checked="" type="checkbox"/> No	
<input type="checkbox"/> It will invest a minimum percentage in <b>sustainable investments with an environmental objective of: _____%</b> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> It will invest a minimum percentage in <b>sustainable investments with a social objective of: _____%</b>		<input checked="" type="checkbox"/> It <b>promotes environmental/social characteristics</b> and while it does not have as its objective sustainable investments, it will have a minimum proportion of <u>0</u> % in sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective  <input checked="" type="checkbox"/> It promotes E/S characteristics but <b>will not make any sustainable investments.</b>	



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

The **principal adverse impacts** are the most significant adverse impacts of investment decisions on sustainability factors in the areas of the environment, social affairs and employment, respect for human rights and combating corruption and bribery.

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

As part of the investment process, the company uses the group's own research centre based in London and Paris to take sustainability risks and ESG criteria into account. In the process, 20% of the companies with the lowest ESG score are systematically excluded during portfolio construction. With regard to sustainability, the following criteria, among others, are taken into account at the level of the target companies: (i) environmentally sound, sustainable business practices; (ii) the conscious promotion of human capital and compliance with best labour standards; and (iii) good corporate governance.

No benchmark has been identified to determine whether and to what extent the investment fund is aligned with the promoted environmental and/or social characteristics.

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

In an initial phase, the total possible investment universe for the La Française Group is limited by an exclusion policy applicable to all products, which is primarily based on ESG criteria but also on other principles.

Thus, the following issuers are systematically excluded due to the exclusion policy of La Française Group:

- Issuers with connection to coal
- Issuers related to unconventional fossil fuels
- Issuers with connection to controversial weapons
- Issuers with connection to tobacco as well as
- Companies based in blacklisted and redlisted sensitive countries that require approval from LFSAM's Compliance Department on a case-by-case basis. These lists, maintained and updated by LFSAM's Compliance Department, are drawn up with regard to international sanctions and their impact in relation to terrorism and corruption.

The investment fund shall take into account the main adverse effects of investment decisions on sustainability factors in accordance with Annex 1, Table 1 of Delegated Regulation (EU) 2022/1288 (also "Disclosure Regulation").

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

The investment fund promotes environmental, social or responsible corporate governance (E/S/G) features. However, the fund has no direct sustainable investment objective. The Fund is classified as an Article 8 fund under the Disclosure Regulation and took into account corresponding sustainability aspects in its investment process.

As part of the investment process, the company uses the group's own research centre based in London and Paris to take sustainability risks and ESG criteria into account. In the process, 20% of the companies with the lowest ESG score are systematically excluded during portfolio construction. With regard to sustainability, the following criteria, among others, are taken into account at the level of the target companies: (i) environmentally sound, sustainable business practices; (ii) the conscious promotion of human capital and compliance with best labour standards; and (iii) good corporate governance. Sustainability risks can be consciously entered into and return opportunities identified in the sustainability analysis can be exploited. Sustainability risks can thus have a positive or negative impact on the fund's return in the investment process.

● **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

Investments in economic activities that contribute to environmental and/or social objectives shall avoid significantly compromising those objectives. With this investment, a significant impairment of these objectives is counteracted by strictly adhering to the exclusion criteria described above. For this investment fund, the principal adverse impacts of investment decisions on sustainability factors according to Annex 1, Table 1 of Regulation (EU) 2022/1288 (also "Principal Adverse Impact" or "PAIs") are also taken into account.

— **How have the indicators for adverse impacts on sustainability factors been taken into account?**

By strictly applying the exclusion criteria and taking into account the PAI assessment of the external data provider ISS ESG, the investment fund takes into account the principal adverse impacts of investment decisions on sustainability factors as set out in Annex 1, Table 1 of Regulation (EU) 2022/1288.

**How are sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights? More details:**

In the short term, the company will expand its exclusion criteria for all its products to exclude companies that violate the principles of the United Nations Global Compact.

The EU taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm the objectives of the EU Taxonomy and is accompanied by specific EU criteria.

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

Any other sustainable investments must also not significantly harm any environmental or social objectives.



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

Yes, \_\_\_\_\_

by strictly applying the exclusion criteria and taking into account the PAI assessment of the external data provider ISS ESG, the investment fund takes into account the principal adverse impacts of investment decisions on sustainability factors as set out in Annex 1, Table 1 of Regulation (EU) 2022/1288. The information pursuant to Article 11(2) of Regulation (EU) 2019/2088 (annual report of the Fund) can be found at <https://www.la-francaise-systematic-am.com/> under the heading "Products" under the relevant Fund in the section "Mandatory Publications".

No



## What investment strategy does this financial product follow?

The detailed investment strategy of the investment fund is set out in the sales prospectus in the chapter "Investment objectives, strategy, principles and limits".

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

Binding elements of the investment strategy used to achieve the environmental and social characteristics are the strict application of the exclusion criteria defined for the investment fund, ESG scoring and the UN Principles for Responsible Investment ("PRI").

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

The size of the investments considered will not be reduced by a committed minimum rate prior to the application of this investment strategy.

- ***What is the policy to assess good governance practices of the companies invested in?***

The verification of good corporate governance is an integral part of the ESG scoring.

The **investment strategy** serves as a guideline for investment decisions, taking into account certain criteria such as investment objectives or risk tolerance.

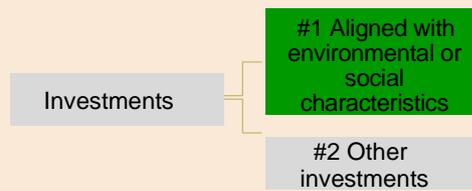
Good governance practices include sound management structures, employee relations, employee remuneration and tax compliance



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

The fund is a globally investing equity fund with a sector focus.

The focus of the investment is on shares in listed infrastructure companies. Stock selection is performed systematically via application of a proprietary set of stock selection rules. Companies, sovereigns and other issuers that do not violate the sustainability requirements described above are considered as sustainable or as investments made to achieve the promoted environmental or social characteristics. Their share in the fund's assets should be as close to 100% as possible. The Other investments can be, for example, cash for liquidity management, derivatives or financial instruments that do not meet the sustainability requirements or for which insufficient data is available to assess the existence of these.



**#1 Aligned with E/S characteristics** includes the investments of the financial product **used to attain** the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of companies invested in

- **capital expenditure** (CapEx) showing the green investments made by companies invested in, e.g. for a transition to a green economy

- **operational expenditure** (OpEx) reflecting green operational activities of companies invested in

### Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

### Transitional activities

are activities for which low-carbon alternatives are not yet available and which, among other things, have greenhouse gas emission levels corresponding to the best performance.

● **To what extent are the environmental or social characteristics promoted by the financial product attained through the use of derivatives?**

The mutual fund may use derivatives for investment and hedging purposes. These instruments are not used to achieve the environmental or social characteristics promoted by the financial product.



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

N/A

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

N/A



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



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

N/A



● **What is the minimum share of socially sustainable investments?**

N/A



● **Which investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

For the investment fund, for example, hedging instruments, investments for diversification purposes, investments for which no data are available or cash for liquidity management may be acquired under "#2 Other". The investments are exempted from a sustainability impact assessment and do not imply any minimum environmental or social safeguards.



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

No index has been established as a reference benchmark to determine whether and to what extent the investment fund is aligned with the promoted environmental and/or social characteristics.

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



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

Further product-specific information is available at:

Unit class (R):

<https://www.la-francaise-systematic-am.com/produkte/aktienfonds/details/la-francaise-systematic-global-listed-infrastructure-r/>

Unit class (RC):

<https://www.la-francaise-systematic-am.com/produkte/aktienfonds/details/la-francaise-systematic-global-listed-infrastructure-rc/>

Unit class (I):

<https://www.la-francaise-systematic-am.com/produkte/aktienfonds/details/la-francaise-systematic-global-listed-infrastructure-i/>

Unit class (IC):

<https://www.la-francaise-systematic-am.com/produkte/aktienfonds/details/la-francaise-systematic-global-listed-infrastructure-ic/>

# SHARE CLASSES IN SUMMARY

	Share class R	Share class I	Share class RC	Share class IC
<b>Date of issue</b>	02/07/2001 <sup>2</sup>	14/08/2014 <sup>2</sup>	15/07/2020 <sup>2</sup>	15/07/2020 <sup>2</sup>
<b>WKN</b>	976334	A0MKQN	A2P4YW	A2P4YX
<b>ISIN</b>	DE0009763342	DE000A0MKQN1	DE000A2P4YW1	DE000A2P4YX9
<b>Currency</b>	EUR	EUR	EUR	EUR
<b>Sales registration</b>	DE, AT, FR, LU, ES			
<b>Entry fee</b>	5 %	0 %	5 %	0 %
<b>Management fee</b>	1,5 % p.a.	0,75 % p.a.	1,5 % p.a.	0,75 % p.a.
<b>Performance fee p.a.</b>	None	none	none	none
<b>Operational fee</b>	0,3 % p.a.	0,3 % p.a.	0,3 % p.a.	0,3 % p.a.
<b>Minimum investment amount<sup>1</sup></b>	None	EUR 100,000	none	EUR 100,000
<b>Use of income</b>	Distribution	distribution	accumulation	accumulation
<b>Financial year</b>	Calendar year	Calendar year	Calendar year	Calendar year

1) The Company can determine deviations under distribution agreements

2) British English date format (day/month/year) used

# ADDITIONAL INFORMATION FOR INVESTORS IN AUSTRIA, FRANCE, LUXEMBOURG AND SPAIN

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The following precise and supplementary information to the prospectus is intended for potential buyers in the Republic of Austria, France and Luxembourg and Spain:

**Paying agents in the respective country in which the units of the investment fund are publicly distributed are:**

**Austria:**

Société Générale S.A., Paris  
Vienna branch  
Prinz Eugen-Straße 8-10/5/TOP 11  
A-1040 Vienna

**Luxembourg:**

La Française AM Finance Services  
Luxembourg branch LFFS  
60 Grand Rue  
LU-1660 Luxembourg

Redemption fees for the separate assets can be submitted to the named paying agent. The paying agent will also clear and pay out the redemption price in cooperation with the company and the custodian.

Investors in France and Spain may submit their buy, sell and conversion orders to their Depositary. Payments to investors, such as redemption proceeds, any distributions and other payments, are made through their Depositary.

**The following documents and information relating to the separate assets are published on the company's website at [www.la-francaise-systematic-am.com](http://www.la-francaise-systematic-am.com):**

- Sales prospectus including terms of Investment
- ESG-Annex
- Key investor information („PRIIPs KID“)
- Past performance
- Annual and semi-annual report
- Issue and redemption prices
- Fund assets (net inventory value of the separate assets)

**In the Republic of Austria, France and Luxembourg, other public investment funds managed by the company which are not included in this sales prospectus are admitted for public distribution.**

# COMPANY DETAILS

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## La Française Systematic Asset Management GmbH

Neue Mainzer Str. 80

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Phone: +49 (0) 69 97 57 43 -0

Fax: +49 (0) 69 97 57 43 -81

info-am@la-francaise.com

www.la-francaise-systematic-am.com

Liable equity

€7.4 million, status 31/12/2022<sup>3</sup>

Subscribed and paid in capital

€2.6 million, status 31/12/2022<sup>3</sup>

## General partner

Groupe La Française

Paris

## Managing Directors

Berit Hamann, 20355 Hamburg

Dennis Jeske, 20144 Hamburg

Kay Scherf, 63110 Rodgau

Mark Wolter, 50937 Köln

## Custodian

BNP Paribas S.A.

Germany Branch

Senckenberganlage 19

60325 Frankfurt/Main

Liable equity: € 1,881 million

status 31/12/2021<sup>3</sup>

## Auditors

FFA Frankfurt Finance Audit GmbH

Wirtschaftsprüfungsgesellschaft

Frankfurt/Main

## Supervisory Board

Philippe Lecomte

CEO La Française AM Finance Services

Head Business & Corporate Development

Groupe La Française

Paris

Chair

Philippe Verdier

Chief Financial Officer

Groupe La Française

Paris

Vice Chair

Dr Sybille Hofmann

independent member of the supervisory board

## Association member of

BVI Bundesverband

Investment und Asset Management e.V.

Frankfurt/Main



# LA FRANÇAISE

SYSTEMATIC ASSET MANAGEMENT

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