Information Brochure

First Capital Management Group GmbH –
Wealth Management

(Portfolio Manager: ThomasLloyd Global Asset Management (Americas) LLC)

and

ThomasLloyd Global Asset Management GmbH –
Investment Brokerage

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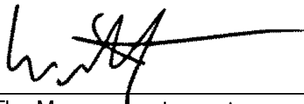
Dear Ladies and Gentlemen,

We are very pleased that you are interested in the services of First Capital Management Group GmbH and ThomasLloyd Global Asset Management GmbH.

In the following, we would like to inform you in accordance with Sec. 63 (7) Securities Trading Act about First Capital Management Group GmbH and ThomasLloyd Global Asset Management GmbH, the kind of offered services and transactions and about the associated risks and costs related to our services.

Best regards,

First Capital Management Group GmbH



The Management

ThomasLloyd Global Asset Management GmbH

The Management

A. INFORMATION ABOUT FIRST CAPITAL MANAGEMENT GROUP GMBH AND ITS SERVICES

In the following, we will inform you about First Capital Management Group GmbH (hereinafter "FCM") and the services offered by us.

Information about FCM

Name and address of FCM

First Capital Management Group GmbH
Address: Herzogstraße 60, 80803 Munich
Phone: +49 89 38 83 85-0
Fax: +49 89 38 83 85-19
Email: info@1st-group.com
Internet: www.1st-group.com

Legal representatives

Managing Director: Thomas Doll
Maximilian Prinz zu Sayn-Wittgenstein-Berleburg

Competent supervisory authority

FCM holds a license as portfolio manager (Finanzportfolioverwalter), investment advisor (Anlageberater), investment manager (Anlageverwalter) and investment and contract broker (Anlage- und Abschlussvermittler) pursuant to Sec. 32 Banking Act (KWG) and it is supervised by the German Federal Financial Supervisory Authority (BaFin), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Str. 24-28, 60439 Frankfurt/Main. FMC's BaFin ID is 116957.

Commercial Register

FCM is registered in the Commercial Register of the Local Court Munich under number HRB 127164.

Value added tax identification number

FMC's VAT ID No. is: DE204233263

Information on bank details

FCM's bank details are:
IBAN: DE46 7346 0046 0000 0230 00
BIC: GENODEF1KFB

List of the competent arbitration institutions

Germany

The arbitration board of the Federal Financial Supervisory Authority (BaFin) offers a possibility for out-of-court dispute resolution for property disputes arising from financial services contracts. Applications and required documents should be sent by post or as a fax or e-mail attachment to:

Schlichtungsstelle bei der Bundesanstalt für Finanzdienstleistungsaufsicht
Referat ZR 3
Graurheindorfer Straße 108, D-53117 Bonn

Phone number: 0228 / 4108-0
Fax: 0228 / 4108-62299
E-Mail: schlichtungsstelle@bafin.de

Switzerland

FCM has joined an out-of-court dispute resolution office for disputes arising from financial services contracts with clients domiciled in Switzerland. It can be contacted at:

Financial Services Ombudsman Association (Verein Ombudsstelle Finanzdienstleister) (OFD)
Bleicherweg 10, 8002 Zurich

Phone numbers: +41 (0)44 562 05 25
E-Mail: ombudsmann@ofdl.ch
Webseite: www.ofdl.ch

B. INFORMATION ABOUT THOMASLLOYD GLOBAL ASSET MANAGEMENT GMBH AND ITS SERVICES

In the following, we will inform you about ThomasLloyd Global Asset Management GmbH (hereinafter "TL") and the services offered by TL.

Information about TL

TL acts as a so-called "tied-agent" of FCM. As such, TL is entitled to perform the investment brokerage acting for the account and under the liability of FCM. TL is registered as a tied agent with the respective national supervisory authority and entered in BaFin's registry of "tied-agent". Name and address of TL

ThomasLloyd Global Asset Management GmbH
Hanauer Landstraße 291b
60314 Frankfurt
Email: wm.europe@thomas-lloyd.com
Internet: www.thomas-lloyd.com

Legal representatives

Managing Director: Matthias Klein

Commercial Register

TL is registered in the Commercial Register of the Local Court of Osnabrück under number HRB 210524.

Value added tax identification number

TL's VAT ID No. is: DE216559660

Information on bank details

TL's bank details are:
IBAN: DE55 2666 0060 1107 2792 00
BIC: GENODEF1LIG

List of competent arbitration institutions

TL acts as contractually "tied-agent" of FCM. In this respect, the same arbitration or mediation bodies listed under point A apply to disputes under commercial law arising from financial services contracts as apply to FCM.

C. FURTHER INFORMATION PURSUANT TO ART. 47 DELEGATED REGULATION (EU) 2017/565 AS APPLICABLE TO FCM AND – WHERE RELEVANT – TO TL

I. Means of communication and language

You can communicate with us by phone, in writing or electronically (email) and issue orders to us through these channels. The relevant languages for the start and the execution of the contractual relationship is German, English, French, Czech or Italian. The General Terms and conditions of Contract and this information brochure are provided to you exclusively in German, the language chosen by you and specified above. In case of discrepancies, the German language version shall prevail. Communication via email, e.g. as part of the initiation of contact, is not suitable for the encrypted transmission of confidential information. However, if we receive an email from you, we will conclude from this that we are also permitted to answer by unencrypted email, unless you explicitly request another form of communication.

II. Tied Agents

TL performs its investment brokerage services acting for the account and under the liability of FCM – to the extent required by supervisory law (Sec. 2 (10) KWG).

III. Notifications of services rendered

Notification of the provision of wealth management services

FCM provides the client with information about costs. The client will receive this information before the conclusion of a wealth management agreement (ex-ante costs & charges disclosure) and on a regular basis, at least at annual intervals if a continuous business relationship is established (ex-post costs & charges disclosure). The ex-ante information on cost is an estimate based on experience. It can differ from the actual costs. In particular, it is not possible for FCM within the scope of a wealth management to forecast the exact costs of required transactions in the securities account for the future. This depends on the development of the securities markets and the necessary steps to protect the portfolio. The ex-post information on cost, in contrast, is compiled on the basis of the costs actually incurred during the respective reporting period. The information on cost presents the costs in summarised form, so that the client can understand both the total costs as well as the cumulative effect of the costs on the investment returns. At the client's request, the client will receive a compilation broken down into the individual cost items. The details regarding the reporting are defined in the respective client contracts.

Within the scope of the wealth management, in addition to access to the online system where information is available at all times, FCM will provide you with an accountability report at least once every twelve months regarding the previous calendar year ended, e.g. about the composition and valuation of the portfolio, profits earned, the value development during the reporting period and in comparison to a reference value (Benchmark, if such a benchmark has been defined), costs incurred and the executed transactions, unless such an accountability report is being made available to you by other parties. The accountability report also includes a statement of how the investments made are consistent with your preferences, investment goals and other attributes. In those cases where you want to receive information about executed transactions individually, FCM will transmit to you the relevant information about the executed transaction directly after execution of an order and FCM will provide you with a confirmation that the order was executed at the latest on the first business day after execution of the order or – if FCM receives the confirmation of execution from a third party – at the latest on the first business day after receipt of the confirmation from the third party, unless you already receive such a confirmation from a third party.

In addition, FCM will inform you in a suitable manner if the total value of your portfolio that is to be evaluated in the beginning of the respective reporting period drops by 10%, and thereafter in 10%-steps on each value loss, notably at the end of the business day on which the threshold value is exceeded or – if the threshold is exceeded on a day closed for business – at the end of the next business day. If your client portfolio contains positions of credit-financed financial instruments or transactions with contingent liabilities, FCM will inform you in a suitable manner if the original value of the relevant financial instrument drops by 10% and thereafter in 10%-steps on each value loss. Unless agreed otherwise with you, the reporting will be provided separately for each financial instrument, at the latest at the end of the business day on which the threshold value is exceeded or – if the threshold is exceeded on a day closed for business – at the end of the next business day.

Notifications when providing investment brokerage service

TL provides the client with cost information. The client will receive such information before setting up an investment account and before concluding a purchase of financial instruments (ex ante cost information) and regularly, at least at annual intervals in the event of the existence of an ongoing business relationship (ex post cost information). The ex ante cost information is an estimate based on previous data. This may deviate from the actual costs. The ex-post cost information, on the other hand, is prepared on the basis of the actual costs incurred during the respective reporting period. In the cost information, the costs are presented in summary form so that the client can understand both the total costs and the cumulative effect of the costs on the return of the investment. At the client's request, the client shall receive a statement that is broken down according to the individual cost items.

IV. Protection of the client's financial instruments and funds, deposit guarantee

FCM and TL are not authorised to acquire possession or ownership of clients' assets. The clients' assets shall be kept in custody by the depositary bank appointed by the respective client and affiliated to the Deposit Protection Fund or the Compensation Scheme that is legally prescribed in the respective country. The client can find all the details about this in the information provided by the depositary bank.

Clients, who utilise securities-related services of financial services institutes like FCM and TL (as tied-agent), are protected through the investor compensation systems prescribed in the respective countries. The respective country-specific compensation scheme of the securities trading companies is responsible for this. The respective compensation institutes will pay a compensation – depending on the country-specific legal and supervisory obligation – if a securities trading company is no longer capable of fulfilling its liabilities from securities transactions to its clients and – to the extent prescribed – the national supervisory authority has determined that a case qualifying for compensation is given. In some countries, the compensation claim may be limited. The country-specific limits for a compensation payment apply.

The risk of wealth management in breach of duty, abuse of authority or deficient transfer of orders by FCM or TL might potentially not be covered by the respective compensation institutes. To avoid this risk materialising, FCM and TL have committed themselves and their employees to ethical standards. Diligence and honesty, lawful and professional conduct, compliance with market standards and, in particular, respect for the decisiveness of the client's interest are expected at all times.

Details on the scope and conditions of a compensation claim can be found in the legal regulations (in particular, in the relevant laws in each country) as well as in the information provided on the internet.

V. Services relating to the investment in financial instruments

In connection with the investment in financial instruments, securities services companies such as FCM and TL (as tied-agent) regularly offer various services. The scope of the rules of conduct applicable to securities services companies, in particular with regard to the client information to be obtained, and regarding the obligation to check financial instruments or services for their suitability or appropriateness for the client is determined by the service provided in each case.

Portfolio management

Portfolio management (also referred to as wealth management) means the management of the client's assets invested in financial instruments, for which purpose the portfolio manager is entitled to own margin of discretion with regard to the investment of client assets within the scope of the investment mandate as defined by the client.

The wealth manager is granted the authority by the client to make investment decisions at his own discretion in line with the investment guidelines determined by the client, if the wealth manager believes that these decisions are expedient for the management of the client's assets. The wealth manager may accordingly dispose over the corresponding assets within these limits, e.g. through purchase and sale at the stock exchange or over-the-counter, as a fixed price or commission transaction without having to obtain an instruction from the client beforehand in each case.

Within the scope of the wealth management, comprehensive duties to protect the client's interests apply on the part of the securities services enterprise to the extent that it manages and monitors the client assets covered by this service. Accordingly, wealth management requires that the securities services enterprise obtains detailed knowledge of the client's personal circumstances on the conclusion of a wealth management agreement and that it conducts a detailed check as to the suitability of the service or an investment decision as part of the wealth management. In doing so, the securities services enterprise obtains pertinent information about the client's financial position and the investment objectives that enable it to make investment decisions that are suitable for the client.

A separate securities account and current account will be set up for the client in which the client's assets subject to wealth management are kept and to which the transactions made in the course of the wealth management are entered. Solely the client is the owner of the securities account and the current account and permitted to make transfers and withdrawals. The wealth manager receives power of disposition authorising them to exercise transactions through the client's securities and current account in the name and on account of the client within the scope of the investment guidelines. However, the wealth manager is not authorised to acquire ownership of the client's assets or to transfer these to securities or current accounts that do not belong to the client.

In investment decisions, the wealth manager is bound by the investment guidelines agreed upon beforehand, which determine its authorities and the kind and scope of the wealth management, and it must make investment decisions in the client's best interest.

Wealth management is commonly oriented on the long-term accumulation or preservation of assets. The client should therefore have a long-term investment horizon, as this increases the probability that the portfolio can recover again in the event of negative value developments. It is advisable to only use assets for wealth management that are not required to cover short or medium-term costs of living or satisfaction of other liabilities. Wealth management is associated with risks for the client's asset position. Even though the wealth manager is obligated to act in the client's best interest at all times, bad decisions might be made or even misconduct might occur on the wealth manager's side. The wealth manager cannot provide any warranty for success or avoidance of losses. Likewise, a breach of the investment guidelines agreed with the client can occur without intent or negligence by the wealth manager, e.g. due to changes in the market.

The wealth management requires approval from the German Federal Financial Supervisory Authority (BaFin). Among other aspects, the BaFin examines the suitability of the management of the securities services enterprise for wealth management in the application for permission, whereas it explicitly does not approve or agree to the services or products specifically offered as part of the wealth management.

Investment brokerage

Investment broking is the brokering of transactions for the acquisition and/or sale of financial instruments.

The investment intermediary acts only as a facilitator and transmits the client's declaration of intent to acquire and/or dispose of financial instruments. The investment broker does not make any declarations of intent of its own.

Investment brokerage is also the targeted representation of the investor's intention to conclude a specific transaction on the acquisition and/or sale of financial instruments with a third party.

An investment broker generally requires a licence from BaFin. However, contractually tied-agents under the liability umbrella of a financial services institution do not require an additional licence.

VI. Services offered by FCM

FCM currently offers the following services:

- Portfolio management
  FCM has delegated the portfolio management to ThomasLloyd Global Asset Management (Americas) LLC with registered office in 427 Bedford Road, Pleasantville, New York 10570, USA.
- Contract Brokerage

VII. Services offered by TL

TL currently offers the following services:

- Investment brokerage acting for the account and under the liability of of FCM (Sec. 2 (10) KWG) respectively according to its permit under commercial law pursuant to Sec. 34 f) GewO (German Industrial Code).

VIII. Information regarding the provision of portfolio management

The following information pertains to the provision of portfolio management (also referred to as wealth management) by FCM.

1. Valuation method for the valuation of the wealth manager’s performance (benchmark)

In order for the client to be able to evaluate the wealth manager's performance, a so-called benchmark can be agreed as a standard of comparison when determining the investment strategy for the client's portfolio. If a benchmark is set, it shall be defined in consideration of the client's investment objectives and the type of financial instruments used in the wealth management. For example, the specification of indices or an interest rate comes into consideration as a benchmark. A concrete benchmark for the client portfolio will be determined only when the individual investment strategy is agreed upon as part of the conclusion of the contract.

An agreed benchmark, if any, serves merely as a reference standard in the context of the wealth management reporting. The wealth manager does not owe the achievement of the benchmark in the form of the value development of the managed client portfolio.

2. Management objectives, risk level to be observed by the wealth manager and specific limitations of discretionary decisions

The client can find the various investment strategies and the respectively applicable investment guidelines in Annex 2 to the Wealth Management Agreement, which will be provided to the client in a separate document. A concrete investment strategy including investment guidelines for the client portfolio will be determined only in the course of the conclusion of the contract.

3. Manner as well as frequency of the valuation of the financial instruments in the client portfolio

For financial instruments that are traded at an organised stock exchange, there are prices available on each trading day, so that these financial instruments will be valued on each trading day. Financial instruments that are not listed at a stock exchange are valued when the prices of the respective issuer of the financial instrument or the respective fund management company are determined on the basis of legal regulations. The value of all financial instruments held in the client portfolio will furthermore be measured at the end of the respective reporting period as part of the client portfolio reporting. The interval of the reporting follows from Section III [and the General Terms of Contract].

4. Details about a delegation of the wealth management

In accordance with Sec. 80 (6) WpHG (Securities Trading Act) in conjunction with Art. 32 Delegated Regulation (EU) 2017/565, FCM has delegated the portfolio management to ThomasLloyd Global Asset Management (Americas) LLC with registered office in 427 Bedford Road, Pleasantville, New York 10570, USA.

5. Kind of the financial instruments that can be acquired for the client portfolio and of the transactions executable with these instruments

Special risks can result when financial instruments that are not admitted for trading at a regulated market, derivatives or illiquid or particularly volatile financial instruments are acquired for the client portfolio or whenever short sales or purchases on credit are made for the account of the client portfolio. Comprehensive information about the risks relating to the various types of financial instruments can be found in Section D. The types of financial instruments and the type of transactions that can be executed with these instruments, as well as any restrictions are the results of the investment strategy that is pursued by the client portfolio and agreed on with the client as part of the contract, and of the investment guidelines that are determined for the chosen investment strategy.

D. INFORMATION ON THE TYPES OF FINANCIAL INSTRUMENTS INCLUDING RELATED RISKS

In the following, we will inform you about the types and the risks of the financial instruments that can be acquired as part of FCM's services.

I. Possibilities to invest in financial instruments at FCM

FCM invests its clients' money in equities, bonds, profit participation certificates and profit participation rights, certificates, warrants, options and futures, as well as shares in open and closed-ended investment funds including alternative investment funds, e.g. hedge funds, private equity/debt funds, infrastructure funds and real estate funds. The individual investment classes are described in the following sections, as well as the general and specific risks of an investment in the individual described asset classes.

II. General risks of investments in financial instruments

1. General risks of investments in financial instruments and other assets

In the investment in financial instruments general risks apply to all asset classes and services relating to the investment in financial instruments. Some of these risks are described below.

2. Cyclical risk

The cyclical risk refers to the risk of losses caused by the investor's lack of consideration or incorrect consideration of the cyclical economic development in his investment decisions who thereby makes a financial investment at the wrong time or holds or does not sell financial instruments during an unfavourable cyclical phase.

The macroeconomic development of a national economy typically progresses in wave-like movements, the phases of which can be subdivided into sections of upswing, high, downswing and low phase. These cyclical phases and the frequently related interventions by governments and central banks can persist for several years or decades and have significant influence on the value development of various asset classes. Cyclically unfavourable phases can therefore have negative impact on a financial investment over the long term.

The changes of the economic activity in a national economy always have effects, for example, on the price development of securities: prices fluctuate in the rhythm of cyclical upswing and downswing phases of the economy.

Investors should therefore note that investment forms that are recommendable and permit profits in certain cyclical phases are less suitable in another phase and might entail losses.

3. Inflation risk

The inflation risk is the risk of suffering financial losses through currency devaluation. If the inflation – thus, the positive change of prices for goods and services – is higher than the nominal interest accumulation of a monetary investment, this results in a loss of purchasing power in the amount of the difference. In that case, it is referred to as negative real interest. The real interest accumulation can serve as a reference value for a potential loss of purchasing power. If the nominal interest rate of a monetary investment over a given period is 4% and if the inflation during this period is at 2%, this results in a real interest rate of +2% per year. In the event of an inflation of 5%, the real interest accumulation would only amount to -1%, which would equal a loss of purchasing power of 1% per year.

4. Country risk

A foreign state can take influence on movements of capital and the transferability of its currency. If a debtor domiciled in such a country is, despite his own solvency, not able to fulfil an obligation (on time) for this reason, this is referred to as the country or transfer risk. An investor can suffer a financial loss in result of this.

Reasons for intervention in the financial markets and/or transfer limitations in spite of an adequate credit rating can be, e.g. lack of foreign currency, political and social events such as a change of government, strike or conflicts in international relations.

Specific risk factors relating to an investment in a foreign country

Investments, in particular in a foreign country, involves the risk of adverse political developments, including nationalisation, confiscation without fair compensation and acts of terrorism or war and of changes governmental policies. Furthermore, foreign jurisdictions may impose restrictions to prevent capital flight, which could make it difficult or impossible to exchange or repatriate foreign currency. In addition, laws and regulations of foreign countries may impose restrictions or approvals, which would not exist in the investor's country of origin and may require financing and structuring alternatives, which differ significantly from those customarily used in the investor's country of origin. No assurance can be given that a political or economic climate or particular legal or regulatory risk, might not adversely affect an investment. It may be infeasible for various investment vehicles to invest in certain investment structures as they or certain investors or potential investors may be subject to adverse tax, regulatory or other detrimental consequences; this may limit the investment options for the various investment vehicles.

Issuers of investment vehicles are generally subject to different accounting, auditing and financial reporting standards in different countries throughout the world. The volume of trading, the volatility of prices and the liquidity of issuers may vary in the markets of the different countries. Business hours, customs and access to these markets are often different for external investors. In addition, the level of government supervision and regulation of the stock exchanges, securities dealers and listed and unlisted companies is different throughout the world. The laws of some countries may limit the ability to invest in securities of certain issuers located in those countries. In addition, there may be a lack of adequate legal recourse for the redress of disputes and in some countries the pursuit of such disputes a highly prejudiced legal system. These risks may be greater in emerging markets.

Emerging markets

Investors should be aware that investments in emerging markets may involve, due to the economic and political development process which some of these countries are undergoing, a higher degree of risk which could adversely affect the value of the investments. Among other things, investments in emerging markets involves risks such as the restriction on foreign investments, counterparty risks, higher market volatility and the illiquidity of the companies' assets depending on the market conditions in certain emerging markets. Moreover, companies may be subject to considerably less state supervision and less differentiated legislation. Their accounting and auditing do not always match the standards utilised in developed markets.

Investments in some emerging countries are also exposed to higher risks in respect of the possession and custody of securities. Ownership of companies is for the most part determined by registration in the books of the company or its registrar. Certificates evidencing the ownership of companies are frequently not held by the custodian bank, any of its correspondents or an efficient central depositary. As a result and due to lack of efficient regulation by government bodies, the investment vehicles may lose the possession of or the registration of shares in companies through fraud, serious fault or negligence.

5. Currency risk

In investments denominated in a currency different from the investor's home currency, the return earned does not exclusively depend on the nominal profit of the investment in the foreign currency. It is also influenced by the development of the exchange rate between foreign currency and home currency. Besides long-term factors such as inflation trends, also medium-term factors such as balance of trade and services indicators, and short-term factors such as current market sentiment or political conflicts can influence a country's exchange rate. Financial losses can arise for the investor when the foreign currency in which the investment was made is devalued compared to the home currency. In that case, the loss from currency valuation can substantially exceed the returns otherwise achieved with the investment and thus lead to a total loss for the investor. Inversely, an advantage for the investor can result if the home currency is devalued.

6. Volatility

The prices of financial instruments experience fluctuations in the course of time. The severity of these fluctuations within a certain period is referred to as volatility. Volatility is calculated by means of historical data according to certain statistical methods. The higher the volatility of a financial instrument, the more the price will move up or down. An investment in financial instruments with high volatility is accordingly more risky, as it entails a greater potential of losses.

7. Liquidity risk

The liquidity risk of a monetary investment means the risk for an investor of not being able to sell his securities at any time for prices in line with the market. In general, supply and demand of a market are decisive for the processing of securities transactions. If there are only few and widely differing orders for a security on the market, a market is referred to as being illiquid. In that case, it is not possible to execute purchase or sale orders immediately, or only in part or only at unfavourable conditions. This has the effect that an average-sized sales order commonly leads to noticeable price fluctuations in those cases or that it can only be executed at a significantly lower price level.

8. Cost risk

When buying and selling financial instruments, incidental charges are incurred besides the actual price of the financial instrument. The incidental charges can be divided into three categories. The first category considers costs that are directly tied to the purchase. This includes transaction costs and commissions that are passed on by credit institutes to the client. The second category comprises consequential costs such as depositary expenses. The third category considers costs beyond this, for example, the management fees for shares held in investment funds. The amount of the incidental charges directly affects the realisable return from a financial instrument for an investor. The higher the incidental charges, the higher the return must be to cover the costs.

9. Tax risks

Earnings generated by financial investments are generally subject to taxes and/or levies for the investor. Changes in the tax framework conditions for capital gains can lead to a change of the tax burden and the levies charged. In the case of foreign investments, double taxation may also occur. Taxes and levies therefore reduce the investor's actual return. Moreover, decisions of tax policy can have positive or negative impacts on the overall price development of the capital markets.

10. Risk of credit-financed investments

In some cases, investors can receive additional funding for the financial instrument by borrowing loans or encumbering their financial instruments with the aim of raising the sum invested. This strategy causes a leverage effect of the capital employed and can lead to a significant increase of the risk. This leverage effect becomes even stronger when the credit-financed financial instrument itself has leverage as in the case of options or futures trading. In the event of a decrease of the value of the financial instrument, it might not be possible under certain circumstances to satisfy additional funding obligations for the loan or interest and redemption claims of the loan, and the investor might be forced to make a (partial) sale of the financial instruments. Investors should use exclusively freely available capital for the financial investment, which they do not need for coverage of the running costs of living and current liabilities. Investors should never rely on being able to repay the borrowed credit and interest from the earnings generated by the financial investment, but they should ensure that they can also bear the credit and interest if the financial investment leads to losses or even results in a total loss.

11. Risk of incorrect information

Correct information forms the basis for successful investment decisions. False decisions can be made based on missing, incomplete or incorrect information, and due to an incorrect or belated transfer of information. For this reason, it might be inappropriate under some circumstances to rely on one single source of information when interested in a financial investment, but to obtain further information.

12. Transmission risk

Orders of the investor to purchase or sell financial instruments must contain certain information that is absolutely required so that the investor obtains a right of execution against the securities services enterprise and to avoid misunderstandings. This includes in particular purchase and sale instructions, the number of issues or the nominal amount, and the exact name of the financial instrument.

13. Risk of self-custody of securities

Self-custody of securities carries the risk of the loss of certificates, for example, through fire or theft. Reobtaining the securities certificates that embody the investor's rights may be time- and cost-consuming. Investors who keep their securities in self-custody furthermore risk missing important dates and deadlines, so that certain rights from the securities can be claimed only belatedly or not at all anymore.

14. Risk of keeping securities in custody abroad

Securities acquired in foreign countries are frequently kept in the custody of a third party abroad that was selected by the depositary bank. This can entail increased costs, longer delivery periods and complications regarding foreign jurisdictions. Especially in the case of insolvency proceedings or other enforcement measures against the foreign custodian, access to the securities may be limited or even barred.

15. Risk of investments in infrastructure assets

Potential investors should carefully consider the specific risks before investing in infrastructure assets (infrastructure assets are such that cover the basic provision of basic services, facilities and institutions upon which the growth and development of a community depends such as renewable energies, utilities, transport, social infrastructure and communication, and other assets providing social or economic benefits).

The investment in infrastructure assets harbors a high degree of risk. The value of the assets can go down, and investors may not be able to recover the amount they originally invested, or may not be able to recover any amount at all, upon return or otherwise.

Investments in infrastructure are generally will be subject to the risks inherent to the ownership and operation of the asset concerned, including (i) risks associated with both the domestic and international economic climate; (ii) local energy sector fundamentals; (iii) risks due to dependence on cash flow; (iv) risks and operating problems arising out of the absence of certain construction materials or other resources; (v) changes in availability of financing; (vi) supply shortages; (vii) changes in the tax, infrastructure, environmental and zoning laws and regulations; (viii) various uninsured or uninsurable risks; (iv) natural disasters; (x) the ability to manage and successfully exit the infrastructure assets; (xi) availability and (xii) costs of debt. There is no assurance that there will be a ready market for resale of investments because investments in infrastructure assets generally are not liquid.

Infrastructure assets in general

Infrastructure assets can involve risks which broadly stem from issues of geographic or market concentration, the financial instability of third-party sub-contractors and off-takers, government regulation, technical failings, supply, demand and price fluctuations, poor operational performance, project termination and the economic climate, including interest rate fluctuation exists. These risks may have a material adverse effect on the value of the infrastructure assets.

Economic risks

Infrastructure assets are vulnerable to adverse change in the economic conditions of the jurisdiction in which they are situated, as well as to global economic declines. Since projects in this sector tend to be of a long-term nature, projects which were implemented at a time when conditions were or deemed to be favourable may subsequently be adversely affected by changes in the financial markets, investor sentiment or a more general economic downturn.

Environmental risks

Infrastructure companies may be liable for breaches of environmental protection statutes, rules and regulations, or may become bound by environmental liabilities arising in the future in relation to any sites owned or used by such infrastructure companies. The potential liability includes payment of the costs of investigating, monitoring, removal and remediation, as well as fines for non-compliance with the relevant statute, rule or regulation. Compensation may also be payable if liability arises for personal injury, property damage or other private claims which may be brought. Often this liability arises regardless of the state of knowledge of the owner or operator of the property, and regardless of whether or not, for example, it caused the contamination. A liability of this nature may be detrimental to the value of the infrastructure asset.

Construction and operational risk

The long-term profitability of the Investments will depend on the efficient design, construction, operation and maintenance of underlying infrastructure assets. The construction and operation of such infrastructure assets is often outsourced to third-party contractors, and any potential design or construction defect and/or inefficient operation and maintenance by those external contractors and/or the excess of any subcontractors' liability caps may reduce returns. If the risks set out above occur, this could have a material adverse effect on the value of the infrastructure asset. Likewise, during the life of an infrastructure asset, components of the infrastructure asset or building will need to be replaced or undergo a major refurbishment. Any cost implication, not otherwise passed down to subcontractors, will generally be borne by the affected infrastructure company, may adversely affect its ability to service its senior debt, and consequently could affect the respective investment vehicle. Other operational risk is associated with the termination of project agreements. Contractual agreements for infrastructure projects including but not limited to public private partnerships (PPP) and private finance initiatives (PFI), renewable and conventional power projects, lease structures and acquisition finance frequently give the relevant counterparty and the infrastructure company rights of termination. Termination of the project agreements may significantly affect the borrower's ability to service its senior debt.

Government/Sovereign risks

The concessions for certain infrastructure assets are granted by government bodies and are subject to special risks, including the risk that the relevant government bodies will exercise sovereign rights and take actions contrary to the rights of the asset holders under the relevant concession agreement. There can be no assurance that the relevant government bodies will not legislate, impose regulations or taxes, change applicable laws, or act contrary to the law in a way that would materially and adversely affect the business of the infrastructure company.

Regional or geographical risk

This risk arises where an infrastructure company's assets are not moveable. Should an event occur, which impairs the performance of an infrastructure company's assets in the location where the infrastructure assets are held, the performance of the Infrastructure company may be adversely affected.

Deal flow risk

There may be a lack of investment opportunities offering financial returns in line with the investment objectives of the respective investment vehicle, such that it is unable to invest the subscription proceeds. This risk may principally appear as a result of a market rally for infrastructure stocks and/or of the competition from other infrastructure companies.

Income of the infrastructure company risk

The income earned by the respective investment vehicle from an infrastructure company is made primarily of dividends, interest and capital gains, which can vary widely over the short and long term. Notably, the infrastructure company's income may be affected adversely when prevailing short-term interest rates increase and the infrastructure company is utilising floating rate leverage.

Performance risk

The long-term profitability of an infrastructure company is partly dependent on the timely construction without cost overruns and efficient operation and maintenance of its infrastructure assets. Should an infrastructure company fail to efficiently maintain and operate its assets, the ability to maintain payments of dividends or interest to investors may be impaired. The destruction or loss of an infrastructure asset may have a major impact on the infrastructure company. Failure by the infrastructure company to carry adequate insurance or to operate the asset appropriately could lead to significant losses.

Changes in law risk

Infrastructure companies and infrastructure assets are generally subject to a highly regulated environment, particularly when they are of a strategic nature, have an impact on the environment, are accessible by the general public, have access to public subsidies or advantageous tax regimes, or are a virtual monopoly. Although infrastructure companies generally protect their assets against changes in applicable laws and regulations, particularly where such changes would be discriminatory, cash flows and investor returns may be materially affected by such changes.

Taxes in underlying jurisdictions

The respective investment vehicle, the investment structures underlying this investment vehicle (including any subsidiaries) and the investors may be subject to the income or other tax in jurisdictions in which underlying vehicles are located and/or investments are made. Moreover, withholding tax or branch tax may be imposed on earnings of the respective investment vehicle. In addition, local tax incurred in such jurisdictions by the investment vehicle or a subsidiary may not be creditable to or deductible by the investors in their respective jurisdictions.

Strategic asset risk

Infrastructure companies may control significant strategic assets. Strategic assets are assets that have a national or regional profile, and may have monopolistic characteristics. The very nature of these assets could generate additional risk not common in other industry sectors. Given the national or regional profile and/or their irreplaceable nature, strategic assets may constitute a higher risk target for terrorist acts or political actions. Given the essential nature of the products or services provided by infrastructure companies, there is also a higher probability that the services provided by such infrastructure companies will be in constant demand. Should an infrastructure company fail to make such services available and is unable to rectify the poor performance within a reasonable amount of time, there is the risk that performance deductions are applied to the infrastructure company's revenue stream or that the underlying project contract is terminated, thereby heightening the risk of any potential loss for investors.

Relief events risk

Relief Events, such as interruptions due to poor weather, industrial actions, protestors and trespassers, et al., which prevent performance by the infrastructure company of its obligations at any time and in respect of which the infrastructure company bears the financial risk in terms of increased costs and reduced and/or postponed revenue (but for which it is given relief from termination for failure to provide the full service) may severely affect the returns on investment of the respective investment vehicle, which could result in a default under the related loans held by the investment vehicle.

Distribution risk for equity securities

In the selecting equity securities in which the respective investment vehicles can invest, the respective investment manager may consider the infrastructure company's history of making regular periodic distributions (e.g., dividends) to its equity holders. An issuer's history of paying distributions, however, does not guarantee that the issuer will continue to pay dividends in the future. The income distribution associated with equity securities is not guaranteed and will be subordinated to payment obligations of the issuer on its debt and other liabilities. Accordingly, in the event the issuer does not realise sufficient income in a particular period both to service its liabilities and to pay dividends on its equity securities, it may forgo paying dividends on its equity securities and may be subject to a technical event of default and/or an debt acceleration event. In addition, because issuers are not obliged to make periodic distributions to the holders of their equity securities, such distributions or dividends generally may be discontinued at the issuer's discretion. In addition, a component of distributions will represent capital gains. These may be subject not only to the issuer's underlying fundamentals but also to general market conditions.

Documentation and litigation risk

Infrastructure assets are often governed by a complex series of legal documents and contracts. As a result, the risk of a dispute over interpretation or enforceability of the documentation may be higher than for other issuers and assets, including the risk of a dispute with the public authority with which a long term contract has been signed or which acts as a regulator of the infrastructure assets.

Client risk

Infrastructure companies can have a narrow client base. Should these clients or counterparties cease to need the services delivered by an infrastructure asset or fail to pay their contractual obligations to the infrastructure company, significant revenues could cease and not be replaceable. This would affect the profitability of the infrastructure company and the value of any securities or other instruments it has issued.

Refinancing risk

Infrastructure companies may require refinancing of some or all of their debt prior to the end of project's life in order to repay the project's obligations as they fall due. Where a project carries a requirement to refinance, there is a risk that such refinancing cannot be secured at the forecasted financing costs or at all. This could have an impact on the timing and/or amounts of distributions or other payments in respect of the infrastructure company's equity. If refinancing cannot be secured at the forecasted financing costs, the distributions from those projects could be materially reduced. If refinancing cannot be secured at all for one or more of these projects, the relevant project could (subject to limited safeguards in the project documentation) default altogether.

Leverage risk at the infrastructure company level

Infrastructure companies are likely to utilise leverage for the financing of infrastructure assets. Leverage involves risks and special considerations for the respective investment vehicle, including:

- the likelihood of greater volatility of value of the infrastructure companies;
- the risk that fluctuations in interest rates will result in fluctuations in the dividends paid to the investment vehicle or will reduce the return to the investment vehicle;
- the effect of leverage in a declining market, which is likely to cause a greater decline in the NAV of the infrastructure companies than if such infrastructure companies were not leveraged;
- the risk that a breach of covenants provides debtors and/or senior lenders with enforcement and early acceleration rights.

Restructuring risks

If an infrastructure company requires restructuring due to a force majeure, terrorist attack or armed conflicts, relief event and/or other reasons, there is a risk that such restructuring may not be in the interest of the respective investment vehicle or may not be completed successfully. Any such failure could lead to increased risk and cost to the investment vehicle and result in reduced returns or losses to the shareholders.

Risk relating to force majeure

Events of force majeure, such as social unrest, riots, conflicts, war, floods, earthquakes, lightning, thunderstorms, and typhoons may severely affect the returns on investment of the respective investment vehicle. While the construction and operation of infrastructure assets are generally governed by legal documents and contracts whereby the cash flow losses consequential to force majeure events are essentially allocated to counterparties such as insurers, contractors, operators and public authorities, there exists situations of force majeure where an infrastructure company may experience severe losses, if not bankruptcy. These situations could arise when force majeure risks are only partly allocated to third parties under the applicable contractual arrangements, failure of contractual counterparts to fulfil their obligations due to the situation of force majeure and, more generally, force majeure events which disrupt the economy and stability of a region or country by their magnitude and/or duration.

Terrorist attacks or armed conflicts

Terrorist attacks may harm the investment vehicles investments. There is no assurance that there will not be further terrorist attacks against the countries where infrastructure assets are located, or against the infrastructure assets themselves. These attacks or armed conflicts may directly impact the infrastructure assets underlying the investment vehicles investments or the securities markets in general. Losses resulting from these types of events are uninsurable. More generally, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the financial markets and economy. Adverse economic conditions could harm the value of the infrastructure assets underlying the investments of the respective investment vehicles or the securities markets in general which could harm the investment vehicles financial performance and may result in increased volatility of the value of its investments. Additionally, such events could result in reduced revenues generated by the related assets and could result in increased defaults on the debt instruments held by the investment vehicle.

Environmental risks

Infrastructure assets may be subject to numerous statutes, rules and regulations relating to environmental protection. Certain statutes, rules and regulations might require that investments address prior environmental contamination, including soil and groundwater contamination, which results from the spillage of fuel, hazardous materials or other pollutants. Under various environmental statutes, rules and regulations, a current or previous owner or operator of real property may be liable for non-compliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether or not the owner or operator knew of or was responsible for the presence of hazardous materials. The presence of these hazardous materials on a property could also result in personal injury or property damage or similar claims by private parties. Persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by that person.

Power companies are subject to numerous environmental laws and regulations in each country in which they operate. Some of the most onerous requirements regulate air emissions of pollutants such as sulphur dioxides, nitrogen oxides, and particulate matter. Emission standards for sulphur dioxides, nitrogen oxides, and particulate matter may be stringent and are likely to become more restrictive over the next several years. Generators may also face new requirements on their emissions of greenhouse gases, specifically including carbon dioxide. The uncertain and ever changing regulatory environment in which generators operate makes it likely both that generators will face increased operating costs in the years ahead and that the relative competitive position of various fuel types and generation technologies will change. Certain possible changes in the environmental laws and regulations applicable to generators could affect the performance of one or more of the investment vehicles to an extent that would create a material adverse effect to the respective investment vehicle.

The respective investment vehicle may be exposed to substantial risk of loss from environmental claims arising in respect of the infrastructure assets of the investment vehicle, and the loss may exceed the value of such investment. Furthermore, changes in environmental

laws or in the environmental condition of an asset of the investment vehicle may create liabilities that did not exist at the time of acquisition of an asset and that could not have been foreseen. For example, new environmental regulations may create costly compliance procedures for infrastructure assets.

In addition, infrastructure assets can have a substantial environmental impact. As a result, community and environmental groups may protest against the development or operation of infrastructure assets, and these protests may induce government action to the detriment of the owner of the infrastructure assets. Ordinary operation or occurrence of an accident with respect to infrastructure assets could cause major environmental damage, which may result in significant financial distress to the particular asset. In addition, the costs of remediating, to the extent possible, the resulting environmental damage, and repairing relations with the affected community, could be significant.

Risk of additional and increased costs of an investment project

The investment activities are generally tied to the risk that the costs related to a concrete investment project according to the investment plan and budget (e.g. production costs, costs of the facilities) are exceeded in consequence of unexpected changes or incomplete or incorrect information that have been considered for the relevant investment decision. If the respective investment vehicle participates in tender procedures for an investment, there is the risk that in case the bid is not successful that besides its own costs, the respective investment vehicle also has to bear the costs incurred for third parties in the context of the bidding procedures.

Contract fulfilment risk

The economic result of investment projects of the relevant investment vehicles depends on, among other factors, the respectively involved contractual partners fulfilling their obligations under the contracts entered with them. Breaches of contract by the contractual partners, as well as their bankruptcy, can result in the termination of contracts, which can have the further consequence that investment projects cannot be completed or processed or only at increased cost or with losses.

Financing risks

Projects and companies in the infrastructure sector are often financed with outside capital to a large extent and, for this reason, they are more susceptible to negative interest rate changes, declining cyclical developments, changes in the capital market and higher debt service than projects and companies that are not or only to a very limited extent financed with outside capital. This can entail that the participations held by the respective investment vehicles or investment project in which they participate cannot be completed or they will not be able to finance the future operation and capital requirement. As a consequence, in turn, restrictive financial and operational requirements of the financing banks can be imposed, such as the requirement not to make any disbursements or dividend payments anymore (for the time being). Changes in interest rates might moreover also affect the respective discount rate, which is to be considered in the valuation of the projects and companies. Therefore, this valuation can be exposed to volatility. This can have a negative effect on the prices that can be achieved in a sale of participations. Furthermore, the regulatory authorities often base the determination of the prices they approve of on the respective market interest rates in the case of projects or companies subject to state supervision.

Risk of the availability of outside capital

Besides the availability of equity, it is primarily decisive for the acquisition or refinancing of projects and companies in the infrastructure sector that outside capital can be borrowed to sufficient extent and at appropriate conditions, in order to reach an optimised capital structure. Bottlenecks in the availability of outside capital can cause that investments cannot be made to the extent planned or only at increased costs for outside financing. This can lead to negative effects on the results and the financial position of the respective investment vehicles and their ability to meet their liabilities.

Legal and political risks

Infrastructure projects are exposed to political and legal risks in the respective country in which they are established. Especially the risk of uncertainty relating to the future political alignment of a certain country, its involvement in supranational systems, the signing and implementation of international agreements and the risk of a government failure, and disturbance of the general social order and stability of such a country (e.g. conflicts with labour unions, interest representations and public or private organizations, which can potentially lead to strikes, blockades or other actions, which in turn can imperil the planned completion, operation or liquidation of investment projects) is considered a political risk. Legal risks are risks of a potential change of the relevant legal standards of a country, which in turn can have effects on the investment projects. Such risks can entail extensions or delays in the project implementation, discontinuation of a project or additional costs or losses with regard to an investment project. Given the partly substantial public interests that are held in the services, projects and companies in the infrastructure sector, it cannot be ruled out that the attitudes of public institutes acting as issuers of concessions, licenses or leases are being influenced by political motives. Such political interests do not necessarily match those of the participations held and they can therefore entail extensions or delays in the project implementation, discontinuation of a project or additional costs or losses with regard to an investment project.

Capital controls

Insofar as the respective investment vehicles invest in countries where capital controls exist or are being introduced, it cannot be ruled out that based on the existence or introduction of capital controls, a return of investments or a disbursement of earnings from investment projects to Germany may not be possible. This can lead to a drastic deterioration of the financial position of the investment vehicles and impair their capacity to meet their liabilities.

Risk of restrictions and discrimination against foreign investors

The activities of foreign companies in various countries are subject to certain restrictions. Thus, it is frequently the case that the majority of a company that operates in a state-defined key sector, e.g. the energy sector, must be held by a local company (or local companies). Foreign companies may often not hold the majority of voting rights and they are not permitted to exercise negative control rights. The representation of a foreign investor in the administrative board or the management board of a local company must correspond to the portion of the investor's participation. Emerging countries typically apply restrictions and various measures aiming to prevent the control of strategic sectors and essential means of production by foreign investors or to protect local businesses. The implementation or tightening of such restrictions and protectionist measures in the respective countries cannot be precluded for the future. Such changes can have significant negative effect on the financial position of the investment vehicles and their ability to meet their liabilities.

Subsidies for other technologies

It cannot be ruled out that technologies other than the ones favoured by the respective investment vehicles are supported by the government or other organisations. In these cases, the operation of infrastructure assets and projects can become inefficient, which can have negative effects on the business results.

Documentation risks

A large part of the investments in infrastructure assets is made in projects and companies whose business activities are subject to supervision under public law in substantial parts. Such activities frequently depend on concessions and contracts with public administrative authorities or entities of public law, which are generally very complex and which can lead to disputes on interpretation and enforceability. The violation of such contracts or concessions can entail penalty payments or even the loss of the operating permit for the affected infrastructure asset. If the operation of an infrastructure asset requires a concession agreement with a public institution, this concession agreement can entail that the operation of the asset will be subjected to restrictions, which can prevent or limit the possibility of the asset to arrange operations in such a way that the highest possible profit is generated. Concession agreements can also include clauses that favour administrative authorities or public entities more strongly than would be the case between two private parties in ordinary economic contracts. For example, the concession agreement can entitle the authority or the contracting party of public law to terminate the concession agreement on certain conditions (e.g. in the case of minor breaches of investment or maintenance duties) without having to pay an appropriate compensation. The case may also arise that administrative authorities or public entities must be granted the right to change the operating rules at their own discretion. Furthermore, the respective country can pass laws, regulations or decrees that can affect the operation of an asset. This can occur regardless of contractual rights that must be granted to authorities or public entities. Public and state authorities and legal entities have a relatively large margin of discretion for the introduction of regulations and ordinances that can have substantial effects on infrastructure investments. Such decisions and measures can be influenced by political interests and lead to decisions that have a negative impact on the affected companies and their operation. Furthermore, it cannot be ruled out that the sectors will be regulated in the future. There is also the risk that authorities in countries in which investments can be made will introduce or modify regulations that regulate the permissible fees, prices or other economic parameters with regard to the operation of infrastructure assets.

Information and statements of third parties

In the evaluation of investment possibilities, the respective managers of the investment vehicles consult external experts such as financial, legal and tax advisers, as well as technical consultants and environmental experts. The investment vehicles often base their decision-making processes on estimates, expert opinions and other reports of such consultants without being able to assess independently whether such a report is complete and correct in all cases. In addition, it must be considered that partly subjective evaluations are often included in the conclusions of external consultants.

Investments in Greenfield Projects

Insofar as investments are made in projects that are in the development and/or construction phase (so-called "Greenfield Projects"), the investor bears the risk that the project will not be completed in keeping within the budget, within the planned schedule or according to the agreed specifications. I, the respective investment vehicles can be exposed to the risk of additional costs or losses that may result from the adjustment of the schedule or budget. Greenfield projects are commonly acquired on the basis of certain assumptions with regard to potential demand, market environment, profitability, etc. With regard to the long lead time between the start of the project and its completion, a project evaluated originally as being financially interesting can become a financially unattractive investment as a result of changes in the market, e.g. the investor behaviour, financial markets or the demand for the service.

Risk of price development for commodities

The operation of infrastructure assets, in particular energy generating plants, requires contracts on the supply of the necessary commodities. It may occur that suppliers violate their contracts or that a plant cannot be supplied with sufficient commodities for another reason. In some cases this can lead to the production (of power and heat) being reduced, which in turn can impair the results of the investment company and indirectly impair the results and the financial position of the respective investment vehicles. Moreover, there are regularly no long-term contracts regarding the supply of fuels (with a guarantee of the supply quantity, quality and price). There is also no absolute certainty that the rates of increase of purchase prices for commodities can be compensated by corresponding increases of sales prices.

Construction and operating risks

The long-term profitability of infrastructure assets depends on the efficiency of their design, construction, operation and maintenance. Construction and operation of infrastructure assets is regularly outsourced to external contractors. Possible design or construction defects and/or inefficient operation and inadequate maintenance of assets by such external contractors and/or the exceedance of any liability limits by subcontractors can impair the profitability of infrastructure assets. Insofar as these risks come to bear, this can have a decisively negative effect on the value and profitability of the asset. During the lifetime of an infrastructure asset, the replacement or a general renovation or maintenance of components or buildings or building parts may become necessary. Cost consequences that cannot be passed on to subcontractors have to be borne by the investment company in such cases. The potential termination of project contracts must be regarded as an operating risk. Contracts relating to infrastructure projects, including energy supply contracts, rental and lease agreements, as well as financing agreements usually provide for termination rights of the parties to the contract. The termination of such contracts may substantially impair the operation and profitability of an infrastructure asset.

III. Various types of financial investments and their specific risks

1. Possibilities of investments in financial instruments

There are various types of financial instruments in which the wealth manager can invest its clients' funds. In this brochure, we would like to give an overview of investments in the financial instruments of money market investments, equities, bonds in open and closed-ended investment funds including hedge funds, and structured products (for example, certificates). We would also like to introduce the investment possibilities in precious metals and commodities, as well as real estate. In the following sections, the individual investment classes are described and the general and specific risks of an investment in the individual described asset classes is presented.

2. Money market investments

The money market is also known as the market for fixed-term and time deposits. Money market investments consist of short-term receivables with an interest rate and optional maturities of up to one year. The debtor is frequently a bank. A certain minimum amount is usually required for money market investments. The term “money market investments” covers both non-securitised receivables (money market investments in the narrow sense) as well as money market instruments. These instruments include receivables that are issued as a security and usually freely tradable so that they can be sold in the secondary market before they expire.

Specific risks of money market investments

Cluster risk

A cluster risk is created in particular in the case of concentration on one or particular debtors. In that case, there is a risk of significantly higher losses in the event of a payment default than in the cases where a carefully diversified portfolio is being used.

Correlation risk

A correlation risk can arise especially when an investor is strongly oriented on a bank, thus, for example, if he concentrates his assets largely on account credit balances, money market investments and/or bank shares.

Settlement and custody risk

Settlement risk refers to the risk that the buyer pays the price for a money market instrument in advance but does not receive the money market instrument in consequence of the seller's insolvency. The custody risk pertains to the risk that the depositary of money market instruments becomes insolvent.

3. Equities

An equity is a security that certifies an investor's right in a stock corporation. A shareholder is a co-owner of the assets of the stock corporation and thus participates in the economic success and failure of the corporation. Success or failure of the corporation is reflected in a positive or negative price development of the share and in potential dividend payments.

There are various forms of equities that are equipped with different rights. The most important forms are common shares, preferred shares, bearer shares and registered shares. Common shares are equipped with voting rights and the most common type of equities in Germany. By contrast, preference shares are usually not equipped with voting rights. To compensate for the missing voting right, shareholders however receive a preferred treatment, e.g. in the payment of dividends. For a bearer share, it is not necessary to enter the shareholder in a share register. The shareholders can exercise his rights also without the registration. Bearer shares are therefore easier to transfer, which typically improves their tradability. For a registered share the name of the owner is entered in the share register. Without the registration, the rights from the ownership of the share cannot be exercised.

Specific risks of equities

Risk of insolvency

A shareholder is not a creditor but an equity investor and a co-owner of the stock corporation and therefore exposed to all business risks. In the extreme case, i.e. in the case of insolvency of the stock corporation, shareholders will be considered in the distribution of the liquidity proceeds only after satisfaction of all claims of creditors.

Price rate risk

Stock prices are characterised by unpredictable fluctuations. From the shareholder's perspective, the price rate risk can be differentiated into the general market risk and the company-specific risk. Each for itself and both cumulatively affect the stock price development. The general market risk of a stock refers to the risk of a price change in consequence of the general tendency on the stock market. In this context, the price change is not directly related to the company's financial situation. All equities are subject to such market risk. The severity can vary. The company-specific risk refers to the risk of a downward price development of a particular company based on factors that pertain directly or indirectly to the company in question. For example, management decisions can be mentioned as such factors. The company-specific risk can thus entail that stock prices develop quite individually contrary to the general trend.

The confidence of market participants in the respective company can also influence the price development. This applies in particular to companies whose shares were only admitted relatively recently to trading at the stock exchange or another organised market; regarding those shares slight changes in the forecasts can already lead to strong price movements. If the portion of freely tradable equities 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.

In addition, the price development of the stock is determined by the expectations of market participants regarding the specific company and the general market development, and the investment behavior of the market actors. The investment behavior of the market actors can also be influenced by irrational factors such as sentiments, opinions and rumors, irrational considerations and mass psychological behavior such as herd instinct and orientation on particular market actors or other stock exchanges. This can result in the further amplification of existing trends in the market and the detachment from the overall economic situation or that of the company so that the trends no longer reflect those situations.

Dividend risk

Dividends refer to the shareholders' participation in the profit of a company. The divided of a stock is decisively oriented on the earned profit of the company and can rise, fall or be entirely eliminated during a year depending on the financial situation of a company.

Interest rate risk

Along with rising interest rates, it can happen that stock prices – mostly with a certain delay – see a declining development. A reason for this development is, e.g. that companies must now borrow loans at higher interest rates. On the other hand, attractive investment opportunities might arise for investors at the higher interest rate as the case may be.

Forecast risk

The investor can estimate the future value development of the stock incorrectly or incorrectly for some of the time even when using single or different analysis techniques (fundamentals analyses or chart analyses) and buy or sell at a time that is inopportune for the investor.

Risk of the loss or change of shareholders' rights and of a delisting

The rights of the shareholder can be changed or partly or fully cancelled through measures taken by the company, for example, a change of the legal form, mergers, spin-offs or company agreements. In case there is a majority shareholder, minority shareholders can moreover be excluded from the company under certain conditions as part of a squeeze-out. These measures taken by the company can entail that the investor has to sell his shares early with losses and cannot realise the intended investment period in the share. Furthermore, the measures can result in stock price losses for the share. In the event of lost shareholders' rights, the investor may be entitled to a compensation claim against the company based on legal regulations, but this compensation may value lower than the lost shareholder right.

The company can also decide to revoke the equities' admission to trading at the stock exchange (delisting). In that case, the equities are tradable only with difficulty and regularly only at significant price discounts compared to the previous stock price. Based on this limited tradability, the announcement of a delisting frequently leads to massive price losses of the affected share.

Risk of low tradability of shares not listed at the stock exchange

Shares that are not traded at a stock exchange carry the risk that the equities cannot be sold immediately.

4. Bonds

Bonds refer to a large range of interest-bearing securities, which are also called annuity certificates. Besides the "traditional" bonds, these also include index-linked bonds, debentures and structured bonds as well as debt instruments of any kind, including all other types of bonds and debt securities as well as securitised receivables of any kind, including asset-backed securities (ABS), irrespective of whether

these are secured by mortgages, which includes uniform mortgage-backed securities ("MBS") or other receivables, or other loans securitised in the form of securities. The basic functioning is the same for all bonds. Bonds, unlike shares, are issued by companies (both listed and unlisted), as well as by public institutions and governments, and by special purpose vehicles (especially in the case of asset-backed securities) (so-called issuers). Bonds may or may not have a so-called investment grade from a rating agency. They do not grant the owner a share right to the issuer but the holder becomes a creditor of the issuer. By the issuance of bonds, an issuer borrows outside capital. Bonds are tradable securities with a nominal amount (amount of debt), an interest rate (coupon) and a defined maturity.

Like for a loan, the issuer undertakes to pay a corresponding interest rate to the investor. The interest payments can be made either at regular intervals during the maturity or cumulatively at the end of the maturity. At the end of the maturity, the investor will furthermore receive repayment for the nominal amount. The amount of the payable interest rate depends on various factors. The most important parameters for the amount of the interest rate are usually the credit rating of the issuer, the maturity of the bond, the underlying currency and the general market interest rate level.

Depending on the method of the interest payment, the bonds can be divided into different groups. If the interest rate is determined for the entire maturity from the outset, it is referred to as "straight bonds". Bonds are referred to as "floaters" when the interest accrual is linked to a variable reference interest rate and if this interest rate can change during the maturity of the bond. A potential company-specific markup or markdown to the respective reference interest rate is usually oriented on the credit risk of the issuer. A higher interest rate at the same time generally means a higher credit risk. Exactly like equities, bonds can be traded at stock exchanges or over-the-counter.

The earnings that can be achieved by investors by investments in bonds result from the interest accrual on the nominal amount of the bond and from any difference between the purchase and sales price.

Specific risks of bonds

Issuer/Credit risk

The credit risk refers to the risk of insolvency or illiquidity of the issuer. This includes a potential temporary or final incapacity of the issuer to make timely payment on its interest and/or repayment obligations. In case of doubt, an investor is therefore threatened with a total loss of the capital he has provided. The credit rating of an issuer can be the result of cyclical changes, changes directly at the issuer's organisation (e.g. economic crisis of a state) or political developments. The credit rating of many issuers is assessed by rating agencies at regular intervals and classified into risk classes. An issuer with low credit rating must normally pay a higher interest rate as compensation for the credit risk to the buyers of the bonds than an issuer with excellent credit rating. For covered bonds, the credit rating primarily depends on the scope and quality of the collateralisation (premium fund) and not exclusively on the credit rating of the issuer.

Inflation risk

Inflation risk describes the change of purchasing power of the final repayment and/or the interest income from an investment. If inflation changes during the maturity of an investment in such a ways that it is above the investment interest rate, the effective purchasing power of the investor decreases (negative real interest).

Interest rate risk and price risk

The lead interest rate level set by the central bank has decisive influence on the value of a bond. If the interest rate level rises, for example, the interest income of a bond with fixed interest rate becomes relatively unattractive and the price of the investment drops. A rise of market interest rates thus usually goes hand-in-hand with dropping bond prices. Even if an issuer pays all interest and the nominal amount on final maturity, a loss can therefore result for bond investors when they, for example, sell before final maturity for a price that is below the issue or purchase price of the bond.

Risk of termination

In the terms of issue, the issuer of a bond can reserve a right to premature termination. Bonds are often equipped with such a one-sided right of termination during high-interest phases. When the market interest rate level drops, the risk arises for a creditor that the issuer will exercise its right of termination. This way, the issuer can reduce its liabilities or refinance itself with better conditions by issuance of new bonds. In that case, a reinvestment risk applies to a creditor, as a new investment can be less beneficial due to changed market conditions.

Risk of limited tradability

Bonds that are not traded at a stock exchange carry the risk that the bonds cannot be sold immediately.

Specific risks of fixed-income bonds

The investment in fixed-income bonds is tied to the risk that the market interest rate level that applies at the time of the issuance of a bond will change. If the market interest rates rise compared to the interest as at the time of the issuance, the prices of fixed-income bonds will usually fall. If the market interest rate falls instead, the price of fixed-income bonds will rise. This price development entails that the current yield of the fixed-income bond 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 bonds. Fixed-income bonds with shorter maturities

have lower price risks than fixed-income bonds with longer maturities. In comparison, fixed-income bonds with shorter maturities usually have lower yields than fixed-income bonds with longer maturities.

Specific risks of convertible and option bonds

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

5. Structured products

Structured products are generally bearer bonds. In this case, the purchaser is a creditor of the issuer. The group of structured products includes, among others, certificates such as participation bonus, discount, leverage, guarantee or issue certificates.

Structured products are oriented towards one or more so-called underlying assets, i.e. their value development depends on one or more underlying values. Underlying can be, for example, commodities but also equities or stock indices such as the DAX. All financial instruments can act as underlying assets. Structured products present an opportunity to pursue complex investment strategies and in doing so, invest in various asset classes.

Structured products generally do not securitise an ownership or shareholder rights but the right to the repayment of a sum of money or to delivery of the underlying asset. The kind and amount of the underlying asset depend on one or more certain parameters (e.g. the value of the underlying asset on a key date).

Structured products usually have maturities of multiple years. Depending on the structure, there may be a fixed point in time as final maturity. However, products that do not have a limitation on maturity are often offered. The issuer may have a right to terminate, which can lead to a premature repayment of the capital invested by the investor.

Structured products are quoted either per unit or as percentages. In case of a unit quotation, generally only full units can be acquired.

For the issue price, several factors play a role that are defined in the relevant terms and conditions (e.g. the value of the underlying asset). The bank can charge an issue premium in addition to the issue price.

The price of a structured product during its term depends on the development of the respective underlying asset and the chosen structure. Yet, also other aspects such as volatility, currency, dividends/distributions or the interest rate development play a role.

Structured products are traded on and/or off the stock exchange. The issuer or a third party usually provides the purchase or sales prices during the entire term. Thus, investors can regularly buy and sell their structured products under normal market conditions.

The structured product is normally repaid in the form of a cash transfer. For some structured products, e.g. the relevant stock, the underlying asset may also be delivered on maturity.

The value development of the underlying asset is of decisive importance for the structured product price during the term and for the repayment amount of the structured product. The most important underlying assets are presented briefly below.

Risks of structured products issuer risk

The issuer risk is the risk that the structured product issuer is not able during or at the end of the term to fulfil its obligations. In that case, the investor bears the risk of a partial or total loss of the invested capital, as he will not receive payment of the yield in the form of interest and/or the repayment amount will not be disbursed to him at the end of the term. Besides the risk of the issuer's insolvency, there is also risk of bankruptcy of the companies the securities of which are underlying the structured product. In these events, depending on the equipment of the structured product, a complete loss of the invested capital can result for the investor as well.

Price rate risk

Structured products refer to underlying assets that can be subject to value fluctuations. In this case, If the price of the underlying changes, the price of the structured products will also change. Falling prices of the underlying can mean steep losses for the investor depending on the terms of the structured products. It might not be possible to compensate price changes in downward direction once an agreed bottom limit (barrier) was reached or fallen below. The investor will then also not profit anymore from any strong price increase of the underlying assets at a later time. An underlying asset with strong price fluctuations therefore represents a higher risk for the investor because bottom threshold values as may be agreed upon can be reached faster.

Correlation risk

Besides the value of the underlying asset, still further factors can influence the price development of the structured product. These include changes of the interest rate level, market expectations, dividends retained by the issuer or potential exchange rate risks that occur with structured products in foreign currencies. The structured product price is therefore not reflected precisely in the value development of the underlying during the term. This effect, which cannot be precisely calculated at the outset, is referred to as the correlation risk.

Capital loss risk

The settlement or repayment amount at the end of the term is determined according to the value of the underlying asset on the maturity date. Therefore, the settlement amount can also be below the purchase price of the structured products. This can lead to the total loss of the investor’s invested capital. This risk can only be eliminated completely or partly if an investment share protection is agreed. As the investment share protection depends on the issuer’s solvency, the issuer risk must also be noticed here as well.

In the case of certain types of structured products, a capital loss may also occur at maturity if a specified barrier is reached or not reached during the term. In this case, the investor receives a payout amount that corresponds to the value of the underlying on the maturity date. This may be lower than the purchase price for the structured product. In extreme cases, this can lead to a total loss of the capital invested by the investor.

Liquidity risk

When purchasing a structured product, investors should consider whether there is a sufficiently liquid secondary market for it and if the issuer or a third party can quote binding prices continuously for the structured product. Although the issuer quotes usually continuously indicative purchase and sales prices for the structured product, it has no legal obligation to do so. Absent demand on the secondary market can cause that a certificate cannot be sold, or not immediately or only with price reductions.

Risk of delivery of the underlying asset

With structured products issued for individual values, it is regularly possible that the underlying asset is delivered. If an underlying asset does not develop as favorably as expected when the structured products was purchased, frequently the underlying asset itself instead of the settlement amount is delivered at the end of the term. In that case, the investor will receive a share, for example. The current market value of the underlying asset can meanwhile be below the purchase price paid by the investor for the structured products. In a partial or extreme case, this can also lead to a total loss of the invested capital for the investor when he wants to sell the underlying asset. If the investor does not sell the underlying, he is subject to the price risks associated with holding the underlying asset, which can entail further losses for the investor if the price of the underlying falls further.

Currency risk

Structured products that refer to underlying assets in foreign currencies can be products with currency hedge and without currency hedge. In the case of structured products with currency risk hedged there can be internal costs and hidden fees for the investor. In the case of structured products without currency hedge, currency risks arise on a premature sale as well as on repayment on the maturity date, which must be borne directly by the investor.

Effect of hedging transactions by the issuer on the structured products

The issuer usually fully or partly secures itself against the financial risks related to the structured products by means of hedging transactions in the underlying asset of the structured product. These hedging transactions can influence the price of the underlying asset that is formed by the market and therefore have a negative impact on the value of the structured products or the value of the settlement amount that is due at the end of the term. This can lead to a partial loss of the investor’s invested capital.

Specific risks of commodities structured products

Structured products may also have different commodities as their underlying. In this case, additional special risks may arise.

The factors influencing commodities prices are highly complex, so that just a few of these factors will be explained briefly below, which can have effects specifically on commodities prices. The development of commodity prices can have a considerable influence on the development of structured products with commodities as the underlying.

Cartels and regulatory changes

If there are cartels of commodities producers, these will usually influence the commodities prices. The trading with commodities is also usually subject to certain rules of supervisory authorities or exchanges. A change of these rules can affect the price development of the commodity.

Cyclical behaviour of supply and demand

Certain commodities are produced throughout the entire year but only in stronger demand in particular seasons (e.g. energy). Other commodities are in demand throughout the entire year but only produced during a particular season (e.g. agricultural products). This can entail strong price fluctuations.

Direct investment costs

The acquisition of commodities is tied to costs for storage, insurance and taxes. In contrast, no interest or dividends are paid on commodities. This has effects on the total return of commodities and consequently influences the price of a commodities structured product.

Political risks

Commodities are produced in emerging markets in many cases. This is associated with political risks, e.g. embargos, warlike conflicts or economic and social tensions that can affect the prices of the commodities.

Weather and natural disasters

Unfavourable weather conditions can influence the supply of certain commodities temporarily or even for the whole year. Natural disasters can cause lasting damage on production and extraction facilities. If a supply crisis is caused thereby, this can lead to price fluctuations.

6. Open-ended investment funds

General remarks

An investment fund enables the collective investment of capital of a large number of investors. Investment funds are offered and managed by investment management companies. Generally, these requires a license from the respective national supervisory authority. The investment management company bundles the money of investors in an investment fund in order to invest it for the benefit of the investors according to a defined investment strategy. If an investor acquires shares in an investment fund, he does not become a co-shareholder of the investment management company. The investor’s money will be contributed to the fund assets, which for reasons of investor protection is strictly separated from the assets of the investment management company and kept in custody by a custodian. The fund assets are also not liable for debts of the investment management company.

The investment management company invests the fund assets according to the investment fund's terms and conditions, which generally indicate a minimum degree of risk diversification, the assets that may be acquired for the investment fund, and the investment limits to be observed. The investment conditions take into account the investment targets and limits that result from the respective national investment laws.

The assets of the investment fund are kept in custody by a custodian. It will take on certain control and monitoring functions relating to the fund assets.

The terms for the issuance and redemption of fund shares, as well as a description of the investment strategy pursued by the investment fund result from the investment conditions of the investment fund. The investment management company can issue new shares at any time for open-ended investment funds. The investor can consequently generally acquire new fund shares at any time. The investment management company, however, has the possibility to restrict, suspend or entirely discontinue the issuance of fund shares.

In open-ended investment funds, the investors regularly have the possibility to return their fund share according to the regulations in the investment conditions. The investor can liquidate his investment in the investment fund by returning the fund shares held with the investment management company on the respective redemption date for the respectively official redemption price. If the fund shares are traded on the stock market, the investor can also sell his shares on the stock exchange. The investment management company, however, can suspend the redemption of shares of the investment fund if extraordinary circumstances are given, where this appears to be required in consideration of the investors’ interests. During this time, the investor cannot liquidate his investment by returning the fund shares. Furthermore, the investment management company may not issue any new shares during this period.

Both on acquisition as well as on return or sale of fund shares, costs can arise for the investor (e.g. issue premium or redemption discount). The value of an individual fund share is calculated by the value of the fund assets divided by the number of issued fund shares. The value of the fund asset is assessed according to a defined valuation method. Stock trading is furthermore available for the pricing of exchange-traded investment funds, whereas the stock price of the fund shares can differ from the redemption price assessed by the investment management company.

The relevant investor information made available about the investment fund, the sales prospectus and the investment conditions contain information about the investment strategy, the running costs (management fee, performance-based remuneration, costs of the depositary, etc.) and further important information regarding the investment fund. Information about the fund’s investment activities also result from the biannual and annual reports published for the investment fund.

Regarding the investor group, it is differentiated between mutual funds and restricted funds. Mutual funds are accessible to all investors, while shares in restricted funds may be acquired only by semi-professional and professional investors.

The fund assets can be invested in various asset classes. Stock funds invest the fund assets primarily in equities. Pension funds invest the fund assets primarily in fixed-income securities with varying maturities. Index funds, which are also called exchange traded funds, have the objective of reflecting the value development of a certain index as closely as possible. Umbrella funds invest the fund assets primarily in shares of other open-ended investment funds. Money market funds invest the fund assets primarily in call money and time deposits, as well as in money market instruments and securities with short remaining maturities. Real estate funds primarily invest the fund assets in real estate, rights to real estate and participations in real estate companies.

Investment funds can either concentrate their investments on certain countries or regions or invest worldwide.

Investment funds can have an unlimited or a fixed term. If the term of the investment fund is limited, it will end on a certain date. After the end of the term, the still remaining fund assets will be liquidated in the interest of the investors and paid out to them.

The investment management company can issue investment funds with and without guarantee. If a guarantee is granted, the guarantee for the disbursements can apply for a certain term or be given for the repayment of the invested capital or a certain value development of the fund shares.

The earnings of the fund assets can be either paid out regularly (e.g. annually) (distributing funds) or be used for the acquisition of further assets for the fund (reinvestment funds).

The prices of the fund shares can be denominated in euro or a foreign currency.

Risks associated with an investment in open-ended investment funds

Fund management

If the investment result of the investment funds 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 then.

Issuance and redemption costs

Issue premiums and costs for the management of the investment funds initially result in higher overall costs for an investor in sum than would be the case if he acquired the assets held in the fund directly. In case of a short holding period, therefore, especially the acquisition of funds with a high issue premium can be more expensive than the acquisition of funds without issue premiums. In addition, redemption costs in the form of redemption discounts can arise when the fund is returned. An issue premium paid on acquisition of shares or a redemption discount paid on the sale of shares can reduce or even cancel out the success of an investment, especially if the investment period is only very short.

Volatility of the fund share value

The fund share value is calculated from the value of the fund assets, divided by the number of shares brought into circulation. The value of the fund assets 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 assets. 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. The assets held by the fund are subject to market risks that can lead to losses.

Risk of negative credit interest rates

The investment management company invests liquid assets of the investment funds at the custodian or other banks on account of the fund. For these bank credit balances, a reference interest rate is agreed in some cases. If the reference interest rate falls below the agreed margin, this results in negative interest on the relevant account. Depending on the development of the interest policy of the relevant Central Bank, short, medium as well as long-term bank credit balances can reach a negative interest yield.

Risks in securities lending transactions concluded by the fund

If the investment management 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 (loan on securities). The investment management company has no possibility to dispose over securities that are lent out for the duration of the transaction. If the security loses value during the period of the transaction and if the investment management 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 of repurchase transactions concluded by the fund

Repurchase agreements refer to the purchase of assets with a simultaneous agreement to repurchase them at a fixed later date. It is an agreement between the owner of securities (repurchase seller) and the buyer (repurchase buyer).

If the investment management 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. In case the securities sold under repurchase agreements lose value during the term of the transaction and if the investment management 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. In addition, it can transpire that the premium to be paid at the end of the term is higher than the earnings, which the investment management company has earned from the reinvestment of the cash funds received as the purchase price payment.

If the investment management company buys securities of the fund under repurchase agreements on account of the fund, it buys them and needs to sell them again at the end of the term. The repurchase price and the premium 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 by the fund

The investment management company receives collateral for foreign exchange transactions, securities lending 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 investment management company against the counterparty in the full amount.

The investment management 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 credit balance 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 full amount, even though it has to be returned by the investment management company for the fund in the amount originally granted. In that case, the fund would have to bear the losses suffered in the collateral.

Suspension of share redemption

The investment management company may temporarily suspend the redemption of the shares if extraordinary circumstances are given, which make such suspension necessary in consideration of the investors' interests. Extraordinary circumstances in this sense may include, e.g. economic or political crises, redemption requests to an exceptional extent as well as the closure of stock exchanges or markets, trading restrictions or other factors that obstruct the determination of the share value. This entails the risk that the shares might not be redeemable at the time desired by the investor due to restricted redemption options. Even if the redemption of share is suspended, the share value may fall; e.g. if the investment management company is forced to sell assets below market value during the suspension of share redemption. The share price after resumption of the share redemption may be lower than the price prior to the suspension of redemption.

The investment management company may refuse and suspend the redemption of the shares for a limited time in case there is a large number of redemption requests if the liquid funds are no longer sufficient for the payment of the redemption price and to ensure proper management or if the funds are not available immediately. This means that investors will not be able to redeem their shares during this period.

The acquisition of shares is usually not limited by a maximum investment amount. A large number of redemption requests can impair the fund's liquidity and require a suspension of the redemption of the shares. In case of a suspension of the share redemption, the share value can fall; e.g. if the investment management company of a real estate fund is forced to sell real properties and real estate companies below the market value during the suspension of share redemption. A temporary suspension can lead to a permanent suspension of the share redemption and liquidation of the fund assets, for example, if the liquidity for the resumption of the share redemption cannot be procured by a sale of real estate. A liquidation of the fund might take a long time, possibly many years. The investor is therefore exposed to the risk that he may not be able to achieve their planned holding period and, as the case may be, that a significant part of the invested capital is unavailable for indefinite period or might be lost entirely.

Change in investment policy or investment conditions

The investment management company may change the investment conditions. This may also affect the rights of the investor. The investment management company may, for example, through a change of the investment conditions modify the fund's investment policy or increase the costs to be charged against the fund.

Liquidation of the fund

The investment management company has the right to terminate the management of the fund. The investment management company can liquidate the fund completely after terminating the management. The right of disposition over the fund assets will transfer to the custodian after a notice period. There is therefore a risk for the investor that they may not be able to realise the holding period planned by them. When the fund assets are transferred to the custodian, the fund assets may be subject to taxes.

Transfer of all assets of the fund to another investment fund (merger)

The investment management company may transfer all assets of the fund to another fund. In that case, the investors can exchange their shares free of charge for shares of the other fund, which is reconcilable with the present investor principle, or redeem his shares without additional costs. The same applies when the investment management company transfers all assets of another fund to this fund. The investor must therefore make another investment decision early in the course of the transfer. Income tax may be payable on the redemption of the share. If shares are exchanged for shares of a fund with comparable investment principles, the investor may be subject to 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 investment management company may delegate the management of the fund to another investment management company. The fund thus remains unchanged by this as does the investor's standing. However, the investor must decide in the course of the transfer whether he considers the new investment management company to be equally qualified as the previous one. If he does not wish to remain invested in the fund under new management, he must return his shares. Income taxes might be incurred in the process.

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 fund 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 an accumulation of existing risks and potential opportunities may cancel each other out. It is usually not possible for the investment management 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 investment management company. The capital management 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-ended investment funds in which the fund acquires shares might furthermore temporarily suspend the redemption of shares. In that case, the investment management company is prevented from selling the shares held in the target fund by returning them to the investment management company or to the custodian of the fund against pay-out of the redemption price.

Profitability and fulfilment of the investor's investment objectives

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 lead to losses for the investor. Investors might therefore receive a lower amount in return than the amount originally invested. An issue premium paid on acquisition of shares can furthermore reduce or even cancel out the success of an investment, especially if the investment period is only very short.

Special types of open-ended investment funds:

Open-ended real estate funds

Open-ended real estate funds belong to the class of alternative investment funds. These are investment vehicles whose fund assets do not consist of the classic investments securities, money market instruments, shares in other investment funds, bank deposits or derivatives. In addition to real estate funds, alternative investment funds also include hedge funds and private equity funds.

Open-ended real estate funds invest investors' fund in land, buildings and construction projects according to the principle of risk diversification. With regard to the redemption of fund units, open-ended real estate funds often have the special feature that investors have a minimum holding period for their units. Therefore, a return period often applies for the return of the units. The value of an individual fund unit is calculated by dividing the value of the fund assets by the number of fund units issued. The value of the fund assets is determined according to a predefined valuation procedure. The property values determined are essential for the value of the fund assets. These either correspond to the purchase price of the property or are determined by external appraisers. The independence of the external appraisers is to be ensured by special legal regulations.

Specific risks of open-ended real estate funds

The risks listed below can impair the value development of the fund assets or the assets held in the fund and thereby have a negative effect on the share value and the capital invested by the investor.

Significant risks resulting from the real estate investment, participation in real estate companies and encumbrance with a heritable building right

Real estate investments are subject to risks that may affect the share value by changes in income, expenses and the market value of the properties. This also applies to investments in real estate held by real estate companies. The following examples of risks are not exhaustive.

In addition to changes in the general economic framework conditions, there are risks specific to real estate such as vacancies, rent arrears and rent defaults that may result, e.g. from changes in the location quality or the tenant credit rating. Changes in the location quality can entail that the location is no longer suitable for the chosen use. The building condition can necessitate maintenance expenses that are not always predictable.

Real estate, especially in metropolitan areas might possibly be exposed to a risk of war and terrorism. Without being directly affected by an act of terrorism, a property might be devalued if the real estate market of the affected region is permanently impaired and the search for tenants is complicated or impossible.

For the project development, risks can arise, e.g. due to changes in the construction planning and delays in the issuance of the building permit.

Real estates can be afflicted with construction defects. These risks can also not be ruled out completely by a careful technical due diligence of the property and, if necessary, obtaining expert opinions already before acquisition.

When acquiring real estate abroad, risks resulting from the location of the properties must be considered (e.g. different legal and tax systems, different interpretation of double taxation agreements, different opinions in the calculation of transfer prices or income accrual and changes in exchange rates). Furthermore, the development of the case law can have negative or positive effects on the real estate investment situations. In the case of foreign properties, the increased management risk and potential technical complications including

the transfer risk regarding current income or sales proceeds must also be taken into account. There are exchange rate opportunities and risks for transactions in foreign currencies,

On the sale of a real estate, even if the greatest measure of commercial care is applied, warranty claims of the purchaser or other third parties might be created for which the fund assets are liable.

When acquiring equity interests in real estate companies, risks arising from the legal form of the company, risks in connection with the possible default of shareholders and risks of changes in the tax and company law framework must be taken into account. This applies in particular when real estate companies have their registered office abroad. In addition, it has to be taken into account that, when participations in real estate companies are acquired, these may be burdened with liabilities that are difficult to detect. Lastly, a sufficiently liquid secondary market may be missing in the case of an intended sale of the participation.

Real estate investments can be debt-financed. This is done to achieve a so-called leverage effect (increase of the return on equity by borrowing debt capital at an interest rate below the property's profit rate) and/or in the case of real estate or real estate companies located in a foreign country (borrowing of loans in the foreign currency of the situs state). If debt financing is utilised, the value changes of the real property will have a stronger effect on the employed equity of the fund assets, e.g. with a 50-percent loan financing, the effect of a reduced value of the real property on the fund capital invested would double compared to a fully equity-based financing.

When a property is encumbered with a heritable building right, there is the risk that the heritable building rights holders will not fulfil his obligations, in particular that he will not pay the interest on the building rights. In this and other cases, a premature lapse of the heritable building right may occur. The investment management company must then find another economic use of the property, which can be difficult in the specific case. This applies analogously in the case of the lapse after the end of the contract. Lastly, the encumbrances of the property with a heritable building right may restrict the fungibility, i.e. the property might not be sold as easily as would be the case without such an encumbrance.

Significant risks resulting from the liquidity investment

Insofar as open-ended real estate fund holds securities, money market instruments or investment fund shares within the scope of their liquidity investments, it has to be noticed that these investments also carry risks.

Specific risks of all open-ended alternative investment funds

Valuation

The valuations of the various investments of alternative funds can contain uncertainties and evaluating provisions and, if such valuations should prove to be false, this might have negative effects on the net asset value of the shares. All decisions regarding the valuation of assets and liabilities, and the determination of the net asset value are made under the direction and supervision of the respective investment manager. The determination of the net asset is final and binding, and can impact the amount of the management fee and of the performance fee.

Difficulty in the procurement and hedging of suitable investments

The identification, conclusion and realisation of attractive investments is notably competitive from time to time and harbour a certain measure of uncertainty. The respective funds compete for investment opportunities with other investment vehicles such as individual investors, financial institutes (e.g. mortgage banks, pension funds and trusts) and other institutional investors, which may potentially have larger financial and human resources than the funds into which it is invested or they may have better contacts with sellers, creditors and other parties. While the AIFM is in a good position to implement the strategy, there is no certainty that the respective funds will be able to find and make investments that match its target IRR or the value of which is realisable or that it will be able to invest the available capital in full.

Missing diversification

There is no certainty for investors when it comes to the measure of diversification of the investments of the respective funds by geographical regions or asset classes. Furthermore, transactions in which the respective investment manager intends to refinance the entire or parts of the invested capital carry the risk that this refinancing cannot be concluded, which might lead to increased risks for the respective fund due to unintended long investments and/or low diversification.

Contingent liabilities on a sale of investments

In combination with the sale of an investment, funds might be obligated to make certain assurances that are quintessential for the sale of investments regarding the business and financial situation of the investment. Funds may also be required to compensate the buyers of such an investment for losses where these assurances are incorrect. Such agreements can result in contingent liabilities for which the respective investment manager can create reserves or deposits in order to be ready for such contingent liabilities or which ultimately have to be financed by the investors before or after the end of the fund term.

Involvement of subsidiaries

Investments of the respective funds can be held either directly or indirectly through subsidiaries. Before an acquisition, a complete due diligence will be made, but in the case of special purpose vehicles, there can be no guarantee that these investments can in fact be sold

in the future without problems. Furthermore, while the sale of a special purpose vehicle can result in tax-free sales, in these cases, the seller will frequently aim at achieving a price reduction through negotiations in the amount of the potential tax liability, which remains in the vehicle, should it sell the respective asset in the future?

Missing management authorizations

Investors do not participate in the management of the fund or the underlying fund assets. They therefore also have no opportunity to steer the daily business such as investments and sales decisions of the fund.

Under very specific circumstances that may be described in the general terms and conditions, it is at the sole discretion of the respective investment manager, how it arranges the structuring, negotiation and purchase, financing and potential divestments for the respective funds. Therefore, investors generally cannot themselves estimate the benefits of certain investments before the funds make them. Investors can also not make any investment decisions for the funds and have no opportunity either to evaluate or approve certain assets before the investment.

Management, financing, leasing and sales decisions by the funds and their respective policy with regard to certain other activities including their dividend and business policy are made by the respective investment manager. Insofar as it is permissible based on the legal documentation of the funds and subject to the agreement of the administrative board, these guidelines can be modified respectively at the discretion of the investment manager without the fund investors having a voting right. All such changes might run counter to the investor's interests with regard to the funds.

Hedging policy

Regarding the financing of certain investments, the funds can apply hedging techniques to hedge the funds against unfavourable exchange rate and/or interest rate developments. Even though such transactions can reduce certain risks, the transactions might themselves harbor other risks on their part. Although the funds may profit potentially from the application of such hedging mechanisms, unexpected exchange rate or interest rate risk can also damage the overall performance of the funds.

Collective investments with third parties

The funds can make collective investments with third parties through partnerships, joint ventures or other firms. Under these circumstances, the funds might possibly not hold a controlling participation in certain investments. The risks relating to such an involvement of third parties in an investment also includes the possibility that the third-party shareholder or investor might not be in the financial position to continue the investment or that it suffers default, which would have corresponding negative effects on the investment, or that it pursues economic or business interests or aims that are not consistent with those of the respective fund, or that it adopts measures that are not reconcilable with the investment strategy of the respective fund.

Furthermore, the funds might be liable under certain circumstances for the actions of the third-party shareholders or co-investors. Investments made collectively with third parties in joint ventures or other firms can trigger special profit shares (carried interests) and/or payments to these third parties or co-investors.

Effects of changes in public regulations and legal changes

Public authorities at all levels are actively involved in the announcement and enforcement of regulations relating to taxes, land utilisation, zoning, planning restrictions, environmental protection and safety as well as other matters. The adoption and enforcement of such regulations might increase expenses and reduce earnings or profits, and have unfavourable effects on the value of the fund assets.

Every law adopted and its interpretation as well as the legal and regulatory provisions that apply to the respective funds and/or an investment in the respective fund can change during the period of the fund's existence. In the same way, the accounting practice may change, which can have effects in particular on the way and manner in which the assets in the funds are valued, and/or on the way and manner in which earnings and capital gains of the respective fund are recognised and/or attributed.

There is also uncertainty regarding the future costs of energy and other resources, the reliability of the supply with energy and resources, and regarding the extent and scope of increasing state regulations and market reactions that can soften or increase the energy and resources price changes or the reactions to problems in the availability or market liquidity.

7. Closed-ended investment funds

General remarks

Closed-ended investment funds are a form of long-term collective capital investment in asset values. In the same way as open-ended investment funds, closed-ended investment funds are offered and managed by investment management companies.

A participation in a closed-ended investment fund is acquired through the purchase of shares in a company. This usually has the legal form of a closed-ended investment limited partnership ("*geschlossene Investmentkommanditgesellschaft*") or a closed-ended investment stock corporation. The investor's participation mostly extends over a period of several years. When acquiring a unit in a closed-end investment fund, the investor usually has to pay a front-end load.

The participation in a closed-ended investment fund frequently requires a minimum shareholding total. In the acquisition of the share in a closed-ended investment fund, the investor must usually has to pay an issuance fee. It is calculated at a percentage rate of the investment total. Through the acquisition of a share in a closed-ended investment fund, depending on the legal form of the closed-ended investment funds, the investor becomes a shareholder. The tax effects of a capital investment in a closed-ended fund can play a significant role for the investor.

In the case of investment limited partnerships, the investor participates as a limited partner. As such, he will be entered in the commercial register. In a so-called public investment limited partnership ("*Publikums-Investmentkommanditgesellschaft*"), the participation can also be indirect, held by a trustee, who will be entered as limited partner in the commercial register (trustee acting as limited partner) and exercise the investor's shareholder rights based on a contractual agreement, the trust agreement, in its own name but on account and at the risk of the investors. The trustee acting as limited partner meanwhile is bound by the instructions of the investors in the normal case. In contrast to a direct participation as limited partner, the investor remains largely anonymous here and he will not be entered in the commercial register.

Closed-ended investment funds primarily invest in asset values such as real estate, airplanes, ships, containers, plants for the generation of renewable energies, forestry, forest and agricultural land or shares in companies that are not admitted to trading at a stock exchange (hereinafter referred to as "Capital Goods"). Closed-ended funds usually generate earnings from the continuous management of individual or several Capital Goods. At the end of the term, further profits can be achieved by the sale of the Capital Goods. The economic success of investors depends essentially on the success of the management and, if applicable, of the sale of these Capital Goods. The investment management company generally must assign a custodian for the fund to take on certain control and monitoring functions relating to the fund assets. This includes the review of the ownership structure of the assets of the fund and the monitoring of payment flows.

The capital invested by the investors in the fund company is used as equity of the company for the purchase of Capital Goods and the non-recurrent expenses and fees for the issuance of the fund. In addition, closed-ended funds frequently borrow outside capital.

Investors can therefore only enter a closed-ended fund during the so-called placement phase, in the course of which the equity is procured. If the equity has been fully procured, normally no participation is possible anymore and the fund is closed. After closing the fund, the Capital Goods are usually being managed. At the end of the fund duration, the assets of the fund will be sold, the sales proceeds will be distributed to the investors after deduction of liabilities and the fund company will be liquidated. Comprehensive valuation duties generally apply to closed-ended mutual funds. Both an acquisition valuation as well as a continuous regular valuation are prescribed. The acquisition valuation refers to the acquisition of a concrete asset value. In addition, at least once per year, a follow-up valuation of the assets is made.

Closed-ended investment funds can be acquired by both private and professional investors.

Investment possibilities of closed-ended funds

Closed-ended funds are usually characterised by a limited and clearly defined investment project.

Closed-ended infrastructure funds hold participations in infrastructure assets either indirectly through special purpose vehicles or directly. Infrastructure funds can invest both in project developments as well as in finished infrastructure assets. The investors participate in the earnings of the infrastructure assets and/or the sales proceeds of the assets. On a sale of the assets, the sales proceeds are regularly distributed to the investors after deduction of liabilities.

Closed-ended real estate funds usually purchase one or more real property. During the holding period of the real property, the investors participate in the earnings from the management of the property, e.g. its letting. On a sale of the property, the sales proceeds are regularly distributed to the investors after deduction of liabilities.

In closed-ended renewable energies funds, investors participate in the earnings that are generated from the operation of plants to generate electricity, gas or heat from renewable resources such as the sun, wind energy, geothermal energy, biogas or water. When the assets are sold, the investor can participate in the sales proceeds after settlement of the fund's liabilities depending on the participation offer.

Private equity funds acquire participations in companies, the shares of which are not traded at the stock exchange. The investor participates in the earnings from the company participations and the sales proceeds on the sale of the participations, which will be made usually at the end of the fund duration.

Specific risks of an investment in closed-ended investment funds

Business risk

Participations in closed-ended funds are, by their nature, business participations. Due to the generally low diversification of the capital invested, which is tied to the investment in one or few asset values, the development of the investor's participation strongly depends on the success of the management and the value development of the investment asset or assets. Depending on the kind of acquired investment asset, its value development can strongly depend on the overall economic developments or the development of a particular market. Industry-specific and asset-related risks, too, can influence the value development of an investment asset in a negative way. There is therefore a risk that the economic development of the participation in the closed-ended fund will not be positive. Thus, a loss of the invested capital up to total loss can be incurred by the investor.

Limited tradability of the participation

The shares in closed-ended investment funds can usually not be returned during the fund duration. An ordinary termination of the participation in the fund company is normally not possible. The investor is only entitled to the statutory right of termination for good cause. Disposition over the invested capital is therefore normally not possible during the fund duration. The investor can only liquidate his participation in the closed-ended investment fund during its term by selling it to a third party. The transfer of the share, however, frequently requires the approval from the fund company. In addition, no regulated secondary market exists that is comparable to a stock exchange for shares in closed-ended funds. There is therefore a risk that due to absent approval from the fund company or lack of demand on the purchaser's side, a sale of the share will fail or will only be possible after a time delay due to merely low demand on the purchaser's side and only at substantial deductions from the purchase price compared to the originally invested capital.

Revival of liability

If the investor acquires a participation in an investment limited partnership, he will initially be personally liable as a limited partner for the fund company's liabilities in the sum of the amount guaranteed that is agreed in the articles of incorporation. The investor's personal liability, however, will expire as soon as he has paid in his contribution (subscribed amount, if applicable plus an issue premium) to the fund company. Personal liability can revive at a later point in time for the sum up to the agreed amount guaranteed when an investor receives distributions, while his equity participation is reduced to below the amount guaranteed through losses of the fund company or insofar as his equity participation drops to below the amount guaranteed by the disbursement. In the event of a bankruptcy of the fund company, there is a risk that the investor will have to repay the disbursements to the fund company that he has received by way of deposit refund.

If the investor acquires a participation in an investment stock corporation, the risk of a revival of liability in this form does not apply.

Inflation and foreign exchange risk, country risk

Asset values, as well, can be subject to an inflation risk, meaning the risk that the fund will suffer an actual value loss in consequence of monetary devaluation. This can have negative effects on the disbursements to investors. If a closed-ended investment fund is denominated in a foreign currency, earns its relevant income in a foreign currency area or if instead income and expenses or liabilities are entered in different currencies, this can result in a foreign exchange risk for the fund. For example, an appreciation of the euro over foreign currencies can cause a value loss of the foreign asset values that are valued in euro. If the fund company invests abroad or if significant payment flows from foreign debtors are intended, this can result furthermore in a country and intermediary risk. Political instability, lack of foreign currencies or transfer restrictions on cash payments from abroad can have significant effects on the development of the fund.

Risk of default of contractual partners

As part of the concept, sale and management, the fund company enters into contracts with service providers. There is the risk that the contractual partners do not act in accordance with the contract and do not or not adequately fulfill their duties. This can be the case if the credit rating of the contractual partners deteriorates. The default of contractual partners can entail delays in the operation and higher expenses as well as reduced income, which will have negative effects on the disbursements to investors. There is also a risk that the user of the investment asset is unable to fulfill its payment obligations. This can lead to losses in the fund's income and value. In that case, the investor has the risk of a total loss of the invested capital.

Risk from change in legal and economic framework conditions

There is a risk that the legal and economic framework conditions under which the fund was launched will change unfavorably within the fund duration, which usually extends over multiple years. This also applies to potential tax risks. This can have negative effects on the fund's earnings and lead to lower distributions to investors.

Bankruptcy of the fund company

As shareholders, the investors bear the risk of bankruptcy of the fund company. Their claims against the fund company in bankruptcy are subordinated to the claims of other creditors of the fund company. The legal regulations on the deposit guarantee do not apply to an investment in a closed-ended fund. Losses of the invested capital must be borne by the investor alone.

Key personnel risk

The successful investment and sale of the fund asset depends in part on the abilities and investment recommendations of the investment manager. The investors themselves neither make any decisions on the acquisition, sale or other realisation of an investment nor any other decisions on the business and activity of the fund with the exception of certain situations.

There is no certainty that the experts of the investment manager will remain with the investment manager/AIFM during the entire term of the respective fund. The loss of important employees might have significant negative effects on the potential performance of the respective fund. Even though investment managers regularly employ experienced teams of qualified experts, the function of key employees will determine the success of the respective fund in the future, and events of death, disability or absent availability of key employees for whatever reasons can impair the performance of the respective funds.

Risk of debt

Alternative investment funds can achieve a leverage effect in connection with its investments by borrowing loans also on the levels of subsidiaries or infrastructure companies. Alternative investment funds can provide guarantees or other appropriate securities for subsidiaries in order to achieve such debt. Although the utilisation of debt can improve income and increase the number of investments that can be made, the risk of loss can also significantly rise as well. The utilisation of debt at the level of a subsidiary entails the risks at alternative investment funds, which normally relate to debt financing including the risk that the cash flow subsidiary will not be sufficient to make the required payments of principal and interest, the risk that debt relating to the investments cannot be refinanced, and the risk that the conditions of such a refinancing are not as favorable as the conditions of the existing debt financing. Such debt can bear interest at variable interest rates. Variable interest rates result in higher debt servicing obligations when market interest rates rise, which would have negative effects on the subsidiaries (and indirectly on the investing alternative investment funds). Alternative investment funds or subsidiaries can enter legal transactions to limit their risk regarding rising interest rates, as they may deem appropriate and cost-efficient, meanwhile legal transactions can be exposed to the risk that the contract partners of such legal transactions cannot fulfill their obligations and that the alternative investment fund (or a subsidiary) might therefore lose the benefits expected from it, which would lead to negative effects in connection with rising market interest rates.

Further specific risks are equivalent to those of open-ended alternative investment funds. It is referred to the corresponding statements in this regard.

8. Precious metals and commodities

Direct and indirect investments can be made in commodities, meaning physical goods. Commodities are divided into four main categories: precious metals (e.g. gold, palladium and platinum), industrial metals (e.g. aluminium, copper), energy (e.g. electricity, oil and gas), agricultural commodities (e.g. wheat and corn). The term “commodities” usually also includes merchandise. Commodities are traded at specialised exchanges or directly between market participants over the counter. This is frequently done by means of largely standardised forward contracts.

In the demand for commodities, it is differentiated between physical demand and the demand for the purpose of capital investment (investor demand). Physical demand depends primarily on economic growth, while investor demand is primarily determined by interest rate developments, the currency movements (mainly of the US dollar based on the large trading volumes in USD) and the inflation level.

Specific risks of investments in commodities and precious metals

Value fluctuations

Investments in commodities may be subject to big value fluctuations. A counterparty risk in certain investment forms is possible. The prices of the commodities react to interest rate changes and movements on the foreign exchange markets. Investments in futures contracts or OTC derivatives can lead to higher margin calls when the derivative has a negative value development. The physical delivery of commodities can entail high costs.

Missing transparency

Missing transparency can constitute a problem in certain commodities markets and complicate analysis.

Low market liquidity/Speculative market participants

In commodities markets with low liquidity, speculative trading by just a few market participants can already lead to strong price movements, which feedback on the price development of derivatives of this underlying asset. Liquidity can be very limited in extreme market situations.

Cartels and regulation

Commodities producers are frequently part of organisations or cartels. These regulate the prices at the commodities markets through the supply. Supervisory authorities as well can exert influence on the pricing by means of rule changes. In addition, there are political regulations such as nationalisation or export restrictions.

Risks from natural disasters and cycles

The weather and natural disasters can lead to a change of the supply situation on the commodities markets. Furthermore, especially agricultural commodities are subject to seasonal cycles of supply and demand.

Political risks

Strong fluctuations in commodity prices can be caused, for example, by embargos, wars, revolutions, etc.

Inflation

Rise in commoditiy prices (inflation) can entail a reduction of demand among consumers, especially, e.g. for crude oil. The causes can be the increase of the money supply by central banks (interest rate cuts), reduced velocity of the circulation of money (falling demand for goods, services, loans) or the reduced production as a consequence of failures in the real economy.

Deflation

The significant, lasting reduction of the price level for goods and services (deflation) can be the consequence of consumption and investment restraint, reduction of public spending, foreign trade developments (global economic crisis), currency revaluations or restrictive monetary policy (significant increase of the interest rate). Here, the demand for commodities can also fall. In contrast, for example, precious metals can experience rising demand.

9. Investments in real estate

It is referred to the instruments of indirect real estate investment under point B.6 (“Open-ended real estate funds").

Based on their value stability, investments in real estate are a popular capital investment in general.

Investments in real estate come with opportunities and risks like all investments. Real estate investments can be a very profitable investment decision when the location proves to be good over time. The location, purchase price, basic structure of the building, leasability, traffic connections, local and regional economic power and future potentials, economic structure, etc., in particular are decisive here.

Specific risks of real estate investments

Information risk

Real estate markets are often intransparent and presuppose exact knowledge of local conditions. In addition, expertise in the construction trade, management knowledge and specific know-how is required. Here, significant incorrect assessments in the value development of the investment can arise.

Risk of concentration

In a real estate investment, based on the total amount tied up in one single investment, no diversification is possible. Given an identical investment sum, a broader diversification and thus a greater risk reduction can be realised in an indirect investment in real estate or with alternative investment forms.

Interest rate risk

Real estate responds similarly as bonds, low interest rates make mortgages more affordable and enable above-average earnings, while high interest rates reduce them.

Capital requirement

Investments in office buildings, retail properties, industrial properties, residential or special real estate (e.g. hospitals, hotels, logistics properties, etc.) means the purchase of such and ties up corresponding capital.

Value development

Real estate investments represent a long-term investment. Nonetheless, the sale of the real property is possible at any time in legal terms. The sales price is determined by the market conditions prevalent at the time of the sale. There is a risk that losses are incurred if the sale is made at an unfavourable point in time or if the search for a buyer takes more time. The value of the real property might therefore not be realised in cash in the short term. In addition, pressure to sell can lead to significant price reductions.

Rental income

The future development of rents depends on a series of diverse factors and cannot be guaranteed. Throughout the investment period, rent increases are difficult to predict. Unanticipated developments, e.g. changes in the law, changed demands of tenants or structural modifications in an economic area can have positive or negative effects on the rental income.

Lack of recoverability of a rental guarantee

The value of a rental guarantee always depends on the credit rating of the issuer of the rental guarantee, which might have to be researched separately if applicable before the purchase of the real estate. The actually achieved rent after the end of the guarantee period is determined by the market. It can therefore be higher or lower than the guaranteed rent.

Maintenance and renovation costs

For the coverage of renovation or maintenance measures, etc. usually a maintenance cost reserve is created. The amount of the maintenance reserve, however, might not be sufficient as the case may be in order to pay for the higher maintenance costs incurred after 10 to 20 years according to experience. Additional cost allocations to the owner association might therefore be required.

Debt financing costs

If the purchase of a real property requires outside capital, this represents a risk. The price of the property compared to the rental agreements must not be too high; each additional equity lowers the investor's debt. Rental income might be lost, asset prices might fall, tax relief eliminated or new real estate taxes might be introduced.

Missing liquidity

Real estate investments cannot be liquidated quickly. If the real estate market comes under pressure because of overcapacities and a fall in prices, the property might be unsaleable. The same applies if there is no demand in consequence of a situation that is hardly promising for the future.

E. INFORMATION ON COSTS AND INCIDENTAL COSTS

In the following, we provide you with information on the costs and incidental costs that are incurred in connection with a service by FCM and/ or TL.

I. Prices

FCM and TL charge a fee to their clients for their respective services. It comprises a combination of fees, commissions and external costs, the amount of which depends on the kind and scope of the performed service. The current prices for the services by FCM and TL and details on the payment terms can be found in the respective current wealth management agreement and the respective current investment brokerage agreement. An illustration of the effects of the costs on the return of a concrete investment is provided before the conclusion of a transaction (conclusion of a wealth management contract, conclusion of an investment brokerage contract or transactions of financial instruments) through the ex-ante cost disclosure.

1. Ex-ante cost information of a wealth management

The ex-ante cost information is to provide you with an overview of the cost amounts in connection with wealth management. For this purpose, the possible costs and subsequent costs of a wealth management and the respective investment strategy are calculated in an aggregated tabular form. The exemplary cost information is calculated on the basis of certain assumptions and expectations. Typical costs are shown on the basis of a certain (presumed) investment amount for the 1st year of investment, the following year, and also the presumed investment term or investment horizon. Additional fees are generally incurred in the event of early termination if the recommended holding period of the respective strategy is not reached.

Please note that actual costs, of which we will inform you in our regular reports, may differ from the exemplary costs. Actual costs depend, among other things, on the actual investment amount, the individual holding period, product costs of the respective security, price development, and possibly also on changes of the foreign currency for securities in other currencies and a possible change in product and services prices during the holding period.

Insofar as we have also agreed on a performance-based fee with you, then this will also increase the actual costs. However, this will only be applied when corresponding conditions that are agreed upon contractually have been fulfilled.

2. Ex-ante cost information of an investment account set-up fee

The ex-ante cost information is intended to give you an overview of the level of costs associated with setting up an investment account. For this purpose, the possible costs and (if applicable) subsequent costs are determined in the form of aggregated, tabular presentations. The exemplary cost information is prepared on the basis of certain assumptions and estimates. Based on a certain (assumed) investment amount, the typical costs of the selected financial instrument are shown for the first investment year, the following year and the likewise assumed investment period or investment horizon.

Please note that the actual costs may differ from the exemplary costs. This is because the actual costs are influenced, among other things, by the actual investment amount or the individual holding period. The actual costs of a financial product will be communicated to you within the scope of an individual (so-called ex-post) cost disclosure.

3. Ex-ante cost information of an investment brokerage of selected financial products

The ex-ante cost information is intended to give you an overview of the amount of costs associated with the purchase of a financial instrument. For this purpose, the possible costs and subsequent costs of the financial instrument are determined in the form of aggregated, tabular presentations. The exemplary cost information is prepared on the basis of certain assumptions and estimates. On the basis of a certain (assumed) investment amount, the typical costs of the selected financial instrument are shown for the first year of investment, the following year and the likewise assumed investment period or investment horizon.

Please note that the actual costs may differ from the exemplary costs. This is because the actual costs are influenced, among other things, by the actual investment amount, the individual holding period, the actual service costs, the product costs of the respective financial instrument, its price development and, if applicable, additionally by the change in the foreign currency in the case of securities in other currencies as well as by a possible change in the product and service prices during the holding period. You will be informed of the actual costs of a financial product within the scope of an individual (so-called ex-post) cost disclosure.

II. Taxes and further costs

Beyond the prices indicated above, further costs and taxes may arise from transactions relating to financial instruments or our services, which are not paid through FCM and/or TL or invoiced by it. This includes the following costs and taxes, for example:

1.1 The costs for the trading with financial instruments are to be borne by the client and they will be charged by the depositary bank and/or FCM and /or TL against the client's securities accounts in accordance with the applicable contractual terms. This also includes issue premiums for the acquisition of shares in investment funds. If financial instruments are traded within the scope of a service performed by FCM and/or TL for the client (e.g. wealth management or investment brokerage), these costs will be considered in the calculation of the fee for FCM and/or TL for the service in accordance with the applicable terms and conditions.

1.2 Income from financial instruments are usually taxable. The same applies to profits from the purchase and sale of financial instruments. Depending on the respectively applicable tax law (domestic or abroad), capital gains and other taxes can be incurred upon the distribution of profits or sales proceeds, which will be paid to the fiscal authority and therefore reduce the sum payable to the client. The taxes are partly paid directly by the depositary bank to the respective fiscal authority. In case of questions, the client should contact the fiscal authority competent for them or their tax adviser.

1.3 If the client purchases shares in an investment fund, costs will be incurred for the management of the investment fund and a potential performance-based fee for the fund company, reducing the value of the shares. The costs are to be borne by the client. These are incurred at the level of the investment fund and are disclosed by the fund company.

1.4 The client has to bear his own costs (e.g. for phone calls, postage).

F. CONFLICT OF INTERESTS POLICY

Principles on the handling of conflicts of interest

Below we inform you about how FCM and TL handle potential conflicts of interest. Whereby "TL" in connection with the Principles on the handling of conflicts of interest not only concerns the aforementioned companies ThomasLloyd Global Asset Management (Americas) LLC and ThomasLloyd Global Asset Management GmbH, but also all the companies, subsidiaries and affiliates in the ThomasLloyd Group.

If you have further questions on the handling of conflicts of interest, FCM or TL will be happy to provide you with more details about the described principles. For this purpose, please contact info@1st-group.com or wm.europe@thomas-lloyd.com.

Pursuant to Sec. 63 (2) Securities Trading Act (WpHG), every securities services enterprise has to work towards the avoidance of conflicts of interest and provide information to its clients on the kind and source of potential conflicts of interest, and its principles on the handling of these.

Conflicts of interest can entail that the institutes do not act in the best interest of the client. This causes the possibility that the client might suffer a financial disadvantage.

The following statements apply to both FCM as well as TL. They are respectively referred to as "institute" herein below.

Conflicts of interest cannot always be excluded.

In the institutes, the management is responsible for the identification, the avoidance and the handling of conflicts of interest.

Origin or sources of conflicts of interest:

Conflicts of interest can arise between:

- the respective institute and its clients;
- employees, the management, shareholders of the respective institute (including such parties that directly or indirectly control the respective institute) and its clients;
- two or more clients of an institute, notably in connection with the performance of services by the institute for these clients;
- a contractually tied agent (and its employees, management, etc.) of the respective institute and its clients; or
- natural persons who are involved in the performance of services by the institutes (e.g. under an outsourcing contract) and its clients.

Actual and potential conflicts of interest are included insofar as these have effects on the proper performance of the securities-related services or non-core investment services. A conflict of interest is given when the possible actions of an employee of the institutes are not reconcilable with the client's legitimate interests or if potentially conflicting interests of several clients exist. At the same time, it cannot be concluded that there is a potential conflict of interest alone because of a gain, an advantage or the avoidance of a disadvantage. What is decisive is that simultaneously a potential disadvantage for the client can be detected.

Examples of conflicts of interest:

Conflicts of interest at an institute can arise in various situations.

At institutes providing wealth management and investment brokerage, especially the following areas are particularly affected:

- drafting of financial analyses,
- portfolio management,
- employee dealings.

Specific examples are listed below, which are considered to be typical conflicts of interest with regard to the services of a Wealth Manager or investment broker, but the list does not claim completeness:

- in the wealth management and in the investment brokerage resulting from the institutes own interest in the (sale) of financial instruments, especially group-internal products; or products of companies involved in the company or in affiliated companies;
- in the execution of client orders by a concurrence of several client orders or client orders with own transactions
- upon the receipt or granting of commissions (e.g. placement/aftersales commissions/non-cash benefits) from third parties or to third parties in connection with securities-related services for them;
- through performance-based remuneration paid to employees and agents;
- on the granting of commissions to employees and agents of the respective institute;

- by obtaining information that is not publicly known (insider information);
- from private securities dealings of employees;
- from personal relations of employees or the management or persons related to them of the respective institute;

General principles:

The institutes perform services for the clients and their own dealings in the way and manner that the existing and potential conflicts of interest are handled in a proper manner, and that both with regard to conflicts of interest between the institutes and the clients as well as between the clients. In the treatment of conflicts of interest, the institutes observe the related legal requirements and the relevant rules stipulated by the supervisory authorities on the handling of conflicts of interest. To prevent extraneous interests from influencing, for example, asset management or order execution, the institutions have committed themselves, and their employees and other relevant persons to high ethical standards.

The institutions expect diligence and honesty at all times, lawful and professional conduct, compliance with market standards and, in particular, consideration for the interests of clients.

In the case where a conflict of interest exists between the clients of the respective institute, the equal treatment principle applies in general, whereas a differential treatment on the basis of verifiable and appropriate parameters is permissible.

When a conflict of interest is identified, the institutes will carefully and diligently review all actual circumstances and consider, among other things, whether the relevant institute (including the employees and members of the management), an external service provider or a contractually tied agent

- achieves a financial advantage or avoids a financial loss at the disadvantage of the client in all probability;
- has an interest in the result of a service performed for the client or a transaction executed on order by the client, which is not consistent with the client's interest in this result;
- has a financial or other incentive to put the interests of another client or another group of clients over the interests of a client;
- operates in the same business field as the client; or
- receives or will receive an incentive from a person not identical with the client that relates to a service performed for the client, notably in the form of money, goods or services, which differ from the remuneration for the relevant service.

Organisational measures regulating conflicts of interest:

The institutes will put the following measures in force:

- Regarding an internal interest in the sale of (group-own) financial products: creation of organisational processes to protect the client interest in the wealth management and investment brokerage: financial products that are subject of wealth management and investment brokerage must be entered in an internal allocation list; financial products will be included on the allocation list only if this seems to be justified for reasons of the transparency, sustainability and quality of the products (e.g. approval procedures for new products). In-house products are purchased without offering premiums.
- Regarding the concurrence of several client orders: processing of the client orders in the order of their receipt by FCM or TL; processing of client orders before dealings on own behalf.
- Regarding commissions paid by or to third parties: payment and receipt of commissions from third parties is permitted only on the condition that they improve the quality of the service to the client; in connection with the performance of asset management, the receipt of commissions is prohibited.
- Regarding performance-based remuneration paid to employees and agents: the remuneration system of FCM and TL provides for a large portion of fixed remuneration for the employees. This results in there being a low incentive for employees to enter disproportionate risks for the clients.
- Regarding insider information: maintenance of monitoring or blocked lists with regard to financial instruments where conflicts of interest can arise; thereby monitoring of sensitive information accumulating and the prevention of an abuse of insider information.
- Regarding private securities dealings of employees: disclosure of privately or professionally motivated securities dealings by the employees to the compliance office (so-called employee dealings) with regard to those financial instruments in which conflicts of interest may arise
- It applies in general that training sessions are attended at regular intervals to raise the awareness of employees and other relevant persons on the correct handling of conflicts of interest.

Special measures to regulate conflicts of interest:

- Check of target systems in the remuneration policy on conflict of interests;
- Implementation of appropriate distribution structures to protect client´s interests;
- Neutral aggregation of client orders without preferential treatment of individual client groups and rule-based forwarding of orders;
- Employee training and concrete work instructions to detect and to regulate conflict of interests;
- Disclosure and controls of employee dealings;
- Implementation of Chinese walls between conflict-prone departments;
- Order processing according to our Best Execution Policy to avoid conflicting interests of clients;
- Obtaining and considering the customer's specifications for the execution of individual suitability and appropriateness tests; Organisational and spatial separation of the front and back office divisions;
- Perform market conformity checks on fixed prices;
- Prohibition of front running, parallel running and counter running

Examples of prohibited transactions:

Due to the related conflicts of interest, the following measures are generally prohibited:

- recommendation of transactions for financial instruments (in case of a buy recommendation) that the institutes has already bought for itself or (in case of a sell recommendation) intends to buy (so-called scalping) or
- recommendation of too high a number of transactions for the purpose of generating commissions (so-called churning).

Some of the measures listed above for the prevention of conflicts of interest are not sufficient to ensure with adequate certainty that the interests of the client will not be damaged. To this end, the risk may apply that the client suffers a financial disadvantage from the institutes acting at his disadvantage based on a conflict of interest.

In spite of the continuous controls of employees and other relevant persons, it is possible that these persons knowingly circumvent or negligently fail to observe the measures taken for the handling of conflicts of interest due to personal misconduct and that these violations remain undiscovered by the institutes.

For example, it is feasible that these persons knowingly or unknowingly:

- maintain the internal allocation list incorrectly;
- do not process client orders in the order of the time when they were received, for example, to prefer a certain client;
- employees enter disproportionately high risks for a client, even though there is no financial incentive to do so because of the appropriate remuneration;
- employees execute a transaction in a security that is entered on the blocked list of the institutes, in order to thereby obtain a personal advantage by using the existing insider information;
- employees do not disclose their private securities dealings and the institutes can thereby not discover a certain misconduct by the employee;
- employees accept commissions directly from third parties, exceeding a minimal value, even though this is prohibited for them.

Conflicts of interest through incentive payments:

FCM and/or TL may in the course of (distribution) agreements with issuers, depositary banks, fund managers or other third-party providers of money market investments, bonds, equities, structured products, open-ended investment funds and closed-ended investment funds (hereinafter collectively “**product provider**”), receive a one-off, sales-based (distribution) remuneration (or a remuneration with a similar name) from these product providers. In addition, FCM and/or TL may receive recurring, pro rata, holding period-based and/or sales-based and / or performance-based remunerations (e.g. portfolio commission, participation on performance fees) from these product providers. With respect to these inducements, FCM and TL will ensure that the legal requirements are met. In the context of the performance of securities-related services or non-core investment services, the institutes are not permitted to accept any inducements from third parties or to grant inducements to third parties, who are not clients of the service, unless the inducement is intended to improve the quality of the service performed for the client. The incentive payment must not oppose the correct fulfilment of the service in the client’s interest and the existence, kind and scope of the inducement or the way and manner of its calculation, if the scope cannot be determined yet, must be disclosed clearly to the client before the performance of the securities-related service or non-core investment service in a comprehensive, accurate and comprehensible manner.

The client will be informed on time of the precise amount of the inducements. As the inducements are paid partly on a continuous basis to the institutes, the client will be informed at least once annually about the actual amount of the received payments. The inducements are intended to improve the quality of the services for the client. They do not affect the duty of the institutes to act in the best interest of the client. For as long as they receive these inducements, the institutes or the respective adviser will perform quality-improving measures for the client.

As part of the wealth management, the institutes do not accept any monetary inducements from third parties. If, as an exception – for example, because a financial instrument is not available without inducements – monetary inducements are paid to the institutes, these will be passed on to the clients in full amount as soon as possible or upon receipt in consideration of the business process. This will be done by an automatic distribution of the monetary commissions directly through the depositary bank to the client. In this regard, no offsetting against any claims of the institutes against the client will be done. In the event of bankruptcy, the monetary commissions will be included in the bankruptcy estate, unless they have already been distributed.

This requirement is implemented by the institutes, in particular the incentive payments (inducements) in the above sense will be disclosed to the client. The institutes receive non-cash inducements in kind, e.g. information material or training, from other service providers in connection with the securities transaction. The institutes use these inducements to perform the services provided in the high quality as demanded and to improve them continuously. As part of a wealth management, the institutes receive merely minor non-cash benefits that are suitable to improve the quality of the wealth management provided for the client and which are reasonable and within proportion in terms of their scope and nature, e.g. information or documentation on financial instruments or securities-related services, provided that this is kept in general or adjusted specifically to the situation of a certain client, written information material on issuers or potential issuers from the corporate sector, participation in conferences, seminars and other educational events that are held on the advantages and characteristics of a certain financial instrument or a certain securities-related service; and hospitalities, the value of which does not exceed a reasonable immateriality threshold.

Particularities in wealth management:

In wealth management, the institutes make decisions on the purchase and sale of securities within the scope of the investment policies, without obtaining individual agreements from the clients. This constellation can exasperate an existing conflict of interest. The institutes counteract the risks resulting from this by suitable organisational measures, in particular an investment selection process that is oriented on the client interest.

A further conflict of interest that is typical for wealth management can result from an agreement on performance-based remuneration. Here, it cannot be ruled out that the manager will enter disproportionate risks to achieve the highest performance possible and thereby a higher remuneration. A risk reduction in this regard is achieved, e.g. by means of an internal control of the investment decisions made and by the combination with other fixed remuneration components.

Information and training of employees:

The institutes inform their employees (including the employees of affiliates and the members of the executive management) about the procedures that are to be observed for the due fulfilment of their tasks. In addition, the employees (including the employees of affiliates and the members of the executive management) are trained in the obligation for the avoidance and handling of conflicts of interest.

Questions and explanations:

The institutes are readily available in case of any questions and to provide further explanations, and to inform you at any time on request about additional details regarding the above principles.

G. INFORMATION ON INDUCEMENTS

Preliminary note:

In principle, FCM is authorised to provide financial portfolio management services, investment advice, investment management, investment and contract brokerage and principal trading in accordance with Section 32 German Banking Act (KWG) and receive remuneration. In connection with wealth management services (financial portfolio management), FCM will not receive and keep any inducements from third parties, unless they are merely minor non-cash inducements that do not impair the duty to act in the best interests of its clients.

Insofar as FCM is obliged by law to remit to you any remunerations it receives in the course of its activities as a financial portfolio manager, FCM will notify you of the fees, commissions or other monetary benefits forwarded to you, for example in the context of its monthly reports. TL is a contractually “tied-agent” (Section 2 para. 10 KWG) of FCM and is thus authorised to provide investment brokerage services on behalf of for the account and under the liability of FCM and receive payments for these services.

Inducements received:

FCM and/or TL may in the course of (distribution) agreements with issuers, depositary banks, fund managers or other third-party providers of money market investments, bonds, equities, structured products, open-ended investment funds and closed-ended investment funds (hereinafter collectively “**product provider**”), receive a one-off, sales-based (distribution) remuneration (or a similar designated remuneration from these product providers. This one-off remuneration is usually calculated as a percentage of the nominal amount paid by the Client to purchase the respective financial instrument. The remuneration normally consists, on the one hand, of a basic remuneration in the form of all or part of the offering premium and, if possible in some cases a brokerage fee independently of the offering premium. In addition, during the course of (distribution) agreements with product providers, FCM and/or TL may also receive recurring, pro rata, holding-period based and/or sales-based and / or performance based remunerations (e.g. portfolio commission, participation in performance fees) from these product providers. This remuneration is calculated as a percentage of the respective value of the shares in custody or the increase in value and depends on the product provider and the type of financial instrument.

Money market investments: For money market investments, the offering premium is from 0% to 1% and/or there may be another remuneration of 0% to 1%, irrespective of the offering premium. In addition, FCM and/or TL receive an annual term-based and/or sales-based remuneration of 0% to 0.5% of the average investment amount for the respective financial year.

Bonds: For bonds, the offering premium is from 0% to 3% and/or there is a remuneration of 0% to 2% for fixed interest bonds and of 0% to 7% for convertible and index-linked bonds, independent of the offering premium. In addition, FCM and/or TL receive an annual term-based and/or sales-based remuneration of 0% to 1.3 % for fixed interest bonds and from 0% to 0.8% for convertible and index-linked bonds based on the average investment amount of the respective financial year.

Equities: For equities, the offering premium is from 0% to 5% and/or there is another remuneration of 0% to7%, independent of the offering premium. In addition, FCM and/or TL receive an annual term-based and/or sales-based remuneration from 0% to 1% based on the average net asset value of the respective financial year and performance based fee of 0% to 10% of the achieved increase in value.

Structured products: For structured products, the offering premium is from 0% to 5% and/or there is another remuneration of 0% to 7%, independent of the offering premium. In addition, FCM and/or TL receive an annual term-based and/or sales-based remuneration of 0% to 1.5% based on the average net asset value of the respective financial year as well as performance based fee of 0% to 10% of the achieved increase in value.

Open-ended investment funds: For open-ended investment funds, the offering premium is from 0% to 5% and/or remuneration of 0% to 1%, irrespective of the offering premium. In addition, FCM and/or TL receive an annual term-based and/or sales-based remuneration of 0% to 1% based on the average net asset value of the respective financial year and performance based fee of 0% to 10% of the achieved increase in value.

Closed-ended investment funds: For closed-ended investment funds, the offering premium is from 0% to 5% and there is another remuneration of 0% to 7%, irrespective of the offering premium. In addition, FCM and/or TL receive an annual term-based and/or sales-based remuneration of 0% to 1% based on the average net asset value of the respective financial year and performance based fee of 0% to 10% of the achieved increase in value.

You will be informed if these specific ranges are exceeded in individual cases. Payment of the remunerations enables FCM and/or TL to build and develop an infrastructure for the implementation of services. At the same time, it is ensured that these remunerations do not conflict with your interests, but rather serve to maintain and improve the quality of investment services and ancillary investment services provided by FCM and/or TL.

The aforementioned term-based and/or sales-based remunerations are also paid to FCM and/or TL when financial instruments not brokered by FCM and/or TL are transferred to the investment platforms and/or depositary banks with which FCM and/or TL have an co-operation.

Inducements paid:

The following applies when FCM acts as a wealth manager for its clients: FCM pays tied agents (including TL) and/or distribution partners and other third parties based on an (distribution) agreement all or part of the respective one-time set-up fee charged by FCM in the course of the wealth management. The percentage of the one-time set-up fee paid to tied agents and/or distribution partners and other third parties is from 0% to 100%. In addition, FCM pays to tied agents and/or distribution partners and other third parties for services provided as a part of the ongoing management fee charged by FCM in the context of wealth management services. The percentage of the remuneration paid to tied agents, and/or distribution partners and other third parties is from 0% to 50%.

The following applies when TL acts as an investment broker for its clients: TL pays to distributions partners and other third parties based on an (distribution) agreement all or part of the respective one-time set-up fee charged by TL in the course of the investment account (securities account). The percentage of the one-time set-up fee paid to distribution partners and other third parties is from 0% to 100%. In addition, TL pays to distribution partners and other third parties for services provided all or a part of the ongoing service levied by TL in the course of investment brokerage. The percentage of the remuneration paid to distribution partners and other third parties is from 0% to 100%. In addition, TL also pays to distribution partners and other third parties for services provided part of a one-time transaction fee charged by TL. The percentage of the remuneration paid to distribution partners and other third parties is from 0% to 100%.

Distribution partners and other third parties may receive, based on an (distribution) agreement, remunerations from TL for their services provided. For this purpose, distribution partner and other third parties receive all or a part of the (distribution) remuneration (or a remuneration with a similar name) which TL receives due to the brokerage of financial instruments through the investment account. The percentage of the remuneration paid to distribution partners and other third parties is from 0% to 100%.

In addition, distribution partners and other third parties may also receive for their services, all or part of the term-dependent and/or sales-dependent remuneration paid to TL by product providers. The specific amount depends on the product provider and the financial instrument. The percentage of the remuneration paid to distribution partners and other third parties is from 0% to 100%.

The payment of remunerations to tied agents, distribution partners and other third parties enables them to build, maintain and improve the infrastructure and to provide services.

Upon achievement of certain sales targets and/or irrespective thereof, tied agents, distribution partners and other third parties may receive trip sponsorship, tickets to events, cash or non-cash prizes.

Inducements in kind: FCM and/or TL receive and give inducements in kind and/or other non-cash inducements, for example. in the form of product-related training courses (e.g. training and information materials, subsidies for events, etc.) or commonly accepted inducements (e.g. invitations to training events, hospitality that does not exceed a reasonable, moderate amount, free advertising gifts such as pens, calendars, note pads, etc.). The amount of the inducements in kind received depends on the respective product provider/distribution partner while the granting of the inducements in kind given depends on the distribution partner.

All the aforementioned inducements are used to improve the quality of the service provided to you.

If you require more information about the specific remunerations paid to FCM and/or TL, you can write to info@1st-group.com or wm@thomas-lloyd.com.

H. BEST EXECUTION POLICY

Note: FCM has delegated the portfolio management to ThomasLloyd Global Asset Management (Americas) LLC with registered office in 427 Bedford Road, Pleasantville, New York 10570.

The Best Execution Policy of FCM and ThomasLloyd Global Asset Management (Americas) LLC (hereinafter referred to respectively as the "*institute*" or collectively as the "*institutes*"):

This Best Execution Policy is reviewed on a regular basis, but at least once annually, based on the criteria described herein. The client will be notified of significant changes without delay.

If the client requires more information on this Best Execution Policy, this information will be gladly provided within an appropriate period for response.

Within the scope of the wealth management, FCM executes client orders and makes investment decisions usually on a regulated market, through an MTF or OTF, or outside of an exchange (OTC). Transactions that are made outside of an exchange always bear a counterparty risk. This risk can lead to a loss for the client – in the worst case even to a total loss – if the counterparty is not able to fulfill its contractual obligations. Institutes must take measures to achieve the best possible result for their clients in the execution of investment decisions or client orders, which pertain to the acquisition or sale of financial instruments ("**Best Execution**").

The commitment to Best Execution also applies to wealth managers, who do not make the investment decisions themselves, but who assign third parties with the execution of orders. The principles apply in that case to the selection of a third party, who is assigned with the execution of investment decisions by the institutes. The third party is accordingly selected based on whether third parties can usually assure the best possible order execution in the client's interest at a steady basis.

Consideration of client instructions

The client can issue instructions in general or in the particular case to the institutes, which exempt the institutes from acting according to other applicable execution principles. The client's instruction therefore always takes precedence over the execution principles. Client instructions within the scope of the wealth management relate to either the execution of an investment decision by the institutes or to a client order in the specific case or in general to the selection of a third party for the order execution (depositary bank).

The client can also instruct the institutes to assign certain depositary banks with the execution of investment decisions by the respective institute. If the client indicates account details with only one depositary bank, this will be understood as an instruction to settle the investment decisions via this depositary bank. Such instructions will take precedence in each case over this Best Execution Policy.

Note: When an instruction is received from the client, the institute will not assign third parties or select them according to this Best Execution Policy. An instruction from the client, therefore, exempts the institutes with regard to the elements covered by the relevant instruction from taking the measures that they have defined and implemented in their Best Execution Policy in order to achieve the best possible result in the execution of the orders.

I. Definition of Execution Principles

Step 1: Weighting of selection criteria

First, the decisive criteria must be selected and weighted for the selection of the places of execution. In relation to private clients, the criterion of the best possible overall price (price of the financial instrument and all costs related to the execution of the order, including own fees) always has priority. Further criteria are at least:

- Probability of the execution and settlement
- Promptness of the complete execution and settlement
- Safety of the settlement
- Scope and kind of the order
- Market condition

In addition, further criteria can be taken into account in the selection process of the institute.

Step 2: Information underlying the selection of the places of execution

Within the scope of the selection of the places of execution, the institute obtains information of the exchanges that is published on a quarterly basis regarding the quality of the execution of orders involving financial instruments traded there, besides the information on the existing clearing systems and emergency mechanisms of the exchanges. The exchanges provide the following information, for example:

- kind, number and average duration of defaults during the normal trading period;
- kind, number and average duration of scheduled auctions during the normal trading period;
- number of failed transactions;
- value of failed transactions as a percentage rate of the total value of executed transactions;
- average price and total price of all transactions in the individual financial instruments that were executed in the first two minutes after defined reference times;
- price of the first executed transaction when no transaction has been executed within two minutes, and the execution time, transaction size, trading system and modus, the trading platform and the best bid and offer, or the suitable reference price at the time of execution for each of these executed transactions;
- daily information; simple, average and volume-weighted transaction price and executed maximum and minimum price;
- kind and amount of the cost components, price discounts and rebates, non-monetary payments, taxes and levies of the place of execution, and the differences depending on users, financial instrument and amount;
- number of received orders, number and value of executed orders and cancelled and modified orders, average effective bandwidth and average volume, average bandwidth, number of cancellations, number of modifications and average speed respectively of the best bids and offers;
- number and average length of the periods (more than 15 minutes) in which no bids or offers have been placed.

Step 3: Determination of the execution principles for individual types of financial instruments

Based on the factors described above under Step 1 for the selection of the places of execution for private clients and professional clients, and in consideration of the information from the exchanges on the quality of the execution as described in Step 2, the institute has defined the following execution principles with regard to the selection of possible execution methods for the major part of the existing classes of financial instruments for individual order groups (clusters).

Insofar as extraordinary market conditions or a market failure (e.g. outage of the trading system) require an execution deviating from these execution principles, the institute will choose these in observation of the client interest.

Financial instrument class	Place of execution
Fixed-income securities	
▪ Client has agreed to OTC execution	Order is executed in interbank trading with another bank or another financial service provider.
▪ Client has not agreed to OTC execution or execution in interbank trading is not possible: ▪ Bonds with domestic home exchange ▪ Bonds with foreign home exchange	Execution at domestic home exchange. Execution at domestic floor exchange. If a bond is not traded at a domestic floor exchange, the order is given to the foreign home exchange.

Financial instrument class	Place of execution
Equities	
▪ Equities of domestic issuers with domestic home exchange	Execution on the electronic trading platform Xetra. If there is no listing on Xetra, the order will be given to the domestic home exchange.
▪ Equities of foreign issuers with domestic home exchange	Execution at domestic home exchange.
▪ Equities with foreign home exchange	Execution of the order at a domestic floor exchange provided that the financial instrument is traded at a domestic floor exchange. If the financial instrument is not traded at a domestic floor exchange, the order is given to the foreign home exchange.

Financial instrument class	Place of execution
Financial derivatives	
Non-securitised financial derivatives cover forward and options contracts, as well as swaps and all other derivatives contracts relating to interest rates and interest-tied values, currencies, securities, financial indices and indicators or derivatives contracts for the transfer of credit risks, which are traded at a stock exchange according to standardised terms by way of agency or which are agreed individually off-market between the client and the bank.	
▪ Exchange-traded	Execution at the stock exchange where the transaction form (contract) is traded.
▪ Not exchange-traded (forward exchange transactions, options, swaps)	Execution-only transaction with the trading partner that offers the conclusion of the corresponding deal.

Financial instrument class	Place of execution
Certificates/warrants/comparable securities	
▪ tradable at a domestic stock exchange	Execution at the stock exchange where the transaction form (contract) is traded. Exception (if there is insufficient market liquidity): Execution-only transaction with the respective issuer or another trading partner that offers the conclusion of transactions with the corresponding security (so-called market maker)
▪ Not tradable	Execution-only transaction with the issuer or another trading partner that offers the conclusion of transactions with the corresponding security (so-called market maker)

Financial instrument class	Place of execution
Investment funds as defined in the German Capital Investment Act (funds)	
▪ Exchange-traded (Exchange Traded Funds (ETF), Exchange Traded Commodities, ETC)	Execution-only transaction with the respective issuer or another trading partner who offers the conclusion of transactions with the corresponding security (so-called market maker)
▪ Not exchange-traded (closed-ended funds)	Execution-only transaction with the respective issuer Investment in a closed-ended fund is made within a certain placement period upon subscription of a deposit for a certain period (approx. 10 to 30 years)

Financial instrument class	Place of execution
Financial investments as defined in the German VermAnlG [Financial Investment Act]	
▪ Exchange-traded	Execution at the stock exchange where the transaction form is traded
▪ Not exchange-traded (profit participation rights, registered debentures, silent partnerships, profit participating loan, subordinated loans)	Execution-only transaction with the issuer or another trading partner that offers the conclusion of transactions in the corresponding investment form (so-called market maker)

Execution principles for investment funds

The institute executes the call and return of fund shares directly through the investment management company managing the respective funds or their depositary. It is pointed out that the share certificate transactions in the investment fund sector can also be executed, e.g. via the stock exchange, which can be more beneficial as well as less beneficial in specific individual cases, e.g. with larger order volume or time-critical market phases than ordering directly from the issuer. Besides the low transaction costs, the direct execution path through the investment management company is supported by the reliability and quality of the order execution and the legally regulated determination of the share price. For this reason, the institute prefers the execution of share certificate transactions through the investment management company or its depositary. For the forwarding of orders, the institute is bound by the service and business hours of the respective investment management company or depositary.

Contracting of third parties

If the institute does not execute investment decisions itself but contracts third parties for their execution (as this is regularly the case in the context of wealth management), the institute has applied the aforementioned Steps 1 to 3 analogously in the selection of the executing depositary bank.

First, a weighting of the selection criteria was undertaken (Step 1; e.g. also in consideration of the service quality of the depositary bank). In consideration of the underlying information in the selection of the places of execution (Step 2), the following third parties (depositary banks) were selected (Step 4) in application of the weighted selection criteria from Step 1:

Comdirect Bank AG	BNP Paribas S.A. (dab bank)
Commerzbank AG	Baader Bank AG
V-Bank AG	Fondsdepot Bank GmbH

This selection is valid for all financial instruments and represents the result of an analysis of the execution principles of several depositary banks. No depositary bank is to be treated preferentially, as the results of the execution with regard to the aforementioned factors according to Step 1 and information pursuant to Step 2 steadily assure for all named depositary banks usually the best possible order execution in the client's interest.

The client has determined the following credit institute/s, depositary bank as executing entity for all orders:

Name and address of the bank/s etc.

Baader Bank AG, Weihenstephaner Straße 4, 85716 Unterschleißheim, Germany

The institute is obligated to regularly check the execution quality provided by the chosen depositary bank. It is sufficient for this purpose to conduct random tests of whether the depositary bank meets its BEP and if the execution permanently assures the best possible execution of the securities orders.

Deviations in the individual case

If investment decisions in the individual case are to be made by depositary banks other than the ones named in Step 3 and 4 or other than the ones appointed by the client instructions, the client's agreement will be obtained beforehand.