

FEDERATED UNIT TRUST Prospectus

A unit trust established as an umbrella fund

14 February 2018

Euro-Kurzläufer

Euro-Renten

Inter-Renten

ProBasis

ProFutur

Europa-Aktien

Inter-Aktien

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THIS DOCUMENT IS IMPORTANT

This document constitutes the prospectus for Federated Unit Trust (the “Trust”) together with the Supplemental Prospectuses. Any investor or prospective investor in the Trust should check that the Prospectus and Supplemental Prospectuses are the most current versions. This Prospectus should be read in its entirety before making an application for Units. Certain terms used in this Prospectus are defined starting on page 50 and throughout the document.

The manager of the Trust is Federated International Management Limited (the “Manager”). The Directors, whose names and background information appear on page 36 of this Prospectus, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The advisers are Federated Investment Counseling (“FIC”) and Federated Global Investment Management Corp. (“FGIMC”) (each an “Adviser” and together the “Advisers”).

The Trust is an open-ended unit trust created pursuant to the UCITS Regulations by the Trust Deed. The Trust is structured as an umbrella unit trust and comprises a number of sub-funds (each a “Fund” and collective “the Funds”) as described below under “*How is the Trust Organised*”.

There can be no assurance that a Fund will achieve its investment objective. **The value of the Units may go down as well as up and therefore, it is possible to lose money by investing in the Funds.** An investment in the Funds should not constitute a high proportion of an investment portfolio and may not be appropriate for all investors. Details of the investment objective and investment policies of each Fund are set out under “*Investment Information*”, and a description of certain of the risks involved is set out under “*What are the Specific Risks of Investing in the Funds?*”.

The capital return and income of a Fund are based on portfolio management techniques, the capital appreciation and income of the investments the Fund holds, less expenses incurred; therefore, a Fund’s return may be expected to fluctuate in response to changes in such capital appreciation or income. Fluctuations in the rate of exchange between the currency in which the Units are denominated and the currency of investment may also have the effect of causing the value of an investment in the Units to diminish or increase. A Unitholder’s right to have Units redeemed may be suspended in certain circumstances.

In light of these risks and because investors may be required to pay an initial charge on an investment, investors should view an investment in the Funds as a medium-to-long-term investment.

The distribution of this Prospectus and the offering or purchase of the Units may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or the application form in any such jurisdiction may treat this Prospectus or such application form as constituting an invitation to them to subscribe for Units, nor should they in any event use such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not

qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this Prospectus and any persons wishing to apply for Units pursuant to this Prospectus to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Units should inform themselves as to the legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence, or domicile.

Units are not registered under the U.S. Securities Act of 1933, as amended (the “1933 Act”), or the Investment Company Act of 1940, as amended (the “1940 Act”), and may not be directly or indirectly offered or sold in the U.S. or to or for the benefit of a U.S. Person, except in a transaction that is exempt from the application of U.S. federal and U.S. state securities laws. Investors applying to purchase Units will be required to certify to the Manager that they are not U.S. Persons, nor are they acquiring Units on behalf of, or for the benefit of, a U.S. Person, and whether they are Irish Residents.

Units are offered only on the basis of the information contained in the current Prospectus, key investor information documents, the relevant Supplemental Prospectus and country-specific supplements (if any) and, as appropriate, the latest audited annual report and any subsequent semi-annual report. Such reports will form part of this Prospectus. Investors should note that the auditor’s report on the Trust’s annual accounts is made only to Unitholders as a group at the date of the annual report, and the auditors do not accept liability to any other party for their report.

Any information or representation about the Units given or made by any Financial Intermediary that is not contained in this Prospectus should be disregarded and accordingly should not be relied upon.

This Prospectus may be translated into other languages provided that any such translation shall be a direct translation of the English text. In the event of any inconsistency or ambiguity in relation to the meaning of any word or phrase in translation, the English text shall prevail.

Statements made in this Prospectus are based on the law and practice currently in force in Ireland and are subject to changes. All disputes as to the terms thereof shall be governed by, and construed in accordance with, the law of Ireland.

This document contains important information about the Trust and the Funds and should be read carefully before investing. If you have any questions about the contents of this prospectus or are in any doubt about the suitability of investing in Units, you should consult your financial intermediary, stockbroker, bank manager, legal adviser, accountant, or other financial adviser. We do not provide, and this Prospectus does not contain, investment advice. Potential investors are encouraged to seek appropriate advice prior to investing in Units.

HOW IS THE TRUST ORGANISED?

The Trust is an open-ended unit trust created pursuant to the UCITS Regulations by the Trust Deed. The Trust is structured as an umbrella unit trust and comprises a number of sub-funds.

The Trust Deed provides that the Trust may offer separate classes of Units each representing interests in defined portfolios of securities. As of the date of this Prospectus, the Funds comprising the Trust are:

- Euro-Kurzläufer
- Euro-Renten
- Inter-Renten
- ProBasis
- ProFutur
- Europa-Aktien
- Inter-Aktien.

The Trust Deed also provides that Units of any one Fund may be offered in any one or more classes. Information relating to each class is set forth in a separate Supplemental Prospectus for each class. Other classes may have higher or lower fees, may be offered through different distribution channels, or may have different operational features.

With the prior approval of the Central Bank, the Manager from time to time may create an additional Fund or Funds and furthermore, subject to prior notification to the Central Bank, may issue additional classes of Units, including hedged and unhedged currency classes, effected in accordance with the requirements of the Central Bank.

The Trust is a UCITS within the meaning of the UCITS Regulations and has been approved by the Central Bank in accordance with the UCITS Regulations. The authorisation of the Trust is not an endorsement or guarantee of the Trust by the Central Bank nor is the Central Bank responsible for the contents of this Prospectus. Authorisation of the Trust by the Central Bank does not constitute a warranty by the Central Bank as to the performance of the Trust and the Central Bank shall not be liable for the performance or default of the Trust.

INVESTMENT INFORMATION

Listed below are the Funds' investment objectives, investment policies, and permitted investment techniques and instruments. To achieve its investment objectives, a Fund may employ techniques and instruments relating to the investments subject to the conditions and within the limits from time to time laid down by the Central Bank. While there is no assurance that a Fund will achieve its investment objective, it endeavours to do so by following the strategies and policies described in this Prospectus.

Investments of the Funds are principally traded and/or listed on Regulated Markets. However, each Fund may also invest a portion of its NAV in securities which are not listed, quoted, or dealt in or on a Regulated Market subject to the limits from time to time laid down by the Central Bank.

ADHERENCE TO INVESTMENT OBJECTIVES AND POLICIES

Any change to the investment objectives and/or material change in investment policies of the Funds may not be effected without the approval of Unitholders as evidenced by a majority of votes cast at a general meeting or the written consent of more than 50% of the Unitholders of that Fund. In the event of a change of investment objectives and/or any material change to the policies, reasonable notice shall be given in writing to the Unitholders to enable them to redeem their Units prior to

implementation of the change. The notice shall specify the place, day, and time of the meeting, and the terms of any resolutions to be proposed at the meeting.

EURO-KURZLÄUFER

Investment Objective

The investment objective of Euro-Kurzläufer is to provide total return.

Investment Policies

The Fund pursues its objective by investing in a portfolio of Investment-Grade debt securities. Although the Fund will invest primarily in euro-denominated securities, it may also invest in securities issued in the following currencies: U.S. dollar; Canadian dollar; Swedish krona; Danish krone; Norwegian krone; British pound sterling; and Swiss franc. Investments in securities denominated in a currency other than euro will be hedged to the euro. The Fund will maintain an average duration of one year or less. The government-issued debt securities in which the Fund will invest will be expected to have no more than a ten-year final stated maturity at the time of purchase. The non-government debt securities in which the Fund will invest will be expected to have no more than a five-year final stated maturity at the time of purchase. For purposes of determining the maturity of asset-backed securities, the Adviser will use average life maturity instead of final stated maturity, at the time of purchase. While there is no assurance that the Fund will achieve its investment objective, it endeavours to do so by following the strategies and policies described in this Prospectus.

The securities in which the Fund may invest include, but shall not be limited to:

- government bonds;
- convertible and non-convertible corporate debt securities;
- fixed and floating rate bonds;
- zero coupon and discount bonds;
- debentures;
- certificates of deposit ("CDs");
- banker's acceptances;
- asset-backed securities;
- mortgage-backed securities;
- commercial paper;
- treasury bills; and
- financial derivative instruments.

See "*Securities in Which the Funds Invest*" for fuller descriptions of these securities.

The Fund invests its assets primarily in obligations issued or guaranteed by OECD governments, their agencies, authorities or instrumentalities and supranational agencies, corporations and asset-backed securities, including certain Investment-Grade collateralised mortgage obligations ("CMOs"). The Fund invests in debt securities that are at the time of purchase either rated Investment-Grade by one Recognised Statistical Rating Organisation, or, if unrated, determined by the Fund's Adviser to be of comparable quality to securities having such ratings. If a security held by the Fund is downgraded below Investment-Grade, the Fund's Adviser will determine whether the security

should be sold. The Fund will limit its holdings in such downgraded securities to 5% of the Fund's NAV. However, if a security is downgraded below B-, the security will be sold immediately, taking into consideration the interests of Unitholders. The Fund may invest up to 10% of its net assets in other Eligible Collective Investment Schemes with investment policies similar to the Fund. The Fund will invest principally in securities listed, quoted, or dealt in on a Regulated Market. However, the Fund may also invest up to 10% of its NAV in securities which are not listed, quoted, or dealt in or on a Regulated Market.

Profile of Typical Investor

The Fund is suitable for investors seeking total return and a short to medium term investment.

EURO-RENTEN

Investment Objective

The investment objective of Euro-Renten is to provide total return.

Investment Policies

The Fund pursues its objective by investing primarily in euro-denominated debt securities. It may also invest in securities issued in the following currencies: U.S. dollar; Canadian dollar; Swedish krona; Danish krone; Norwegian krone; British pound sterling; and Swiss franc. Investments in debt securities in a currency other than euro will be hedged to the euro. However, no more than 10% of the debt securities in which the Fund invests will be denominated in a currency other than euro. While there is no assurance that the Fund will achieve its investment objective, it endeavours to do so by following the strategies and policies described in this Prospectus.

The securities in which the Fund may invest may include, but are not limited to:

- government bonds;
- convertible and non-convertible corporate debt securities;
- fixed and floating rate bonds;
- zero coupon and discount bonds;
- debentures;
- CDs;
- banker's acceptances;
- asset-backed securities;
- mortgage-backed securities;
- commercial paper;
- treasury bills; and
- financial derivative instruments.

See "*Securities in Which the Funds Invest*" for fuller descriptions of these securities.

The Fund invests in debt securities that are either rated at the time of purchase Investment-Grade by one or more Recognised Statistical Rating Organisations or, if unrated, determined by the Fund's Adviser to be of comparable quality to securities having such ratings. The portfolio of Investment-Grade debt securities held by the Fund will under normal market conditions have an average credit rating of A or higher based on the ratings

assigned by one or more Recognised Statistical Rating Organisations or, for the unrated debt securities, based on the comparable rating assigned by the Fund's Adviser. If a security is downgraded below B-, the security will be sold immediately, taking into consideration the interests of Unitholders. Additionally, the Fund may invest up to 10% of its NAV in non-Investment-Grade debt securities. The Fund may invest up to 10% of its NAV in other Eligible Collective Investment Schemes with investment policies similar to the Fund. The Fund will invest principally in securities listed, quoted, or dealt in on a Regulated Market. However, the Fund may also invest up to 10% of its NAV in securities which are not listed, quoted, or dealt in or on a Regulated Market.

Profile of Typical Investor

The Fund is suitable for investors seeking total return and a medium to long term investment.

INTER-RENTEN

Investment Objective

The investment objective of Inter-Renten is to provide total return.

Investment Policies

The Fund pursues its investment objective by investing primarily in non-euro denominated debt securities, although the Fund may invest to a lesser extent in euro-denominated debt securities. While there is no assurance that the Fund will achieve its investment objective, it endeavours to do so by following the strategies and policies described in this Prospectus.

The securities in which the Fund may invest may include, but shall not be limited to:

- government bonds;
- convertible and non-convertible corporate debt securities;
- fixed and floating rate bonds;
- zero coupon and discount bonds;
- debentures;
- CDs;
- banker's acceptances;
- asset-backed securities;
- mortgage-backed securities;
- commercial paper;
- treasury bills; and
- financial derivative instruments.

See "*Securities in Which the Funds Invest*" for fuller descriptions of these securities.

The Fund invests in debt securities that are either rated at the time of purchase Investment-Grade by one or more Recognised Statistical Rating Organisations or, if unrated, determined by the Fund's Adviser to be of comparable quality to securities having such ratings. The portfolio of Investment-Grade debt securities held by the Fund will generally have an average credit rating of A or higher based on the ratings assigned by one or more Recognised Statistical Rating Organisations or, for the unrated debt securities, based on the comparable rating assigned by the

Fund's Adviser. Additionally, the Fund may invest up to 10% of its NAV in non-Investment-Grade debt securities. The Fund may invest up to 10% of its NAV in other Eligible Collective Investment Schemes with investment policies similar to the Fund. The Fund will invest principally in securities listed, quoted, or dealt in on a Regulated Market. However, the Fund may also invest up to 10% of its NAV in securities which are not listed, quoted, or dealt in or on a Regulated Market.

Profile of Typical Investor

The Fund is suitable for investors seeking total return and a medium to long term investment.

PROBASIS

Investment Objective

The investment objective of ProBasis is to provide total return.

Investment Policies

The Fund pursues its investment objective by investing primarily in euro-denominated debt securities and equity securities of European companies. While there is no assurance that the Fund will achieve its investment objective, it endeavours to do so by following the strategies and policies described in this Prospectus.

The Fund shall invest not more than 30% and not less than 10% of its NAV in equity securities of European companies with the balance invested in debt securities. The debt securities in which the Fund may invest will be denominated in euro, but it may also invest in debt securities in the following currencies: U.S. dollar; Canadian dollar; Swedish krona; Danish krone; Norwegian krone; British pound sterling; and Swiss franc. However, no more than 10% of the debt securities in which the Fund invests will be denominated in a currency other than euro. Investments in debt securities in a currency other than euro will be hedged to the euro.

The Fund considers a company to be a European company if:

- the company is organised under the laws of, or has a principal office located in, a European country; or
- the principal trading market for its securities is in a European country; or
- the company (or its subsidiaries) derived, in its most current fiscal year, at least 50% of its total assets, capitalisation, gross revenue or profit from goods produced, services performed or sales made in Europe.

European companies shall include companies located in both OECD member and non-OECD member countries. However, for purposes of the above restriction, not more than 20% of the Fund's NAV will be invested in companies located in non-OECD member countries.

The debt securities in which the Fund may invest may include, but shall not be limited to:

- government bonds;
- convertible and non-convertible corporate debt securities;
- fixed and floating rate bonds;
- zero coupon and discount bonds;
- debentures;
- CDs;

- banker's acceptances;
- asset-backed securities;
- mortgage-backed securities;
- commercial paper;
- treasury bills; and
- financial derivative instruments.

See "*Securities in Which the Funds Invest*" for fuller descriptions of these securities.

The debt securities in which the Fund invests will be either rated at the time of purchase Investment-Grade by one or more Recognised Statistical Rating Organisations or, if unrated, determined by the Fund's Adviser to be of comparable quality to securities having such ratings. The portfolio of Investment-Grade debt securities held by the Fund will generally have an average credit rating of A or higher based on the ratings assigned by one or more Recognised Statistical Rating Organisations or, for the unrated debt securities, based on the comparable rating assigned by the Fund's Adviser. If the security is downgraded below B-, the security will be sold immediately, taking into consideration the interests of Unitholders. Additionally, up to 10% of the debt portion of the Fund may be invested in non-Investment-Grade debt securities. The Fund may invest up to 10% of its net assets in other Eligible Collective Investment Schemes with investment policies similar to the Fund. The Fund will invest principally in securities listed, quoted, or dealt in on a Regulated Market. However, the Fund may also invest up to 10% of its NAV in securities which are not listed, quoted, or dealt in or on a Regulated Market.

Profile of Typical Investor

The Fund is suitable for investors seeking total return and a medium to long term investment.

PROFUTUR

Investment Objective

The investment objective of ProFutur is to provide total return.

Investment Policies

The Fund pursues its investment objective by investing primarily in euro-denominated debt securities and equity securities of European companies. While there is no assurance that the Fund will achieve its investment objective, it endeavours to do so by following the strategies and policies described in this Prospectus.

The Fund shall invest not more than 75% and not less than 51% of its NAV in equity securities of European companies with the balance invested in debt securities. The debt securities in which the Fund may invest will be denominated in euro, but it may also invest in debt securities in the following currencies: U.S. dollar; Canadian dollar; Swedish krona; Danish krone; Norwegian krone; British pound sterling; and Swiss franc. However, no more than 10% of the debt securities in which the Fund invests will be denominated in a currency other than euro. Investments in debt securities in a currency other than euro will be hedged to the euro.

The Fund considers a company to be a European company if:

- the company is organised under the laws of, or has a principal office located in, a European country; or

- the principal trading market for its securities is in a European country; or
- the company (or its subsidiaries) derived, in its most current fiscal year, at least 50% of its total assets, capitalisation, gross revenue or profit from goods produced, services performed, or sales made in Europe.

European companies shall include companies located in both OECD member and non-OECD member countries. However, for purposes of the above restriction, not more than 20% of the Fund's NAV will be invested in companies located in non-OECD member countries.

The debt securities in which the Fund may invest may include, but shall not be limited to:

- government bonds;
- convertible and non-convertible corporate debt securities;
- fixed and floating rate bonds;
- zero coupon and discount bonds;
- debentures;
- CDs;
- banker's acceptances;
- asset-backed securities;
- mortgage-backed securities;
- commercial paper;
- treasury bills; and
- financial derivative instruments.

See "*Securities in Which the Funds Invest*" for fuller descriptions of these securities.

The debt securities in which the Fund invests will be either rated at the time of purchase Investment-Grade by one or more Recognised Statistical Rating Organisations or, if unrated, determined by the Fund's Adviser to be of comparable quality to securities having such ratings. The portfolio of Investment-Grade debt securities held by the Fund will generally have an average credit rating of A or higher based on the ratings assigned by one or more Recognised Statistical Rating Organisations or, for the unrated debt securities, based on the comparable rating assigned by the Fund's Adviser. If the security is downgraded below B-, the security will be sold immediately, taking into consideration the interests of Unitholders. Additionally, up to 10% of the debt portion of the Fund may be invested in non-Investment-Grade debt securities. The Fund may invest up to 10% of its net assets in other Eligible Collective Investment Schemes with investment policies similar to the Fund. The Fund will invest principally in securities listed, quoted, or dealt in on a Regulated Market. However, the Fund may also invest up to 10% of its NAV in securities which are not listed, quoted, or dealt in or on a Regulated Market.

Profile of Typical Investor

The Fund is suitable for investors seeking total return and a medium to long term investment.

EUROPA-AKTIE

Investment Objective

The investment objective of Europa-Aktien is to provide long-term growth of capital.

Investment Policies

The Fund pursues its objective by investing primarily in equity and equity-related securities of European companies. While there is no assurance that the Fund will achieve its investment objective, it endeavours to do so by following the strategies and policies described in this Prospectus.

The securities include, but are not limited to:

- common stocks;
- preferred stocks;
- depositary receipts;
- rights and warrants; and
- convertible securities.

The Fund considers a company to be a European company if:

- the company is organised under the laws of, or has a principal office located in, a European country; or
- the principal trading market for its securities is in a European country; or
- the company (or its subsidiaries) derived, in its most current fiscal year, at least 50% of its total assets, capitalisation, gross revenue or profit from goods produced, services performed, or sales made in Europe.

European companies shall include companies located in both OECD member and non-OECD member countries. However, for purposes of the above restriction, not more than 20% of the Fund's NAV will be invested in companies located in non-OECD member countries.

See "*Securities in Which the Funds Invest*" for fuller descriptions of these securities.

This Fund is permitted to invest up to 10% of its NAV in other Eligible Collective Investment Schemes with investment policies similar to the Fund. The Fund will invest principally in securities listed, quoted, or dealt in on a Regulated Market. However, the Fund may also invest up to 10% of its NAV in securities which are not listed, quoted, or dealt in or on a Regulated Market.

Profile of Typical Investor

The Fund is suitable for investors seeking long-term growth of capital and a long term investment.

INTER-AKTIE

Investment Objective

The investment objective of Inter-Aktien is to provide long-term growth of capital.

Investment Policies

The Fund pursues its objective by investing in equity and equity-related securities of companies located anywhere in the world, but will invest primarily in companies in markets outside of Europe. While there is no assurance that the Fund will achieve its investment objective, it endeavours to do so by following the strategies and policies described in this Prospectus.

These securities include, but are not limited to:

- common stocks;
- preferred stocks;
- depositary receipts;
- rights and warrants; and
- convertible securities.

See “*Securities in Which the Funds Invest*” for fuller descriptions of these securities.

The Fund may invest up to 25% of its NAV in securities issued by companies located in emerging markets. The Fund considers all non-OECD countries to be emerging markets. This Fund is permitted to invest up to 10% of its NAV in other Eligible Collective Investment Schemes with investment policies similar to the Fund. The Fund will invest principally in securities listed, quoted, or dealt in on a Regulated Market. However, the Fund may also invest up to 10% of its NAV in securities which are not listed, quoted, or dealt in on a Regulated Market.

Profile of Typical Investor

The Fund is suitable for investors seeking long-term growth of capital and a long term investment.

Due to the Fund’s investment in the securities of emerging market countries, an investment in the Fund should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all investors.

AS TO ANY FUND – USE OF TEMPORARY DEFENSIVE MEASURES

With respect to each Fund, in certain circumstances, on a temporary and exceptional basis, when the Adviser deems it to be in the best interests of Unitholders, a Fund may not adhere to its investment policies as disclosed above. Such circumstances include, but are not limited to:

1. when the Fund has high levels of cash as a result of subscriptions or earnings;
2. when the Fund has a high level of redemptions; or
3. when the Adviser takes temporary action to try to preserve the value of the Fund or limit losses in emergency market conditions or in the event of movements in interest rates.

In such circumstances, the Fund may hold cash or invest in money market instruments, short-term debt securities issued or guaranteed by national governments located globally; short-term corporate debt securities including freely transferable promissory notes, debentures, bonds (including zero coupon bonds), convertible and non-convertible notes, commercial paper, CDs, and bankers’ acceptances issued by industrial, utility, finance, commercial banking or bank holding company organisations. The Fund will only invest in debt securities that are rated at least Investment-Grade by Recognised Statistical Rating Organisations. During such circumstances, the Fund may not be pursuing its principal investment strategies and may not achieve its investment objective. The foregoing does not relieve the Fund of the obligation to comply with the investment limits set forth under the section entitled “*Permitted Investments Under Irish Regulations*”.

SECURITIES IN WHICH THE FUNDS INVEST

To achieve their investment objectives, the Funds may employ techniques and instruments relating to the investments subject to the conditions and within the limits from time to time laid down by the Central Bank. Below are fuller descriptions of the types of instruments in which the Funds may invest as listed under “*Investment Policies*” for each Fund. The following transferable securities are listed or traded on Regulated Markets (except Eligible Collective Investment Schemes):

CORPORATE DEBT SECURITIES

Corporate debt securities are debt securities issued by businesses. Notes, bonds, debentures and commercial paper are the most prevalent types of corporate debt securities. The Funds may also purchase interests in bank loans to companies. The credit risks of corporate debt securities vary widely among issuers.

In addition, the credit risk of an issuer’s debt security may vary based on its priority for repayment. For example, higher ranking (“senior”) debt securities have a higher priority than lower ranking (“subordinated”) securities. This means that the issuer might not make payments on subordinated securities while continuing to make payments on senior securities. In addition, in the event of bankruptcy, holders of senior securities may receive amounts otherwise payable to the holders of subordinated securities. Some subordinated securities, such as trust preferred and capital securities notes, also permit the issuer to defer payments under certain circumstances. For example, insurance companies issue securities known as surplus notes that permit the insurance company to defer any payment that would reduce its capital below regulatory requirements.

Certain of the securities in which the Funds may invest may be subject to restrictions on resale under U.S. federal securities law (for example, securities sold under Rule 144A of the 1933 Act). The Manager believes that these securities will meet the following criteria for liquidity of certain securities, as established by the Directors of the Manager:

- the frequency of trades and quotes for the securities;
- the number of dealers willing to purchase or sell the security and the number of other potential buyers;
- dealer undertakings to make a market in the security; and
- the nature of the security and the nature of the marketplace trades.

All issues must be rated Investment-Grade at the time of purchase. If a security is downgraded below B-, the security will be sold immediately taking into consideration the interests of Unitholders. Euro-Renten, Inter-Renten, ProBasis and ProFutur may invest up to 10% of their NAV in non-Investment-Grade debt securities.

Convertible Securities

The Funds may invest in convertible securities, including bonds, debentures, corporate notes, and preferred stocks that are convertible at a stated exchange rate into common stock. Prior to their conversion, convertible securities have the same general characteristics as non-convertible debt securities, which provide a stable stream of income with generally higher yields than those of equity securities of the same or similar issuers.

Convertible securities generally offer lower interest yields than non-convertible debt securities of similar quality but they do enable the investor to benefit from increases in the market price of the underlying common stock. When the market price of the common stock underlying a convertible security increases, the price of the convertible security increasingly reflects the value of the underlying common stock and may rise accordingly. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis, and thus may not depreciate to the same extent as the underlying common stock. Convertible securities rank senior to common stocks in an issuer's capital structure. Convertible securities are consequently of higher quality and entail less risk than the issuer's common stock, although the extent to which such risk is reduced depends in large measure upon the degree to which the convertible security sells above its value as a debt security.

Convertible securities are debt securities or preferred stocks that a Fund has the option to exchange for equity securities at a specified conversion price. The option allows a Fund to realise additional returns if the market price of the equity securities exceeds the conversion price. For example, a Fund may hold debt securities that are convertible into shares of common stock at a conversion price of U.S.\$10 per share. If the market value of the shares of common stock reached U.S.\$12, the Fund could realise an additional U.S.\$2 per share by converting its debt securities.

Convertible securities have lower yields than comparable debt securities. In addition, at the time a convertible security is issued the conversion price exceeds the market value of the underlying equity securities. Thus, convertible securities may provide lower returns than non-convertible debt securities or equity securities depending upon changes in the price of the underlying equity securities. However, convertible securities permit a Fund to realise some of the potential appreciation of the underlying equity securities with less risk of losing its initial investment.

A Fund treats convertible securities as both debt and equity securities for purposes of its investment policies and limitations, because of their unique characteristics.

COMMERCIAL PAPER

Commercial paper is an issuer's obligation with a maturity of less than nine months. Companies typically issue commercial paper to pay for current expenditures. Most issuers constantly reissue their commercial paper and use the proceeds (or "bank loans") to repay maturing paper. If the issuer cannot continue to obtain liquidity in this fashion, its commercial paper may default. The short maturity of commercial paper generally reduces both the market and credit risks as compared to other debt securities of the same issuer. The Funds may invest in commercial paper issued by banks, corporations, and other borrowers. Such instruments are unsecured and usually discounted, although some are interest-bearing.

Medium Term Notes

Medium term notes are new issue debt instruments issued by banks, corporations and other borrowers which are offered continuously over an extended period of time. Medium term notes' maturities normally range from nine months to fifteen years, although some may be as short as six months.

Variable Rate Instruments

Variable rate notes are securities issued typically by corporations or financial institutions. Variable rate CDs are bank deposits. Both instruments have an interest rate which resets periodically according to a specific instrument or statistic such as a defined index. The reset period is typically daily, weekly, monthly, or quarterly and the index may be based on the U.S. federal funds rate, commercial paper rates, the London InterBank Offer Rate ("LIBOR"), Euribor, Eurolibor or other rates. A variable rate note may have a demand feature allowing the holder to demand payment of principal and interest from the issuer after a notice period of, for example, seven days or one month, or such notes may allow the holder to demand payment of principal and interest on specifically identified dates. Due to the frequency of the interest rate reset and the market nature of the index, variable rate CDs are regarded as having limited market (interest rate) risk but they do have the credit risk of the issuer. While the variable rate instruments in which a Fund invests may have longer stated maturities, their actual maturity date may be deemed to be the last day of the current reset period for purposes of average maturity calculation if it is determined by the Adviser that this would accurately predict the instrument's interest rate volatility. Variable rate instruments are subject to credit risks.

Loan Participations

A Fund may invest in fixed and floating rate loans arranged through private negotiations between a corporation or other type of entity and one or more financial institutions ("Lender"). Such investment is expected to be in the form of securitised participations in loans which are transferable securities ("Participations"). Participations typically will result in a Fund having a contractual relationship only with the Lender, not with the borrower. A Fund will have the right to receive payments of principal, interest and any fees to which it is entitled only from the Lender selling the Participation and only upon receipt by the Lender of the payments from the borrower. In connection with purchasing Participations, a Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan nor any rights of set-off against the borrower and a Fund may not directly benefit from any collateral supporting the loan in which it has purchased the Participation. As a result, a Fund will assume the credit risk of both the borrower and the Lender that is selling the Participation. A Fund will acquire Participations only if the Lender interpositioned between a Fund and the borrower is determined by the Advisers to be creditworthy.

The investment of a Fund shall be in Participations that are securitised transferable securities which are not leveraged and are dealt in on a Regulated Market, and will be purchased through recognised, regulated dealers. No more than 5% of a Fund's NAV will be invested in Participations of the same borrower.

PREFERRED STOCKS

Preferred stocks have the right to receive specified dividends or distributions before the issuer makes payments on its common stock. Some preferred stocks also participate in dividends and distributions paid on common stock. Preferred stocks may also permit the issuer to redeem the stock. A Fund will treat such redeemable preferred stock as a debt security.

RIGHTS AND WARRANTS [PROBASIS, PROFUTUR, EUROPA-AKTIEN, AND INTER-AKTIEN]

The Funds may invest in rights and warrants, which entitle the holder to buy equity securities at a specific price (the "Strike Price") for a specific period of time, but will do so only if the underlying equity securities are deemed appropriate by the Fund's Advisers for inclusion in the Fund. Rights and warrants may be considered more speculative than certain other types of investments because there is no assurance that the value of the underlying securities will exceed the Strike Price before the warrant or right expires. Also, the value of a right or warrant does not necessarily change with the value of the underlying securities.

Rights and warrants also do not entitle a holder to dividends or voting rights with respect to the securities that may be purchased nor do they represent any rights in the assets of the issuing company. Warrants typically entitle a holder to buy an amount of common stock at a specified price, usually higher than the market price at the time of issuance. In contrast, rights, which also represent the right to buy common shares, normally have a subscription price lower than the current market value of the common stock and generally have a life of only two to four weeks. No more than 5% of the NAV of a Fund will be invested in rights and warrants.

Warrants give the Fund the option to buy the issuer's equity securities at a specified price (the "Exercise Price") at a specified future date (the "Expiration Date"). The Fund may buy the designated securities by paying the Exercise Price before the Expiration Date. Warrants may become worthless if the price of the stock does not rise above the Exercise Price by the Expiration Date. This increases the market risks of warrants as compared to the underlying security. Rights are the same as warrants, except companies typically issue rights to existing stockholders.

U.S. Government Obligations

The types of U.S. government obligations in which a Fund may invest include, but are not limited to, direct obligations of the U.S. Treasury (such as U.S. Treasury bills, notes and bonds) and obligations issued or guaranteed by U.S. government agencies or instrumentalities.

The Funds may invest in general obligations of any state, territory, or possession of the United States, or their political subdivisions.

U.S. Treasury Securities

U.S. Treasury securities (such as U.S. Treasury bills, notes and bonds) are direct obligations of the federal government of the United States. U.S. Treasury securities are generally regarded as having the lowest credit risks.

U.S. Government Agency Securities

U.S. government agency securities are those which are issued or guaranteed by a U.S. federal agency or instrumentality acting under federal authority. Certain U.S. government agency securities are supported by the full faith and credit of the United States. These include the Government National Mortgage Association ("Ginnie Mae"), Small Business Administration, Federal Financing Bank, Department of Housing and Urban Development, Export-Import Bank of the United States, Overseas Private Investment Corporation, and Federal Deposit Insurance Corporation.

Other U.S. government agency securities receive support through U.S. federal subsidies, loans or other benefits. For example, the U.S. Treasury is authorized to purchase specified amounts of securities issued by (or otherwise make funds available to) the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation ("Freddie Mac"), Federal National Mortgage Association ("Fannie Mae") and Tennessee Valley Authority in support of such obligations.

Further, certain of such U.S. government agency securities have no explicit financial support, but are regarded as having implied support because the U.S. federal government sponsors their activities. These include Farm Credit System and Financing Corporation securities.

In terms of credit risk, a Fund treats mortgage-backed securities guaranteed by a U.S. federal agency or instrumentality as U.S. Treasury securities. Although such a guarantee helps protect against credit risk, it does not eliminate it entirely or reduce other risks.

U.S. government agency securities are traded and/or listed on Regulated Markets.

(See "What are the Specific Risks of Investing in the Funds" and "Events Related to Freddie Mac and Fannie Mae")

ASSET-BACKED SECURITIES

Asset-backed securities are payable from pools of obligations other than mortgages. Most asset-backed securities involve consumer or commercial debts with maturities of less than 10 years. However, almost any type of fixed-income assets (including other fixed-income securities) may be used to create an asset-backed security. Asset-backed securities may take the form of commercial notes, notes or pass-through certificates. Asset-backed securities have prepayment risks. Like CMOs, asset-backed securities may be structured like Floaters, Inverse Floaters, Interest Only bonds ("IOs") and Principal Only bonds ("POs").

Non-Mortgage Related Asset-Backed Securities

The Funds may invest in non-mortgage related asset-backed securities including, but not limited to, interests in pools of receivables, such as credit card and accounts receivable and motor vehicle and other installment purchase obligations and leases. However, almost any type of debt assets (including other debt securities, such as corporate debt securities) may be used to create an asset-backed security. Asset-backed securities may take the form of notes, pass-through certificates or asset-backed obligations. The securities, all of which are issued by non-governmental entities and carry no direct or indirect government guarantee, are structurally similar to CMOs and mortgage pass-through securities, which are described below.

Mortgage-Related Asset-Backed Securities

A Fund may also invest in various mortgage-related asset-backed securities. These types of investments may include adjustable rate mortgage securities, CMOs, real estate mortgage investment conduits, or other securities collateralised by or representing an interest in real estate mortgages (collectively, "Mortgage Securities"). Many Mortgage Securities are issued or guaranteed by government agencies.

MORTGAGE-BACKED SECURITIES

Mortgage-backed securities represent interests in pools of mortgages. The mortgages that comprise a pool normally have similar interest rates, maturities, and other terms. Mortgages may have fixed or adjustable interest rates. Interests in pools of adjustable-rate mortgages are known as adjustable rate mortgage securities (“ARMs”).

Mortgage-backed securities come in a variety of forms. The simplest forms of mortgage-backed securities are pass-through certificates. Holders of pass-through certificates receive a pro rata share of all net interest and principal payments and prepayments from the underlying mortgages. As a result, the holders assume all interest rate and prepayment risks of the underlying mortgages. Other mortgage-backed securities may have more complicated financial structures.

The Funds may invest in both agency mortgage-backed securities and in mortgage-backed securities that are issued by private entities. Securities issued by private entities must be rated Investment-Grade by one or more Recognised Statistical Rating Organisations at the time of purchase. Securities issued by a private entity are subject to additional credit risk. Such securities are traded and/or listed on Regulated Markets.

Commercial Mortgage-Backed Securities

CMBS represent interests in mortgage loans on commercial real estate, such as loans for hotels, shopping centers, office buildings and apartment buildings. Generally, the interest and principal payments on these loans are passed on to investors in CMBS according to a schedule of payments. A Fund may invest in individual CMBS issues or, alternately, may gain exposure to the overall CMBS market by investing in a derivative contract, the performance of which is related to changes in the value of a domestic CMBS index. The risks associated with CMBS reflect the risks of investing in the commercial real estate securing the underlying mortgage loans and are therefore different from the risks of other types of MBS. Additionally, CMBS may expose a Fund to interest rate, liquidity and credit risks.

Adjustable Rate Mortgage Securities

ARMS are pass-through mortgage securities representing interests in adjustable rather than fixed interest rate mortgages. The ARMS in which the Fund invests are issued by Ginnie Mae, Fannie Mae and Freddie Mac, and are actively traded. The underlying mortgages which collateralise ARMS issued by Ginnie Mae are fully guaranteed by the Federal Housing Administration or Veterans Administration, while those collateralising ARMS issued by Fannie Mae or Freddie Mac are typically conventional residential mortgages conforming to strict underwriting size and maturity constraints.

Collateralised Mortgage Obligations (“CMOs”)

CMOs, including interests in real estate mortgage investment conduits (REMICs), allocate payments and prepayments from an underlying pass-through certificate among holders of different classes of mortgage backed securities. This creates different prepayment and interest rate risks for each CMO class.

CMOs are bonds issued by single-purpose, stand-alone finance subsidiaries or trusts of financial institutions, government agencies, investment banks, or companies related to the construction industry. CMOs purchased by the Fund may be:

- collateralised by pools of mortgages in which each mortgage is guaranteed as to payment of principal and interest by an agency or instrumentality of the U.S. government;

- collateralised by pools of mortgages in which payment of principal and interest is guaranteed by the issuer and such guarantee is collateralised by U.S. government securities; or
- securities in which the proceeds of the issuance are invested in Mortgage Securities and payment of the principal and interest is supported by the credit of an agency or instrumentality of the U.S. government.

All CMOs purchased by the Funds are Investment-Grade, as rated by a Recognised Statistical Rating Organisation at the time of purchase. CMOs are subject to interest rate and prepayment risks.

Real Estate Mortgage Investment Conduits

REMICs are offerings of multiple class real estate mortgage-backed securities which qualify and elect treatment as such under provisions of the U.S. Internal Revenue Code. Issuers of REMICs may take several forms, such as trusts, partnerships, corporations, associations or segregated pools of mortgages. Once REMIC status is elected and obtained, the entity is not subject to U.S. federal income taxation. Instead, income is passed through the entity and is taxed to the person or persons who hold interests in the REMIC. A REMIC interest must consist of one or more classes of “regular interests,” some of which may offer adjustable rates of interest, and a single class of “residual interests.” To qualify as a REMIC, substantially all the assets of the entity must be in assets directly or indirectly secured principally by real property.

Bank Instruments

Bank instruments are unsecured interest bearing deposits with banks. Bank instruments include bank accounts, time deposits, CDs and banker’s acceptances. Yankee instruments are denominated in U.S. dollars and issued by U.S. branches of foreign banks. Eurodollar instruments are denominated in U.S. dollars and issued by non-U.S. branches of U.S. or foreign banks.

The Funds may invest in the following:

- CDs in commercial or savings banks whose deposits are insured by the Bank Insurance Fund (“BIF”) or the Savings Association Insurance Fund, including CDs issued by foreign branches of BIF-insured banks; and
- bankers’ acceptances issued by a BIF-insured bank, or issued by the bank’s Edge Act subsidiary and guaranteed by the bank, with remaining maturities of nine months or less. The total acceptances of any bank held by the Trust on behalf of the Fund cannot exceed 0.25 of 1% of such bank’s total deposits according to the bank’s last published statement of condition preceding the date of acceptance.

Zero Coupon Securities

Zero coupon securities do not pay interest or principal until final maturity unlike debt securities that provide periodic payments of interest (referred to as a coupon payment). Investors buy zero coupon securities at a price below the amount payable at maturity. The difference between the purchase price and the amount paid at maturity represents interest on the zero coupon security. Investors must wait until maturity to receive interest and principal, which increases the interest rate and credit risks of a zero coupon security.

There are many forms of zero coupon securities. Some are issued at a discount and are referred to as zero coupon or capital appreciation bonds. Others are created from interest bearing bonds by separating the right to receive the bond's coupon payments from the right to receive the bond's principal due at maturity, a process known as coupon stripping. U.S. Treasury STRIPs, IOs and POs are the most common forms of stripped zero coupon securities. In addition, some securities give the issuer the option to deliver additional securities in place of cash interest payments, thereby increasing the amount payable at maturity. These are referred to as pay-in-kind or PIK securities.

OECD Government Securities

The Funds may invest in debt securities issued or guaranteed by any OECD member state or by its authorities, agencies or instrumentalities or by any supranational or public international bodies of which one or more European Union ("EU") Member States are members.

Resets of Interest

The interest rates paid on the ARMS, CMOs, and REMICs in which the Funds invest generally are readjusted at intervals of one year or less to an increment over some predetermined interest rate index. There are two main categories of indices: those based on U.S. Treasury securities and those derived from a calculated measure, such as a cost of funds index or a moving average of mortgage rates. Commonly utilised indices include the one-year and five-year constant maturity U.S. Treasury note rates, the three-month U.S. Treasury bill rate, the 180-day U.S. Treasury bill rate, rates on longer-term U.S. Treasury securities, the National Median Cost of Funds, the one-month or three-month LIBOR, the prime rate of a specific bank, or commercial paper rates. Some indices, such as the one-year constant maturity U.S. Treasury note rate, closely mirror changes in market interest rate levels. Others tend to lag changes in market rate levels and tend to be somewhat less volatile.

To the extent that the adjusted interest rate on the mortgage security reflects current market rates, the market value of an adjustable rate mortgage security will tend to be less sensitive to interest rate changes than a fixed rate debt security of the same stated maturity. Hence, adjustable rate mortgage securities which use indices that lag changes in market rates should experience greater price volatility than adjustable rate mortgage securities that closely mirror the market. Certain residual interest tranches of CMOs may have adjustable interest rates that deviate significantly from prevailing market rates, even after the interest rate is reset, and are subject to correspondingly increased price volatility. In the event the Fund purchases such residual interest mortgage securities, it will factor in the increased interest and price volatility of such securities when determining its dollar-weighted average duration.

Caps and Floors

Caps and Floors are contracts in which one party agrees to make payments only if an interest rate or index goes above ("Cap") or below ("Floor") a certain level in return for a fee from the other party.

The underlying mortgages which collateralise the ARMS, CMOs, and REMICs in which the Funds invest will frequently have Caps and Floors which limit the maximum amount by which the loan rate to the residential borrower may change up or down:

1. per reset or adjustment interval, and
2. over the life of the loan.

Some residential mortgage loans restrict periodic adjustments by limiting changes in the borrower's monthly principal and interest payments rather than limiting interest rate changes. These payment caps may result in negative amortisation.

The value of mortgage securities in which the Funds invest may be affected if market interest rates rise or fall faster and farther than the allowable caps or floors on the underlying residential mortgage loans. Additionally, even though the interest rates on the underlying residential mortgages are adjustable, amortisation and prepayments may occur, thereby causing the effective maturities of the mortgage securities in which the Funds invest to be shorter than the maturities stated in the underlying mortgages.

Depository Receipts [ProBasis, ProFutur, Europa-Aktien, Inter-Aktien]

Depository receipts represent interests in underlying securities issued by a foreign company. Depository receipts are not traded in the same market as the underlying security. The securities underlying American Depository Receipts ("ADRs") are traded outside the U.S. ADRs provide a way to buy shares of non-U.S.-based companies in the U.S. rather than in non-U.S. markets. ADRs are also traded in U.S. dollars. The securities underlying European Depository Receipts ("EDRs"), Global Depository Receipts ("GDRs"), and International Depository Receipts ("IDRs"), are traded globally or outside the U.S. EDRs, GDRs and IDRs are similar to ADRs, except that they are primarily aimed at non-U.S. resident investors and are intended to trade mainly in markets outside of the United States. Depository receipts involve many of the same risks of investing directly in non-U.S. securities, including currency risks.

ELIGIBLE COLLECTIVE INVESTMENT SCHEMES

The Funds may invest up to 10% of their NAV in other Eligible Collective Investment Schemes (including other Funds of the Trust as described herein) whose objective is to invest in securities, instruments, or obligations of the type in which the Fund is permitted to invest, provided that the Advisers determine that an investment in another Eligible Collective Investment Scheme presents minimal credit risks. The Funds will not invest in another Eligible Collective Investment Scheme unless their investment objectives, policies, and restrictions are substantially similar to those of a Fund with substantially similar risks. The Funds may not invest in an Eligible Collective Investment Scheme which itself can invest more than 10% of its net assets in other collective investment schemes.

A Fund may invest in an Eligible Collective Investment Scheme ("underlying scheme") managed by the same management company or any other company with which the management company is linked by common management or control or by a substantial direct or indirect holding, provided that the management company or such other company may not charge subscription or redemption fees on account of the investment of the Fund in the underlying scheme.

A Fund may invest in another Fund of the Trust provided that the Fund may not invest in another Fund of the Trust which itself holds Units in other Funds of the Trust. Where a Fund invests in another Fund of the Trust, an annual management fee may not be charged in respect of that portion of assets invested in the other Fund of the Trust.

SPECIAL TRANSACTIONS

Borrowings

A Fund may not borrow money, grant loans or act as guarantor on behalf of third parties, except as follows:

- foreign currency may be acquired by means of a back-to-back loan. Foreign currency obtained in this manner is not classified as borrowing for the purpose of Regulation 103(1) of the UCITS Regulations, except to the extent that such foreign currency exceeds the value of a “back to back” deposit; and
- borrowings not exceeding 10% of the NAV of a Fund may be made on a temporary basis and the assets of a Fund may be charged or pledged as security for such borrowings.

Investment Ratings for Investment-Grade Securities

The Adviser will determine whether a security is Investment-Grade based upon the credit ratings given by one or more Recognised Statistical Rating Organisations. For example, at the date of this Prospectus, S&P, a rating service, assigns ratings to Investment-Grade securities based on their assessment of the likelihood of the issuer’s inability to pay interest or principal (default) when due on each security. Lower credit ratings correspond to higher credit risk. If a security has not received a rating, the Fund must rely entirely upon the Adviser’s credit assessment that the security is comparable to Investment-Grade.

If a security is downgraded below Investment-Grade, the Adviser will re-evaluate the security, but will not be required to sell it.

CENTRAL BANK AUTHORISATION

The Trust has been authorised by the Central Bank to invest up to 100% of the assets of any Fund in transferable securities issued or guaranteed by:

- (a) the U.S. government, its agencies or instrumentalities;
- (b) a Member State of the EU;
- (c) the government or local authorities of any Member State of the EU;
- (d) the government of Switzerland, Norway, Canada, Japan, Australia or New Zealand;
- (e) the World Bank, the European Investment Bank, Euratom, the Asian Development Bank, the Inter-American Development Bank, the International Bank for Reconstruction and Development or the European Bank for Reconstruction and Development; and
- (f) the full faith and credit of the U.S. government; provided that a Fund must hold securities from at least six different issues and securities from any one issue may not account for more than 30% of the total assets of such Fund.

AUTHORISED INVESTMENT TECHNIQUES AND INSTRUMENTS

The Advisers may employ investment techniques and instruments, such as financial derivative instruments (“FDIs”), for investment purposes and for purposes of efficient portfolio management (i.e., hedging, reducing risks or costs, or for increasing capital or income returns), subject to the conditions and within the limits from time to time laid down by the Central Bank and as described below. These techniques and

instruments include trading in options and other derivative instruments. In addition, the Fund will utilise the investment techniques such as repurchase agreements, reverse repurchase agreements and securities lending to enhance the return on securities. The Trust shall supply to an Unitholder on request supplementary information in relation to the quantitative risk management limits applied by it, the risk management methods used by it and any recent developments in the risks and yields characteristics for the main categories of investment. A list of the Regulated Markets on which the FDIs may be quoted or traded is provided later in this Prospectus under the heading “Terms.”

The Advisers’ ability to use these techniques and instruments may be limited by market conditions, regulatory limits and tax considerations and these techniques and instruments may be used only in accordance with the investment objectives of a Fund. Any such technique or instrument must be one which (alone or in combination with one or more other techniques or instruments) is reasonably believed by the Advisers to be economically appropriate to the investment management of a Fund.

New techniques and FDIs may be developed which may be suitable for use by a Fund in the future and a Fund may employ such techniques and FDIs subject to any restrictions imposed by the UCITS Regulations.

The investment in FDIs involves risks which are outlined in this Prospectus (see “What Are the Specific Risks of Investing in the Funds?”).

At present, Euro-Kurzläufer, Euro-Renten, Inter-Renten, ProBasis and ProFutur will avail of the use of FDIs for investment purposes; accordingly, the Trust has submitted a risk management process to the Central Bank in relation to such Funds.

Europa-Aktien and Inter-Aktien will only use FDIs for the purposes of efficient portfolio management (i.e., hedging, reducing risks or costs, or for increasing capital or income returns). For the Advisers to utilise FDIs at any future time for Europa-Aktien or Inter-Aktien, the formal risk management process will be amended and submitted to the Central Bank in accordance with the UCITS Rules.

FINANCIAL DERIVATIVE INSTRUMENTS

FDIs are financial instruments that require payments based upon changes in the values of designated securities, commodities, currencies, indices, or other assets or instruments including other derivative contracts (each a “Reference Instrument” and collectively, “Reference Instruments”). Each party to a derivative contract is referred to as a counterparty. Some derivative contracts require payments relating to an actual, future trade involving the Reference Instrument. These types of derivatives are frequently referred to as “physically settled” derivatives. Other derivative contracts require payments relating to the income or returns from, or changes in the market value of, a Reference Instrument. These types of derivatives are known as “cash settled” derivatives, since they require cash payments in lieu of delivery of the Reference Instrument.

Many derivative contracts are traded on securities or commodities exchanges. In this case, the exchange sets all the terms of the contract except for the price. Investors make payments due under their contracts through the exchange. Most exchanges require investors to maintain margin accounts through their brokers to cover their potential obligations to the exchange. Parties to the contract make (or collect) daily payments to the margin accounts to reflect losses (or gains) in

the value of their contracts. This protects investors against potential defaults by the counterparty. Trading contracts on an exchange also allows investors to close out their contracts by entering into offsetting contracts.

For example, a Fund could close out an open contract to buy an asset at a future date by entering into an offsetting contract to sell the same asset on the same date. If the offsetting sale price is more than the original purchase price, the Fund realises a gain; if it is less, a Fund realises a loss. Exchanges may limit the amount of open contracts permitted at any one time. Such limits may prevent a Fund from closing out a position. If this happens, a Fund will be required to keep the contract open (even if it is losing money on the contract), and to make any payments required under the contract (even if it has to sell portfolio securities at unfavourable prices to do so). Inability to close out a contract could also harm a Fund by preventing it from disposing of or trading any assets it has been using to secure its obligations under the contract.

A Fund may also trade FDIs over-the-counter (“OTC”) in transactions negotiated directly between the Fund and the counterparty (“OTC derivative contracts”). OTC derivative contracts do not necessarily have standard terms, so they cannot be directly offset with other OTC derivative contracts. In addition, OTC derivative contracts with more specialised terms may be more difficult to price than exchange traded contracts.

Depending upon how the Fund uses FDIs and the relationships between the market value of an FDI and the underlying asset, FDIs may increase or decrease the Fund’s exposure to interest rate, stock market, currency and credit risks, and may also expose the Fund to liquidity and leverage risks. OTC derivative contracts also expose the Fund to credit risks in the event that a counterparty defaults on the contract.

A Fund may invest in FDIs, including equivalent cash-settled instruments, dealt in on a Regulated Market and may invest in over-the-counter derivatives subject to the conditions and limitations outlined in the UCITS Regulations and laid down by the Central Bank from time to time as described below.

Where a Fund invests in FDIs the recourse of the relevant counterparty will be limited to the assets of that Fund and the counterparty will not be entitled to have recourse to the assets of any other Fund of the Trust.

The policy that will be applied to collateral arising from OTC derivative transactions or efficient portfolio management techniques relating to the Funds is to adhere to the requirements set out below. This sets out the permitted types of collateral, level of collateral required and haircut policy and, in the case of cash collateral, the re-investment policy prescribed by the Central Bank pursuant to the UCITS Regulations. The categories of collateral which may be received by the Funds include cash and non-cash assets such as equities, debt securities and money market instruments. From time to time and subject to the requirements set out below, the policy on levels of collateral required and haircuts may be adjusted, at the discretion of the Advisers, where this is determined to be appropriate in the context of the specific counterparty, the characteristics of the asset received as collateral, market conditions or other circumstances. The haircuts applied (if any) by the Advisers are adapted for each class of assets received as collateral, taking into account the characteristics of the assets such as the credit standing and/or the price volatility, as well as the outcome of any stress tests performed in accordance with the requirements set out below. Each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets should be justified on the basis of this policy.

If cash collateral received by a Fund is re-invested, the Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Fund. For further details see the “What are the Specific Risks of Investing in the Funds” section herein.

Direct and indirect operational costs and fees arising from the efficient portfolio management techniques of securities lending, repurchase and reverse repurchase arrangements may be deducted from the revenue delivered to the Funds (e.g., as a result of revenue sharing arrangements). All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the relevant Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be parties related to the Trustee. The revenues arising from such efficient portfolio management techniques for the relevant reporting period, together with the direct and indirect operational costs and fees incurred and the identity of the counterparty(ies) to these efficient portfolio management techniques, will be disclosed in the annual and semi-annual reports of the Funds.

A Fund may trade in, but is not limited to trading in, the following FDIs, including combinations thereof (prior to the Fund engaging in any additional FDIs an updated risk management process will be submitted to the Central Bank):

Futures Contracts

Futures contracts provide for the future sale by one party and purchase by another party of a specified amount of a Reference Instrument at a specified price, date and time. Entering into a contract to buy a Reference Instrument is commonly referred to as buying a contract or holding a long position in the asset. Entering into a contract to sell a Reference Instrument is commonly referred to as selling a contract or holding a short position in the Reference Instrument. The Manager on behalf of the Funds is exempt from registration with the U.S. Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator and therefore, unlike a registered commodity pool operator, is not subject to requirements of the U.S. Commodity Exchange Act to deliver a commodity pool disclosure document or certified annual report to Unitholders. The Funds qualify for such exemption from CFTC registration on the basis that (i) interests in the Funds are exempt from registration under the 1933 Act, and (ii) such interests are offered and sold without marketing to the public in the United States. Futures contracts traded OTC are frequently referred to as forward contracts. A Fund can buy or sell financial futures (such as index futures and security futures), as well as, currency futures and currency forward contracts.

Options

Options are rights to buy or sell an underlying asset or instrument for a specified price (the exercise price) during, or at the end of, a specified period. The seller (or writer) of the option receives a payment, or premium, from the buyer, which the writer keeps regardless of whether the buyer uses (or exercises) the option. A call option gives the holder (buyer) the right to buy the underlying asset from the seller (writer) of the option. A put option gives the holder the right to sell the underlying asset to the writer of the option. Options can trade on exchanges or in the OTC market and may be bought or sold on a wide variety of underlying assets or instruments, including financial indices, individual securities, and other derivative instruments, such as

futures contracts. Options that are written on futures contracts will be subject to margin requirements similar to those applied to futures contracts.

A Fund may buy/sell the following types of options:

CALL OPTIONS

A call option gives the holder (buyer) the right to buy the underlying asset from the seller (writer) of the option. A Fund may use call options in the following ways:

- buy call options on a Reference Instrument in anticipation of an increase in the value of the Reference Instrument; and
- write call options on a Reference Instrument to generate income from premiums, and in anticipation of a decrease or only limited increase in the value of the Reference Instrument. If the Fund writes a call option on a Reference Instrument that it owns and that call option is exercised, the Fund foregoes any possible profit from an increase in the market price of the Reference Instrument over the exercise price plus the premium received.

PUT OPTIONS

A put option gives the holder the right to sell the underlying asset to the writer of the option. A Fund may use put options in the following ways:

- buy put options on a Reference Instrument in anticipation of a decrease in the value of the Reference Instrument; and
- write put options on a Reference Instrument to generate income from premiums, and in anticipation of an increase or only limited decrease in the value of the Reference Instrument. In writing puts, there is a risk that the Fund may be required to take delivery of the Reference Instrument when its current market price is lower than the exercise price.

A Fund may also buy or write options, as needed, to close out existing option positions.

Swaps

A swap contract (also known as a “swap”) is a type of derivative contract in which two parties agree to pay each other (swap) the returns derived from Reference Instruments. Most swaps do not involve the delivery of the underlying assets by either party, and the parties might not own the Reference Instruments. The payments are usually made on a net basis so that, on any given day, the Fund would receive (or pay) only the amount by which its payment under the contract is less than (or exceeds) the amount of the other party’s payment. Swap agreements are sophisticated instruments that can take many different forms and are known by a variety of names. Common swap agreements that the Funds may use include:

INTEREST RATE SWAPS

Interest rate swaps are contracts in which one party agrees to make regular payments equal to a fixed or floating interest rate times a stated principal amount (commonly referred to as a “notional principal amount”) in return for payments equal to a different fixed or floating rate times the same principal amount, for a specific period. For example, a U.S.\$10 million LIBOR swap would require one party to pay the equivalent of the LIBOR (which fluctuates) on U.S.\$10 million principal amount in exchange for the right to receive the equivalent of a stated fixed rate of interest on U.S.\$10 million principal amount.

TOTAL RETURN SWAPS

A total return swap is an agreement between two parties whereby one party agrees to make payments of the total return from a Reference Instrument (or a basket of such instruments) during the specified period, in return for payments equal to a fixed or floating rate of interest or the total return from another Reference Instrument. A total return swap can also be structured so that one party will make payments to the other party if the value of a Reference Instrument increases, but receive payments from the other party if the value of that instrument decreases. Through the swap the Fund may take a long or short position in the underlying asset(s), which may constitute a single security or a basket of securities. Exposure through the swap closely replicates the economics of physical shorting (in the case of short positions) or physical ownership (in the case of long positions), but in the latter case without the voting or beneficial ownership rights of direct physical ownership. If a Fund invests in total return swaps or other FDI with the same characteristics, the underlying asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with the investment objective and policies of the Fund. The counterparties to such transactions are typically banks, investment firms, broker-dealers, collective investment schemes or other financial institutions or intermediaries. The risk of the counterparty defaulting on its obligations under the total return swap and its effect on investor returns are described in the section entitled “What are the Specific Risks of Investing in the Funds”. It is not intended that the counterparties to total return swaps entered into by a Fund assume any discretion over the composition or management of the Fund’s investment portfolio or over the underlying of the FDIs, or that the approval of the counterparty is required in relation to any portfolio transactions by the Fund.

CREDIT DEFAULT SWAPS (“CDS”)

A credit default swap (“CDS”) is an agreement between two parties whereby one party (the “Protection Buyer”) agrees to make payments over the term of the CDS to the other party (the “Protection Seller”), provided that no designated event of default, restructuring or other credit related event (each a “Credit Event”) occurs with respect to the Reference Instrument that is usually a particular bond, a portfolio of bonds or the unsecured credit of an issuer, in general (the “Reference Obligation”). Many CDS are physically settled, which means that if a Credit Event occurs, the Protection Seller must pay the Protection Buyer the full notional value, or “par value,” of the Reference Obligation in exchange for delivery by the Protection Buyer of the Reference Obligation or another similar obligation issued by the issuer of the Reference Obligation (the “Deliverable Obligation”). The Counterparties agree to the characteristics of the Deliverable Obligation at the time that they enter into the CDS. Alternately, a CDS can be “cash settled,” which means that upon the occurrence of a Credit Event, the Protection Buyer will receive a payment from the Protection Seller equal to the difference between the par amount of the Reference Obligation and its market value at the time of the Credit Event. A Fund may be either the Protection Buyer or the Protection Seller in a CDS. If the Fund is a Protection Buyer and no Credit Event occurs, the Fund will lose its entire investment in the CDS (i.e., an amount equal to the payments made to the Protection Seller over the term of the CDS). However, if a Credit Event occurs, the Fund (as Protection Buyer) will deliver the Deliverable Obligation and receive a payment equal to the full notional value of the Reference Obligation, even though the Reference Obligation may have little or no value. If the Fund is the Protection Seller and no Credit Event occurs, the Fund will receive a fixed rate of income throughout the term of the CDS.

However, if a Credit Event occurs, the Fund (as Protection Seller) will pay the Protection Buyer the full notional value of the Reference Obligation and receive the Deliverable Obligation from the Protection Buyer. A CDS may involve greater risks than if the Fund invested directly in the Reference Obligation. For example, a CDS may increase credit risk since the Fund has exposure to both the issuer of the Reference Obligation and the Counterparty to the CDS.

CURRENCY SWAPS

A currency swap is a type of derivative contract in which the parties agree to make periodic interest payments to one another in different currencies. The parties might agree to exchange the notional principal amounts of the currencies as well (commonly called a “foreign exchange swap”).

CAPS AND FLOORS

Caps and Floors are contracts in which one party agrees to make payments only if an interest rate or index goes above (Cap) or below (Floor) a certain level in return for a fee from the other party.

HYBRID INSTRUMENTS

Hybrid instruments combine elements of two different kinds of securities or financial instruments (such as a derivative contract). Frequently, the value of a hybrid instrument is determined by reference to changes in the value of a Reference Instrument (that is a designated security, commodity, currency, index, or other asset or instrument including a derivative contract). Hybrid instruments can take on many forms including, but not limited to, the following forms. First, a common form of a hybrid instrument combines elements of a derivative contract with those of another security (typically a debt security). In this case all or a portion of the interest or principal payable on a hybrid security is determined by reference to changes in the price of a Reference Instrument. Second, a hybrid instrument may also combine elements of a debt security and an equity security. Third, hybrid instruments may include convertible securities with conversion terms related to a Reference Instrument.

Depending on the type and terms of the hybrid instrument, its risks may reflect a combination of the risks of investing in the Reference Instrument with the risks of investing in other securities, currencies and derivative contracts. Thus, an investment in a hybrid instrument may entail significant risks in addition to those associated with traditional securities or the Reference Instrument. Hybrid instruments are also potentially more volatile than traditional securities or the Reference Instrument. Moreover, depending on the structure of the particular hybrid, it may expose the Fund to leverage risks or carry liquidity risks.

Credit Linked Notes

A credit linked note (“CLN”) is a type of hybrid instrument in which a special purpose entity issues a structured note (the “Note Issuer”) with respect to which the Reference Instrument is a single bond, a portfolio of bonds, or the unsecured credit of an issuer, in general (each a “Reference Credit”). The purchaser of the CLN (the “Note Purchaser”) invests a par amount and receives a payment during the term of the CLN that equals a fixed or floating rate of interest equivalent to a high rated funded asset (such as a bank certificate of deposit) plus an additional premium that relates to taking on the credit risk of the Reference Credit. Upon maturity of the CLN, the Note Purchaser will receive a payment equal to (i) the original par amount paid to the Note Issuer, if there is no occurrence of a designated event of default, restructuring or other credit event

(each, a “Credit Event”) with respect to the issuer of the Reference Credit or (ii) the market value of the Reference Credit, if a Credit Event has occurred. Depending upon the terms of the CLN, it is also possible that the Note Purchaser may be required to take physical delivery of the Reference Credit in the event of a Credit Event. Most credit linked notes use a corporate bond (or a portfolio of corporate bonds) as the Reference Credit. However, almost any type of debt security (including foreign government securities), index, or derivative contract (such as a credit default swap) can be used as the Reference Credit.

HEDGING TECHNIQUES RELATING TO CURRENCIES

In order to manage the currency exposure risk to investors, the Advisers may attempt to hedge or reallocate the currency exposures of the portfolio against fluctuations in the exchange rate between various currencies by utilising derivative instruments, including, but not limited to futures, forwards, and options. Such hedging or reallocation techniques will be used in accordance with the requirements of the Central Bank.

A Fund may enter into foreign exchange transactions which alter the currency characteristics of transferable securities held by a Fund provided that such transactions are not speculative in nature and may not constitute an investment in their own right. Such transactions must be fully covered by cash flows arising from the transferable securities held by the Fund and the Fund may not be leveraged or geared in any way through the use of such transaction. Details of any such transactions for the Funds will be set out under the section headed “*Securities in Which the Funds Invest.*” The Funds do not intend to be leveraged or geared in any way through the use of foreign exchange transactions.

Foreign exchange transactions which alter the currency exposure characteristics of transferable securities held by a Fund may only be undertaken for the purposes of one or more of the following:

1. a reduction of risk;
2. a reduction in costs; and
3. an increase in capital or income returns to the Fund.

The general conditions laid down in the Central Bank’s Notices also apply. In particular, such transactions must:

1. be used in accordance with the investment objectives of the Fund, and the currencies to which the Fund is exposed must be currencies in which the Fund may invest indirectly; and
2. be economically appropriate.

Expenses, gains and losses relating to these hedging techniques will be allocated to the class. The strategy may substantially limit holders of the Units from benefiting if the class currency falls against the base currency and/or the currency in which the assets of the Fund are denominated.

SECURITIES FINANCING TRANSACTIONS REGULATION

To the extent permitted in the Prospectus, each Fund may enter into one or more of the following transactions:

- (i) total return swaps;
- (ii) repurchase agreements;
- (iii) reverse repurchase agreements; and
- (iv) securities lending arrangements.

Certain Funds may enter into total return swaps for investment purposes and for efficient portfolio management purposes, and enter into other types of Securities Financing Transactions for efficient portfolio management purposes only. In this context, efficient portfolio management purposes include the reduction of risk, the reduction of cost and the generation of additional capital or income for the Fund with a level of risk that is consistent with the risk profile of the Fund.

If a Fund invests in total return swaps or Securities Financing Transactions, the relevant asset or index may be comprised of equity or debt securities, money market instruments or other eligible investments which are consistent with the investment objective and policies of the Fund. Subject to the investment restrictions laid down by the Central Bank as set out in “*Authorised Investment Techniques and Instruments*” section, in particular “*Permitted Financial Derivative Instruments*” section, and also any investment restrictions set out in the section entitled “*Investment Information*”, certain Funds can invest a maximum of 100% of their Net Asset Value in total return swaps and Securities Financing Transactions. It is expected that each of the Money Market Funds will generally invest in the range of 50-85% of its Net Asset Value in Securities Financing Transactions. It is expected that each of the Fixed Income Fund and the Equity Funds will generally invest in the range of 5-10% of its Net Asset Value in total return swaps and Securities Financing Transactions.

A Fund shall only enter into total return swaps and Securities Financing Transactions with counterparties that satisfy the criteria (including those relating to legal status, country of origin and minimum credit rating) as set out in the “*Permitted Financial Derivative Instruments*” section and adopted by the Adviser.

The categories of collateral which may be received by a Fund is set out in “*Authorised Investment Techniques and Instruments*” section, in particular “*Permitted Financial Derivative Instruments*” section and includes cash and non-cash assets such as equities, debt securities and money market instruments. Collateral received by the Fund will be valued in accordance with the valuation methodology set out under the section entitled “*Determination of Net Asset Value*”. Collateral received by the Fund will be marked-to-market daily and daily variation margins will be used.

Where a Fund receives collateral as a result of entering into total return swaps or Securities Financing Transactions, there is a risk that the collateral held by the Fund may decline in value or become illiquid. In addition, there can also be no assurance that the liquidation of any collateral provided to the Fund to secure a counterparty’s obligations under a total return swap or Securities Financing Transaction would satisfy the counterparty’s obligations in the event of a default by the counterparty. Where the Fund provides collateral as a result of entering into total return swaps or Securities Financing Transactions, it is exposed to the risk that the counterparty will be unable or unwilling to honour its obligations to return the collateral provided.

For a summary of certain other risks applicable to total return swaps and Securities Financing Transactions, see the section entitled “*What are the Specific Risks of Investing in the Funds?*”, in particular the sub-sections entitled “*Risks of Investing in Derivative Contracts and Hybrid Instruments*” and “*Risk Of Utilising Swaps*”. There are certain risks associated with security collateral arrangements such as operational, liquidity, counterparty, custody and legal risks. The risks linked to collateral management are managed in the same way as the risks set forth above and as further described under the section entitled, “*What are the Specific Risks of Investing in the Funds?*”.

A Fund may provide certain of its assets as collateral to counterparties in connection with total return swaps and Securities Financing Transactions. If the Fund has over-collateralised (i.e., provided excess collateral to the counterparty) in respect of such transactions, it may be an unsecured creditor in respect of such excess collateral in the event of the counterparty’s insolvency. If the Trustee or its sub-custodian or a third party holds collateral on behalf of the Fund, the Fund may be an unsecured creditor in the event of the insolvency of such entity.

There are legal risks involved in entering into total return swaps or Securities Financing Transactions which may result in loss due to the unexpected application of a law or regulation or because contracts are not legally enforceable or documented correctly.

Subject to the restrictions laid down by the Central Bank as set out in the “*Permitted Financial Derivative Instruments*” section, the Fund may re-invest cash collateral that it receives. If cash collateral received by the Fund is re-invested, the Fund is exposed to the risk of loss on that investment. Should such a loss occur, the value of the collateral will be reduced and the Fund will have less protection if the counterparty defaults. The risks associated with the re-investment of cash collateral are substantially the same as the risks which apply to the other investments of the Fund.

Direct and indirect operational costs and fees arising from total return swaps or Securities Financing Transactions may be deducted from the revenue delivered to the Fund (e.g., as a result of revenue sharing arrangements). These costs and fees do not and should not include hidden revenue. All the revenues arising from such efficient portfolio management techniques, net of direct and indirect operational costs, will be returned to the Fund. The entities to which direct and indirect costs and fees may be paid include banks, investment firms, broker-dealers, securities lending agents or other financial institutions or intermediaries and may be related parties to the Adviser or the Trustee.

PERMITTED FINANCIAL DERIVATIVE INSTRUMENTS

The current conditions and limits laid down by the Central Bank in relation to FDIs are as follows:

1. A Fund may invest in FDI provided that:
 - (i) the relevant reference items or indices consist of one or more of the following: instruments referred to in Regulation 68(1)(a) – (f) and (h) of the UCITS Regulations including financial instruments having one or several characteristics of those assets, financial indices, interest rates, foreign exchange rates, currencies;
 - (ii) the FDI do not expose the Fund to risks which it could not otherwise assume (e.g., gain exposure to an instrument/issuer/currency to which the Fund cannot have a direct exposure);
 - (iii) the FDI do not cause the Fund to diverge from its investment objectives; and

- (iv) the reference in (i) above to financial indices shall be understood as a reference to indices which fulfil the following criteria and the provisions of the UCITS Rules:
- (a) they are sufficiently diversified, in that the following criteria are fulfilled:
- (i) the index is composed in such a way that price movements or trading activities regarding one component do not unduly influence the performance of the whole index;
- (ii) where the index is composed of assets referred to in Regulation 68(1) of the UCITS Regulations, its composition is at least diversified in accordance with Regulation 71 of the UCITS Regulations;
- (iii) where the index is composed of assets other than those referred to in Regulation 68(1) of the UCITS Regulations, it is diversified in a way which is equivalent to that provided for in Regulation 71 of the UCITS Regulations;
- (b) they represent an adequate benchmark for the market to which they refer, in that the following criteria are fulfilled:
- (i) the index measures the performance of a representative group of underlyings in a relevant and appropriate way;
- (ii) the index is revised or rebalanced periodically to ensure that it continues to reflect the markets to which it refers following criteria which are publicly available;
- (iii) the underlyings are sufficiently liquid, which allows users to replicate the index, if necessary;
- (c) they are published in an appropriate manner, in that the following criteria are fulfilled:
- (i) their publication process relies on sound procedures to collect prices and to calculate and to subsequently publish the index value, including pricing procedures for components where a market price is not available;
- (ii) material information on matters such as index calculation, rebalancing methodologies, index changes or any operational difficulties in providing timely or accurate information is provided on a wide and timely basis;
- (v) where a Fund enters into a total return swap or invests in other financial derivative instruments with similar characteristics, the assets held by the Fund must comply with Regulations 70, 71, 72, 73 and 74 of the UCITS Regulations.
2. Credit derivatives are permitted where:
- (i) they allow the transfer of the credit risk of an asset as referred to in paragraph 1(i) above, independently from the other risks associated with that asset;
- (ii) they do not result in the delivery or in the transfer, including in the form of cash, of assets other than those referred to in Regulations 68(1) and (2) of the UCITS Regulations;
- (iii) they comply with the criteria for OTC Derivatives (defined below) set out in paragraph 4 below; and
- (iv) their risks are adequately captured by the risk management process of the Fund, and by its internal control mechanisms in the case of risks of asymmetry of information between the Fund and the counterparty to the credit derivative resulting from potential access of the counterparty to non-public information on firms the assets of which are used as underlyings by credit derivatives. The Fund must undertake the risk assessment with the highest care when the counterparty to the FDI is a related party of the Fund or the credit risk issuer.
3. FDI must be dealt in on a market that is regulated, operates regularly, is recognised and is open to the public in a Member State or a non-Member State.
4. Notwithstanding paragraph 3, a Fund may invest in FDI dealt in over-the-counter ("OTC Derivatives") provided that:
- (i) the counterparty is: (a) a credit institution listed in Regulation 7(a) – (c) of the Central Bank Regulations; (b) an investment firm authorised in accordance with the Markets in Financial Instruments Directive; or (c) a group company of an entity issued with a bank holding company licence from the Federal Reserve of the United States of America where that group company is subject to bank holding company consolidated supervision by the Federal Reserve;
- (ii) where a counterparty within sub-paragraphs (b) or (c) of paragraph 4(i)(a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Responsible Person in the credit assessment process; and (b) is downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in subparagraph (a) of this paragraph 4(ii) this shall result in a new credit assessment being conducted of the counterparty by the Responsible Person without delay;
- (iii) risk exposure to the counterparty does not exceed the limits set out in Regulation 70(1)(c) of the UCITS Regulations. In this regard the Fund shall calculate the exposure using the positive mark-to-market value of the OTC derivative contract with that counterparty. The Fund may net the derivative positions with the same counterparty, provided that the Fund is able to legally enforce netting arrangements with the counterparty. Netting is only permissible with respect to OTC derivative instruments with the same counterparty and not in relation to any other exposures the Fund may have with the same counterparty. The Fund may take account of collateral received by the Fund in order to reduce the exposure to the counterparty, provided that the collateral meets with the requirements specified in paragraphs (3), (4), (5), (6), (7), (8), (9) and (10) of Regulation 24 of the Central Bank Regulations;

Where the composition of assets which are used as underlyings by FDI does not fulfil the criteria set out in (a), (b) or (c) above, those FDI shall, where they comply with the criteria set out in Regulation 68(1)(g) of the UCITS Regulations, be regarded as financial derivatives on a combination of the assets referred to in Regulation 68(1)(g)(i) of the UCITS Regulations, excluding financial indices.

- (iv) the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative.
5. Collateral received must, at all times, meet with the requirements set out in the UCITS Rules.

Collateral passed to an OTC derivative counterparty by or on behalf of a Fund must be taken into account in calculating exposure of the Fund to counterparty risk as referred to in Regulation 70(1)(c) of the UCITS Regulations. Collateral passed may be taken into account on a net basis only if the Fund is able to legally enforce netting arrangements with this counterparty.

6. Calculation of issuer concentration risk and counterparty exposure risk

Each Fund must calculate issuer concentration limits as referred to in Regulation 70 of the UCITS Regulations on the basis of the underlying exposure created through the use of FDI pursuant to the commitment approach. The risk exposures to a counterparty arising from OTC FDI transactions and efficient portfolio management techniques must be combined when calculating the OTC counterparty limit as referred to in Regulation 70(1)(c) of the UCITS Regulations. A Fund must calculate exposure arising from initial margin posted to and variation margin receivable from a broker relating to exchange-traded or OTC derivatives, which is not protected by client money rules or other similar arrangements to protect the Fund against the insolvency of the broker, and that exposure cannot exceed the OTC counterparty limit referred to in Regulation 70(1)(c) of the UCITS Regulations.

The calculation of issuer concentration limits as referred to in Regulation 70 of the UCITS Regulations must take account of any net exposure to a counterparty generated through a stocklending or repurchase agreement. Net exposure refers to the amount receivable by a Fund less any collateral provided by the Fund. Exposures created through the reinvestment of collateral must also be taken into account in the issuer concentration calculations. When calculating exposures for the purposes of Regulation 70 of the UCITS Regulations, a Fund must establish whether its exposure is to an OTC counterparty, a broker or a clearing house.

7. Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities, money market instruments or collective investment schemes, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in Regulations 70 and 73 of the UCITS Regulations. When calculating issuer-concentration risk, the financial derivative instrument (including embedded financial derivative instruments) must be looked through in determining the resultant position exposure. This position exposure must be taken into account in the issuer concentration calculations. Issuer concentration must be calculated using the commitment approach when appropriate or the maximum potential loss as a result of default by the issuer if more conservative. It must also be calculated by all Funds, regardless of whether they use VaR for global exposure purposes. This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in Regulation 71(1) of the UCITS Regulations.

8. A transferable security or money market instrument embedding a FDI shall be understood as a reference to financial instruments which fulfil the criteria for transferable securities or money market instruments set out in the UCITS Regulations and which contain a component which fulfils the following criteria:
- by virtue of that component some or all of the cash flows that otherwise would be required by the transferable security or money market instrument which functions as host contract can be modified according to a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, and therefore vary in a way similar to a stand-alone derivative;
 - its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract;
 - it has a significant impact on the risk profile and pricing of the transferable security or money market instrument.
9. A transferable security or a money market instrument shall not be regarded as embedding a FDI where it contains a component which is contractually transferable independently of the transferable security or the money market instrument. Such a component shall be deemed to be a separate financial instrument.

Cover Requirements

10. For each Fund using FDI (other than Euro-Kurzläufer), the Adviser employs the relative value-at-risk ("VaR") method in measuring global exposure. Relative VaR is the one day VaR of a Fund divided by the one day VaR of a reference portfolio (i.e., a benchmark index) with no derivatives. The risk profile of the reference portfolio will be consistent with investment objectives, policies and limits of the applicable Fund's portfolio. Under the Central Bank's requirements, the VaR of a Fund using the relative VaR approach is required to be no greater than twice the VaR of a reference portfolio. In the case of each of the Funds (other than Euro-Kurzläufer), the relevant reference portfolio is as follows:

Fund	Reference Portfolio
Europa-Aktien	MSCI Europe Index
Inter-Aktien	MSCI World Index
Euro-Renten	BofA Merrill Lynch ("BAML") Euro Government Index
Inter-Renten	BAML Country Blend/Bloomberg Barclays U.S. Aggregate Bond Index
ProBasis	BAML Euro Government Index/MSCI Europe Index
ProFutur	MSCI Europe Index/BAML Euro Government Index

In the case of Euro-Kurzläufer, the Adviser employs the absolute VaR method in measuring global exposure. The one day absolute VaR for Euro-Kurzläufer shall not exceed 4.47% of its Net Asset Value.

In summary, the following calculation standards currently apply to the VaR model employed in respect of a Fund. However, these calculation standards are dealt with in more detail in the risk management process of the Fund and may change from time to time at the discretion of the Advisers and in accordance with the requirements of the Central Bank:

- (i) one day VaR (99%) shows the maximum potential daily loss of the portfolio or benchmark (in 000s) given a 99% confidence interval;
- (ii) effective observation period (history) of risk factors is at least one year (250 business days)
- (iii) at least daily calculation.

Each Fund's leverage is not expected to exceed 100%. The term "leverage" in this context is defined by the Central Bank as the total notional amount of derivatives positions as a percentage of NAV (the "Notionals Approach"). Each Fund's leverage calculated under the commitment approach will not exceed 100% of the Fund's Net Asset Value. (Where a Fund's leverage is calculated under the commitment approach, this is supplementary to the Notionals Approach).

11. A transaction in FDI which gives rise, or may give rise, to a future commitment on behalf of a Fund must be covered as follows:

- (i) in the case of FDI which automatically, or at the discretion of the Fund, are cash settled, a Fund must hold, at all times, liquid assets which are sufficient to cover the exposure.
- (ii) in the case of FDI which require physical delivery of the underlying asset, the asset must be held at all times by a Fund.

Alternatively a Fund may cover the exposure with sufficient liquid assets where:

- the underlying assets consists of highly liquid fixed income securities; and/or
- the Fund considers that the exposure can be adequately covered without the need to hold the underlying assets, the specific FDI are addressed in the risk management process, which is described in paragraph 12 below, and details are provided in the Prospectus.

Risk Management

12. (i) A Fund must employ a risk management process to monitor, measure and manage the risks attached to FDI positions.
- (ii) A Fund must provide the Central Bank with details of its proposed risk management process vis-à-vis its FDI activity. The initial filing is required to include information in relation to:
- permitted types of FDI, including embedded derivatives in transferable securities and money market instruments;
 - details of the underlying risks;
 - relevant quantitative limits and how these will be monitored and enforced; and
 - methods for estimating risks.

- (iii) Material amendments to the initial filing must be notified to the Central Bank in advance. The Central Bank may object to the amendments notified to it and amendments and/or associated activities objected to by the Central Bank may not be made.

13. A Fund must submit a report to the Central Bank on its FDI positions on an annual basis. The report, which must contain information which reflects a true and fair view of the types of FDI used by the Fund, the underlying risks, the quantitative limits and the methods used to estimate those risks, must be submitted with the annual report of the Trust. A Trust must, at the request of the Central Bank, provide this report at any time.

REPURCHASE AGREEMENTS, REVERSE REPURCHASE AGREEMENTS AND STOCKLENDING AGREEMENTS

Repurchase agreements are transactions in which a Fund purchases securities from a bank or recognised securities dealer and simultaneously commits to resell the securities to the bank or dealer at an agreed-upon date and price reflecting a market rate of interest unrelated to the coupon rate of maturity of the purchased securities. A reverse repurchase agreement involves the sale of securities with an agreement to repurchase the securities at an agreed upon price, date and interest payment. A Fund may also lend securities to a counterparty approved by the Adviser.

Reverse repurchase agreements are repurchase agreements in which a Fund is the seller (rather than the buyer) of the securities, and agrees to repurchase them at an agreed upon time and price. A reverse repurchase agreement may be viewed as a type of borrowing by the Fund. Reverse repurchase agreements are subject to credit risks. In addition, reverse repurchase agreements create leverage risks because the Funds must repurchase the underlying security at a higher price, regardless of the market value of the security at the time of repurchase.

In return, the Fund receives cash or liquid securities from the borrower as collateral. The borrower must furnish additional collateral if the market value of the loaned securities increases. Also, the borrower must pay the Fund the equivalent of any dividends or interest received on the loaned securities.

The Fund will reinvest cash collateral in accordance with the requirements of the Central Bank. However, the Fund must pay interest to the borrower for the use of cash collateral.

Loans are subject to termination at the option of the Trust or the borrower. The Trust will not have the right to vote on securities while they are on loan, but it will terminate a loan in anticipation of any important vote. The Trust may pay administrative and custodial fees in connection with a loan and may pay a negotiated portion of the interest earned on the cash collateral to a stocklending agent or broker.

Stocklending activities are subject to interest rate risks and credit risks. These transactions may create leverage risks.

A Fund may invest in repurchase agreements, reverse repurchase agreements and stocklending agreements, subject to the following conditions and limitations outlined by the Central Bank from time to time:

- (i) Techniques and instruments which relate to transferable securities or money market instruments and which are used for the purpose of efficient portfolio management shall be understood as a reference to techniques and instruments which fulfil the following criteria:
 - (a) they are economically appropriate in that they are realised in a cost-effective way;
 - (b) they are entered into for one or more of the following specific aims:
 - (i) reduction of risk;
 - (ii) reduction of cost; and/or
 - (iii) generation of additional capital or income for the UCITS with a level of risk which is consistent with the risk profile of the UCITS and the risk diversification rules set out in Regulation 71 of the UCITS Regulations;
 - (c) their risks are adequately captured by the risk management process of the UCITS; and
 - (d) they cannot result in a change to the UCITS' declared investment objective or add substantial supplementary risks in comparison to the general risk policy as described in its sales documents.

Financial derivative instruments used for efficient portfolio management, in accordance with the paragraph below, must also comply with the provisions of the UCITS Rules.

Repurchase/reverse repurchase agreements ("Repo Contracts") and stocklending may only be effected in accordance with normal market practice.

All assets received by a Fund in the context of efficient portfolio management techniques should be considered as collateral and should comply with the criteria set down below.

Collateral must, at all times, meet with the following criteria:

- (i) **Liquidity:** Collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Regulation 74 of the UCITS Regulations.
- (ii) **Valuation:** Collateral that is received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.
- (iii) **Issuer credit quality:** Collateral received should be of high quality. The Fund shall ensure that:
 - (a) where the issuer was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Responsible Person in the credit assessment process; and
 - (b) where an issuer is downgraded below the two highest short-term credit ratings by the credit rating agency referred to in sub-paragraph (a) this shall result in a new credit assessment being conducted of the issuer by the Fund without delay

- (iv) **Correlation:** Collateral received should be issued by an entity that is independent from the counterparty. There should be a reasonable ground for the Fund to expect that it would not display a high correlation with the performance of the counterparty.

- (v) **Diversification (asset concentration):**

(a) Subject to sub-paragraph (b) below, collateral should be sufficiently diversified in terms of country, markets and issuers with a maximum exposure to a given issuer of 20% of the Fund's Net Asset Value. When Funds are exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer.

(b) It is intended that a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a third country, or a public international body to which one or more Member States belong. The Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the Fund's Net Asset Value. The Member States, local authorities, third countries, or public international bodies issuing or guaranteeing securities which the Fund is able to accept as collateral for more than 20% of its Net Asset Value shall be drawn from the following list:

OECD countries (provided the relevant issues are investment grade); Government of Brazil (provided the issues are of investment-grade); Government of India (provided the issues are of investment grade); Government of Singapore; European Investment Bank; European Bank for Reconstruction and Development; International Finance Corporation; International Monetary Fund; Euratom; The Asian Development Bank; European Central Bank; Council of Europe; Eurofima; African Development Bank; International Bank for Reconstruction and Development (The World Bank); The Inter American Development Bank; European Union; Federal National Mortgage Association (Fannie Mae); Federal Home Loan Mortgage Corporation (Freddie Mac); Government National Mortgage Association (Ginnie Mae); Federal Home Loan Bank System; Federal Farm Credit System; Tennessee Valley Authority; and Export-Import Bank of the United States whose issues are backed by the full faith and credit of the U.S. government.

- (vi) **Immediately available:** Collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.

Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

Collateral received on a title transfer basis should be held by the Trustee. For other types of collateral arrangement, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated and unconnected to the provider of the collateral.

Non-cash collateral cannot be sold, pledged or re-invested.

Cash collateral may not be invested other than in the following:

- (i) deposits with a credit institution referred to in Regulation 7 of the Central Bank Regulations;
- (ii) high-quality government bonds;

- (iii) reverse repurchase agreements provided the transactions are with a credit institution referred to Regulation 7 of the Central Bank Regulations and the Fund is able to recall at any time the full amount of cash on an accrued basis;
- (iv) short-term money market funds as defined in the ESMA Guidelines on a Common Definition of European Money Market Funds (ref CESR/10-049).

Invested cash collateral should be diversified in accordance with the diversification requirement applicable to non-cash collateral. Invested cash collateral may not be placed on deposit with the counterparty or connected to the counterparty.

A Fund receiving collateral for at least 30% of its assets should have an appropriate stress testing policy in place to ensure regular stress tests are carried out under normal and exceptional liquidity conditions to enable the Fund to assess the liquidity risk attached to the collateral. The liquidity stress testing policy should at least prescribe the following:

- (a) design of stress test scenario analysis including calibration, certification and sensitivity analysis;
- (b) empirical approach to impact assessment, including back-testing of liquidity risk estimates;
- (c) reporting frequency and limit/loss tolerance threshold/s; and
- (d) mitigation actions to reduce loss including haircut policy and gap risk protection.

A Fund should have in place a clear haircut policy adapted for each class of assets received as collateral. When devising the haircut policy, a Fund should take into account the characteristics of the assets such as the credit standing or the price volatility, as well as the outcome of the stress tests performed in accordance with requirements of the Central Bank. This policy should be documented and should justify each decision to apply a specific haircut, or to refrain from applying any haircut, to a certain class of assets.

Where a counterparty to a repurchase or a securities lending agreement which has been entered into by a Fund: (a) was subject to a credit rating by an agency registered and supervised by ESMA that rating shall be taken into account by the Responsible Person in the credit assessment process; and (b) downgraded to A-2 or below (or comparable rating) by the credit rating agency referred to in sub-paragraph (a) this shall result in a new credit assessment being conducted of the counterparty by the Fund without delay.

A Fund should ensure that it is able at any time to recall any security that has been lent out or terminate any securities lending agreement into which it has entered.

A Fund that enters into a reverse repo contract should ensure that it is able at any time to recall the full amount of cash or to terminate the reverse repo contract on either an accrued basis or a mark-to-market basis. When the cash is recallable at any time on a mark-to-market basis, the mark-to-market value of the reverse repo contract should be used for the calculation of the net asset value of the Fund.

A Fund that enters into a repo contract should ensure that it is able at any time to recall any securities subject to the repo contract or to terminate the repo contract into which it has entered.

Repo contracts, mortgage dollar roll, stock borrowing and securities lending agreements do not constitute borrowing or lending for the purposes of Regulation 103 and Regulation 111 respectively of the UCITS Regulations.

WHEN-ISSUED, DELAYED DELIVERY AND FORWARD COMMITMENT SECURITIES

It is intended that the Funds may also purchase “when issued”, “delayed delivery”, and “forward commitment” securities. These securities are taken into account when calculating the limits set out in the investment restrictions applicable to a Fund.

When the Funds undertake a purchase obligation, it immediately assumes the risks of ownership, including the risk of price fluctuation. Failure by the issuer to deliver a security purchased on a when-issued, delayed delivery or forward commitment basis may result in a loss or missed opportunity to make an alternative investment.

AUTHORISED INVESTMENT TECHNIQUES AND INSTRUMENTS FOR PROTECTION AGAINST CURRENCY RISKS

The Funds may employ techniques and instruments intended to provide protection against currency risks in the context of the management of its assets and liabilities. In this regard, the Funds may:

- (i) utilise currency options;
- (ii) hedge exposure to one currency by entering into forward currency transactions in a related currency because of the institutional and expected future correlation between the two currencies; and/or
- (iii) utilise option, interest rate swap and exchange rate swap contracts transacted OTC derivative contracts subject to additional requirements.

PERMITTED INVESTMENTS UNDER IRISH REGULATIONS

Investments of a UCITS are confined to:

- 1.1 Transferable securities and money market instruments which are either admitted to official listing on a stock exchange in a Member State or non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or non-Member State.
- 1.2 Recently issued transferable securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year.
- 1.3 Money market instruments other than those dealt on a regulated market.
- 1.4 Units of UCITS.
- 1.5 Units of Alternative Investment Funds.
- 1.6 Deposits with credit institutions.
- 1.7 Financial derivative instruments.

Please refer to the section below for a description of the specific instruments in which the Funds may invest.

INVESTMENT LIMITATIONS

Each Fund may hold short-term transferable securities (such as treasury bills, commercial paper, certificates of deposit and bankers' acceptances) that have a credit rating of Investment-Grade by one or more Recognised Statistical Rating Organisations, or, if unrated, determined to be of equivalent rating by the Advisers.

The Funds' investments will be limited to investments permitted by the UCITS Regulations. If the investment limits referred to below are exceeded for reasons beyond the control of the Trust or as result of the exercise of subscription rights, the Trust shall adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of the Unitholders.

The Trust and each of the Funds may only invest in those countries where the Trustee provides custodial services and only to the extent that the Trustee has agreed to provide custodial services whether itself, through sub-custodians or safe-keeping agents.

Each Fund is also subject to the relevant investment policies as stated in the Prospectus and, in the case of a conflict between such policies and the UCITS Regulations, the more restrictive limitation shall apply.

If the UCITS Regulations are altered during the life of the Trust, the investment restrictions may be changed to take account of any such alterations and Unitholders will be advised of such changes in the next succeeding annual or semi-annual report of the relevant Fund.

The Funds' investments will be limited to the following:

1.1 A UCITS may invest no more than 10% of its Net Asset Value in transferable securities and money market instruments other than those referred to in paragraph 1 of the section entitled "Permitted Investments under Irish Regulations."

1.2 Recently Issued Transferable Securities

(i) Subject to sub-paragraph (ii) a responsible person shall not invest any more than 10% of assets of the UCITS in securities of the type to which Regulation 68(1)(d) of the UCITS Regulations apply.

(ii) Sub-paragraph (i) does not apply to an investment by a responsible person in US Securities known as "Rule 144 A securities" provided that;

(a) the relevant securities are issued with an undertaking to register the securities with the SEC within one year of issue; and

(b) the securities are not illiquid securities i.e. they may be realised by the UCITS within 7 days at the price, or approximately at the price, at which they are valued by the UCITS.

1.3 A UCITS may invest no more than 10% of its Net Asset Value in transferable securities or money market instruments issued by the same body, provided that the total value of transferable securities and money market instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%. This limitation does not apply to deposits and over the counter derivative transactions made with financial institutions.

1.4 The limit of 10% (in 1.3) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a UCITS invests more than 5% of its Net Asset Value in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the NAV of the UCITS. **Prior approval of the Central Bank is required before this provision can be availed of.**

1.5 The limit of 10% (in 1.3) is raised to 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State or its local authorities or by a non-Member State or public international body of which one or more Member States are members.

1.6 The transferable securities and money market instruments referred to in 1.4. and 1.5 shall not be taken into account for the purpose of applying the limit of 40% referred to in 1.3.

1.7 A UCITS may not invest more than 20% of its Net Asset Value in deposits made with the same credit institution.

Deposits with any one credit institution, other than credit institutions authorised in the EEA or credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 and credit institutions authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand, held as ancillary liquidity, must not exceed 10% of net assets.

This limit may be raised to 20% in the case of deposits made with the Trustee.

1.8 The risk exposure of a UCITS to a counterparty to an OTC Derivative may not exceed 5% of its Net Asset Value.

This limit is raised to 10% in the case of credit institutions authorised in the EEA; credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988; and credit institutions authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.

1.9 Notwithstanding paragraphs 1.3, 1.7 and 1.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of its Net Asset Value:

- investments in transferable securities or money market instruments;
- deposits; and/or
- risk exposures arising from OTC Derivatives transactions.

1.10 The limits referred to in 1.3, 1.4, 1.5, 1.7, 1.8 and 1.9 above may not be combined, so that exposure to a single body shall not exceed 35% of net assets.

1.11 Group companies are regarded as a single issuer for the purposes of 1.3, 1.4, 1.5, 1.7, 1.8 and 1.9. However, a limit of 20% of its Net Asset Value may be applied to investment in transferable securities and money market instruments within the same group.

1.12 A UCITS may invest up to 100% of its Net Asset Value in different transferable securities and money market instruments issued or guaranteed by any Member State, its local authorities, non-Member States or public international body of which one or more Member States are members.

The individual issuers must be listed in the prospectus and may be drawn from the following list: OECD Governments (provided the relevant issues are Investment-Grade), European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Federal Home Loan Bank System, Federal Farm Credit System, Tennessee Valley Authority, Export-Import Bank of the United States whose issues are backed by the full faith and credit of the U.S. government.

The UCITS must hold securities from at least 6 different issues, with securities from any one issue not exceeding 30% of net assets.

2 Investment in Collective Investment Schemes (“CIS”)

2.1 A UCITS may invest in CIS of the open-ended type if the CIS are within the meaning of Regulation 3(2) of the UCITS Regulations and are prohibited from investing more than 10 % of its Net Asset Value in other CIS. A UCITS may not invest more than 20% of net assets in any one CIS.

2.2 Investment in non-UCITS may not, in aggregate, exceed 30% of Net Asset Value.

2.3 When a UCITS invests in the units of other CIS that are managed, directly or by delegation, by the UCITS’ management company or by any other company with which the UCITS’ management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription, conversion or redemption fees on account of the UCITS’ investment in the units of such other CIS.

2.4 Where by virtue of investment in the units of another investment fund, a Responsible Person, an investment manager or an investment advisor receives a commission on behalf of the UCITS (including a rebated commission), the Responsible Person shall ensure that the relevant commission is paid into the property of the UCITS.

3 General Provisions

3.1 An investment company, Irish collective asset-management vehicle (“ICAV”) or management company acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

3.2 A UCITS may acquire no more than:

- (i) 10% of the non-voting shares of any single issuing body;
- (ii) 10% of the debt securities of any single issuing body;
- (iii) 25% of the units of any single CIS; or
- (iv) 10% of the money market instruments of any single issuing body.

NOTE: The limits laid down in (ii), (iii) and (iv) above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue cannot be calculated.

3.3 3.1 and 3.2 shall not be applicable to:

- (i) transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
- (ii) transferable securities and money market instruments issued or guaranteed by a non-Member State;
- (iii) transferable securities and money market instruments issued by public international bodies of which one or more Member States are members;
- (iv) shares held by a UCITS in the capital of a company incorporated in a non-Member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the UCITS can invest in the securities of issuing bodies of that State. This waiver is applicable only if in its investment policies the company from the non-Member State complies with the limits laid down in 1.3 to 1.11, 2.1, 2.2, 3.1, 3.2, 3.4, 3.5 and 3.6, and provided that where these limits are exceeded, paragraphs 3.5 and 3.6 below are observed; and
- (v) shares held by an investment company or investment companies or ICAV or ICAVs in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the repurchase of units at unit-holders’ request exclusively on their behalf.

3.4 UCITS need not comply with the investment restrictions herein when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.

3.5 The Central Bank may allow recently authorised UCITS to derogate from the provisions of 1.3 to 1.12, 2.1 and 2.2 for six months following the date of their authorisation, provided they observe the principle of risk spreading.

3.6 If the limits laid down herein are exceeded for reasons beyond the control of a UCITS, or as a result of the exercise of subscription rights, the UCITS must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its unitholders.

3.7 Neither an investment company, ICAV nor a management company or a trustee acting on behalf of a unit trust or a management company of a common contractual fund, may carry out uncovered sales of:

- transferable securities;
- money market instruments;
- units of investment funds; or
- financial derivative instruments.

3.8 A UCITS may hold ancillary liquid assets.

4 Financial Derivative Instruments

4.1 The UCITS global exposure relating to FDI must not exceed its total NAV.

4.2 Position exposure to the underlying assets of FDI, including embedded FDI in transferable securities or money market instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank Regulations/UCITS Rules. (This provision does not apply in the case of index based FDI provided the underlying index is one which meets with the criteria set out in the UCITS Rules.)

4.3 UCITS may invest in FDIs dealt in OTC, provided that:

- The counterparties to OTCs are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.

4.4 Investments in FDIs are subject to the conditions and limits laid down by the Central Bank.

WHAT ARE THE SPECIFIC RISKS OF INVESTING IN THE FUNDS?

There can be no assurance that the investment objectives of any Fund will be achieved and investment results may vary substantially over time. Investment in any Fund is not intended to be a complete investment programme for any investor. Prospective investors should carefully consider whether an investment in Units is suitable for them in the light of their circumstances and financial resources.

RISKS OF INVESTING IN NONINVESTMENT-GRADE SECURITIES

The corporate debt obligations in which the Funds invest are at the time of purchase usually not in the three highest rating categories of a Recognised Statistical Rating Organisation (AAA, AA, or A for Standard & Poor's and Aaa, Aa or A for Moody's Investors Service) but are in the lower rating categories or are unrated but are of comparable quality and have speculative characteristics or are speculative. There is no minimum acceptable rating for a security to be purchased or held in the portfolio, and the Funds may, from time to time, purchase or hold securities rated in the lowest rating category.

Lower-rated securities (BBB or lower for Standard & Poor's and Baa or lower for Moody's Investors Service) will usually offer higher yields than higher-rated securities. However, there is more risk associated with these investments. This is because of reduced creditworthiness and increased risk of default. Lower-rated securities generally tend to reflect short-term corporate and market developments to a greater extent than higher-rated securities which react primarily to fluctuations in the general level of interest rates. Short-term corporate and market developments affecting the price or liquidity of lower-rated securities could include adverse news affecting major issuers, underwriters, or dealers of lower-rated corporate debt obligations. In addition, since there are fewer investors in lower-rated securities, it may be harder to sell the securities at an optimum time.

As a result of these factors, lower-rated securities tend to have more price volatility and carry more risk to principal and income than higher-rated securities.

An economic downturn may adversely affect the value of some lower-rated bonds. Such a downturn may especially affect highly leveraged companies or companies in cyclically sensitive industries, where deterioration in a company's cash flow may impair its ability to meet its obligation to pay principal and interest to bondholders in a timely fashion. From time to time, as a result of changing conditions, issuers of lower-rated bonds may seek or may be required to restructure the terms and conditions of the securities they have issued. As a result of these restructurings, holders of lower-rated securities may receive less principal and interest than they had bargained for at the time such bonds were purchased. In the event of a restructuring, a Fund may bear additional legal or administrative expenses in order to maximise recovery from an issuer.

The secondary trading market for lower-rated bonds is generally less liquid than the secondary trading market for higher-rated bonds. Adverse publicity and the perception of investors relating to issuers, underwriters, dealers or underlying business conditions, whether or not warranted by fundamental analysis, may also affect the price or liquidity of lower-rated bonds. On occasion, therefore, it may become difficult to price or dispose of a particular security in the portfolio.

Many corporate debt obligations, including many lower-rated bonds, permit the issuers to call the security and thereby redeem their obligations earlier than the stated maturity dates. Issuers are more likely to call bonds during periods of declining interest rates. In these cases, if a Fund owns a bond which is called, the Fund will receive its return of principal earlier than expected and would likely be required to reinvest the proceeds at lower interest rates, thus reducing income to the Fund.

Such risk applies to Euro-Kurzläufer, Euro-Renten, Inter-Renten, ProBasis and ProFutur.

A description of the rating categories is contained in the Appendix entitled "Investment Ratings."

RISK OF INVESTMENT IN WARRANTS

ProBasis, ProFutur, Europa-Aktien, and Inter-Aktien are each permitted to invest in warrants. Because of this, an investment in these Funds should not constitute a substantial portion of an investment portfolio and may not be appropriate for all investors.

HEDGING AND CURRENCY RISKS

The Funds may make significant investments in securities denominated in currencies other than the euro. Therefore, the exchange rate between the euro and such other currencies will have a significant impact on the value of the Funds' investments.

The Funds may seek to minimise the exposure to currency fluctuation risks by the use of hedging and other techniques and instruments but it may not be possible or practicable to hedge against the consequent currency risk exposure. Up to 100% of the NAV of a class may be hedged.

Performance may be strongly influenced by the movement in foreign exchange rates because currency positions held by the Funds may not correspond with the securities positions held.

EUROZONE RELATED RISKS

A number of countries in the European Union ("EU") have experienced, and may continue to experience, severe economic and financial difficulties. Additional EU member countries may also fall subject to such difficulties. These events could negatively affect the value and liquidity of a Fund's investments in euro-denominated securities and derivatives contracts, securities of issuers located in the EU or with significant exposure to EU issuers or countries. If the euro is dissolved entirely, the legal and contractual consequences for holders of euro-denominated obligations and derivative contracts would be determined by laws in effect at such time. Such investments may continue to be held, or purchased, to the extent consistent with a Fund's investment objective and permitted under applicable law. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Units.

Certain countries in the EU have had to accept assistance from supra-governmental agencies such as the International Monetary Fund and the recently-created European Financial Service Facility. The European Central Bank has also been intervening to purchase Eurozone debt in an attempt to stabilise markets and reduce borrowing costs. There can be no assurance that these agencies will continue to intervene or provide further assistance and markets may react adversely to any expected reduction in the financial support provided by these agencies. Responses to the financial problems by European governments, central banks and others including austerity measures and reforms, may not work, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences.

In addition, one or more countries may abandon the euro and/or withdraw from the EU. The impact of these actions, especially if they occur in a disorderly fashion, could be significant and far-reaching. In June 2016, the United Kingdom ("U.K.") approved a referendum to leave the EU, commonly referred to as "Brexit," which sparked depreciation in the value of the British pound, short-term declines in global stock markets and heightened risk of continued worldwide economic volatility. As a result of Brexit, there is considerable uncertainty as to the arrangements that will apply to the U.K.'s relationship with the EU and other countries leading up to, and following, its withdrawal. This long-term uncertainty may affect other countries in the EU and elsewhere. Further, the U.K.'s departure from the EU may cause volatility within the EU, triggering prolonged economic downturns in certain European countries or sparking additional member states to contemplate departing the EU. In addition, Brexit can create actual or perceived additional economic stresses for the U.K., including potential for decreased trade, capital outflows, devaluation of the British pound, wider corporate bond spreads due to uncertainty, and possible declines in business and consumer spending as well as foreign direct investment.

LEVERAGE RISKS

Leverage risk is created when an investment exposes a Fund to a level of risk that exceeds the amount invested. Changes in the value of such an investment magnify a Fund's risk of loss and potential for gain.

Investments can have these same results if their returns are based on a multiple of a specified index, security, or other benchmark.

POLITICAL RISKS

The performance of a Fund may be affected by changes in economic and market conditions, uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital, and changes in legal, regulatory and tax requirements.

CREDIT RISKS

Credit risk is the possibility that an issuer will default on a security by failing to pay interest or principal when due. Non-Investment-Grade securities generally have a higher default risk than Investment-Grade securities. If an issuer defaults, the Funds will lose money.

Many debt securities receive credit ratings from services such as Standard & Poor's and Moody's Investor Services, Inc. These services assign ratings to securities by assessing the likelihood of an issuer and/or guarantor default. Higher credit ratings correspond to lower perceived credit risk and lower credit ratings correspond to higher perceived credit risk. Credit ratings may be upgraded or downgraded from time to time as a Recognised Statistical Rating Organisation's assessment of the financial condition of a party obligated to make payments with respect to such securities and credit risk changes. The impact of any credit rating downgrade can be uncertain. Credit rating downgrades may lead to increased interest rates and volatility in financial markets, which in turn could negatively affect the value of a Fund's portfolio holdings, its share price and its investment performance. Credit ratings are not a guarantee of quality. Credit ratings may lag behind the current financial conditions of the issuer and/or guarantor and do not provide assurance against default or other loss of money. Credit ratings do not protect against a decline in the value of a security. If a security has not received a rating, a Fund must rely entirely upon the Advisers' credit assessment.

Debt securities generally compensate for greater credit risk by paying interest at a higher rate. The difference between the yield of a security and the yield of a U.S. Treasury security with a comparable maturity (the spread) measures the additional interest paid for risk. Spreads may increase generally in response to adverse economic or market conditions. A security's spread may also increase if the security's rating is lowered, or the security is perceived to have an increased credit risk. An increase in the spread will cause the price of the security to decline if interest rates remain unchanged.

Credit risk includes the possibility that a party to a transaction involving a Fund will fail to meet its obligations. This could cause the Fund to lose the benefit of the transaction or prevent the Fund from selling or buying other securities to implement its investment strategy.

INTEREST RATE RISKS

Prices of debt securities rise and fall in response to changes in the interest rate paid by similar securities. Generally, when interest rates rise, prices of debt securities fall. However, market factors, such as the demand for particular debt securities, may cause the price of certain debt securities to fall while the prices of other securities rise or remain unchanged.

The longer the duration or maturity of a fixed-income security, the more susceptible it is to interest rate risk. Recent and potential future changes in monetary policy made by central banks and/or their governments are likely to affect the level of interest rates.

Duration measures the price sensitivity of a fixed-income security to changes in interest rates.

The impact of interest rate changes on the value of floating rate investments is typically reduced by periodic interest rate resets. Variable and floating rate loans and securities generally are less sensitive to interest rate changes, but may decline in value if their interest rates do not rise as much or as quickly as interest rates in general. Conversely, variable and floating rate loans and securities generally will not increase in value as much as fixed rate debt instruments if interest rates decline.

Certain of the Fund's investments may also be valued, in part, by reference to the relative relationship between interest rates on tax-exempt securities and taxable securities, respectively. When the market for tax-exempt securities underperforms (or outperforms) the market for taxable securities, the value of these investments may be negatively affected (or positively affected).

MORTGAGE-BACKED SECURITIES RISK

Mortgage-backed securities have unique risks. A rise in interest rates may cause the value of mortgage-backed securities held by a Fund to decline. The mortgage loans underlying mortgage-backed securities generally are subject to a greater rate of principal prepayments in a declining interest rate environment and to a lesser rate of principal prepayments in an increasing interest rate environment. If the underlying mortgages are paid off sooner than expected, a Fund may have to reinvest this money in mortgage-backed or other securities that have lower yields. Hybrid ARMs also involve special risks. Like ARMs, hybrid ARMs have periodic and lifetime limitations on the increases that can be made to the interest rates that mortgagors pay. Therefore, if during a floating rate period, interest rates rise above the interest rate limits of the hybrid ARM, a Fund will not benefit from further increases in interest rates. See "Prepayment and Call Risks" and "Interest Rate Risks." CMOs with complex or highly variable prepayment terms generally entail greater market, prepayment and liquidity risks than other mortgage-backed securities. For example, their prices are more volatile and their trading market may be more limited.

Mortgage-backed securities are subject to the risk that payments made on a security will not be made when due. Payments on mortgage-backed securities are primarily derived from the interest and principal payments of the underlying mortgages. Some mortgage-backed securities also have guarantees or other structural features that provide additional support for interest and principal payments on the mortgage-backed securities if payments on the underlying mortgages are not made. Mortgage-backed securities are subject to the risk that the underlying mortgage borrowers fail to make timely payments of interest and principal and that any guarantee or other structural feature, if present, is insufficient to enable the timely payment of interest and principal on the mortgage-backed securities. Some mortgage-backed securities may also require the repayment of more senior mortgage-backed securities secured by the same underlying mortgages. Mortgage-backed securities are most commonly issued or guaranteed by U.S. government-sponsored enterprises ("GSEs"), but also may be issued or guaranteed by private entities, which generally entail greater risk. Certain mortgage-backed securities issued by GSEs are not backed by the full faith and credit of the U.S. government, but are, however, supported through U.S. federal subsidies, loans or other benefits. A Fund also may invest in certain mortgage-backed securities issued by GSEs that have no explicit financial support, but that are regarded as having implied support because the U.S. federal government sponsors their activities. See "Credit Risks."

PREPAYMENT AND CALL RISKS

Unlike traditional debt securities, which pay a fixed rate of interest until maturity (when the entire principal amount is due) payments on mortgage backed securities include both interest and a partial payment of principal. Partial payment of principal may be comprised of scheduled principal payments as well as unscheduled payments from the voluntary prepayment, refinancing, or foreclosure of the underlying loans. These unscheduled prepayments of principal create risks that can adversely affect a Fund holding mortgage-backed or asset-backed securities.

For example, when interest rates decline, the values of mortgage backed securities generally rise. However, when interest rates decline, unscheduled prepayments can be expected to accelerate, and the Funds would be required to reinvest the proceeds of the prepayments at the lower interest rates then available. Unscheduled prepayments would also limit the potential for capital appreciation on mortgage-backed securities.

Conversely, when interest rates rise, the values of mortgage backed securities generally fall. Since rising interest rates typically result in decreased prepayments, this could lengthen the average lives of mortgage backed securities, and cause their value to decline more than traditional debt securities.

Generally, mortgage backed securities compensate for the increased risk associated with prepayments by paying a higher yield. The additional interest paid for risk is measured by the difference between the yield of a mortgage backed security and the yield of a U.S. Treasury security with a comparable maturity (the spread). An increase in the spread will cause the price of the mortgage backed security to decline. Spreads generally increase in response to adverse economic or market conditions. Spreads may also increase if the security is perceived to have an increased prepayment risk or is perceived to have less market demand.

Call risk is the possibility that an issuer may redeem a debt security before maturity (a call) at a price below its current market price. An increase in the likelihood of a call may reduce the security's price.

If a debt security is called, the Funds may have to reinvest the proceeds in other debt securities with lower interest rates, higher credit risks, or other less favourable characteristics.

LIQUIDITY RISKS

Pursuant to the UCITS Regulations, "liquidity risk", in relation to a UCITS, means the risk that positions in the UCITS portfolio cannot be sold, liquidated or closed at limited cost in an adequately short time frame and that the ability of the UCITS to comply at any time with Regulation 104(1) of the UCITS Regulations, i.e., the ability for a shareholder to redeem his/her shares on request, is thereby compromised.

Trading opportunities are more limited for debt securities that have not received any credit ratings, have received ratings below Investment-Grade or are not widely held.

Trading opportunities are more limited for CMOs that have complex terms or that are not widely held. These features may make it more difficult to sell or buy a security at a favourable price or time. Consequently, a Fund may have to accept a lower price to sell a security, sell other securities to raise cash or give up an investment opportunity, any of which could have a negative effect on the Fund's performance. Infrequent trading of securities may also lead to an increase in their price volatility. Non-Investment-Grade securities generally have less liquidity than Investment-Grade securities.

Liquidity risk also refers to the possibility that a Fund may not be able to sell a security or close out an FDI when it wants to. If this happens, the Funds will be required to continue to hold the security or keep the position open, and the Fund could incur losses.

OTC derivative contracts generally carry greater liquidity risk than exchange-traded contracts. This risk may be increased in times of financial stress, if the trading market for OTC derivative contracts becomes restricted.

Investors should note that there is a risk that the tools available to mitigate the impact of liquidity constraints on a Fund may be ineffective to manage liquidity risk.

RISKS ASSOCIATED WITH COMPLEX CMOs

CMOs with complex or highly variable prepayment terms, such as companion classes, IOs, POs, Inverse Floaters and residuals, generally entail greater market, prepayment and liquidity risks than other mortgage-backed securities. For example, their prices are more volatile and their trading market may be more limited.

TAXATION AND WITHHOLDING

Investors' attention is drawn to the taxation risks associated with investing in the Trust. See section headed "Taxation." The income and gains of each Fund from its portfolio securities, investments and assets may suffer withholding tax, which may not be reclaimable in the countries where such income and gain arise.

ACCOUNTING, AUDITING, AND FINANCIAL REPORTING STANDARDS RISKS

Investors' attention is drawn to the fact that accounting and financial reporting standards, practices, and disclosure requirements applicable to some of the countries in the markets of which each Fund may invest do not necessarily provide for the same degree of unitholder protection and information to investors as would generally apply in more developed markets.

RISKS OF INVESTING IN ADRS AND U.S.-TRADED SECURITIES OF NON-U.S. ISSUERS

Because certain Funds may invest in ADRs and other U.S.-traded securities of non-U.S. companies, a Fund's Unit price may be more affected by non-U.S. economic and political conditions, taxation policies and accounting and auditing standards than would otherwise be the case. Non-U.S. companies may not provide information as frequently or to as great an extent as companies in the United States. Non-U.S. companies may also receive less coverage than U.S. companies by market analysts and the financial press. In addition, non-U.S. companies may lack uniform accounting, auditing and financial reporting standards or regulatory requirements comparable to those applicable to U.S. companies. These factors may prevent a Fund and its Adviser from obtaining information concerning non-U.S. companies that is as frequent, extensive and reliable as the information concerning companies in the United States.

VALUATION RISKS

The Manager may consult the Advisers with respect to the valuation of unlisted investments. There is an inherent conflict of interest between the involvement of the Manager and the Advisers in determining the valuation price of the Funds' investments and the Advisers' other responsibilities.

RISKS OF INVESTING IN THE SECURITIES OF EMERGING MARKET COUNTRIES

The Funds may invest in securities of companies domiciled in or conducting their principal business activities in emerging market countries. The Funds may invest a portion of their assets in securities of issuers located in Russia. Investing in the equity and debt markets of emerging market countries involves exposure to economic structures that are generally less diverse and mature, and to political systems that can be expected to have less stability than those of developed countries. Historical experience indicates that the markets of emerging market countries have been more volatile than the markets of the more mature economies of developed countries; however, such markets often have provided higher rates of return to investors. Investing in emerging markets poses certain risks, some of which are set out below.

Economic and Political Factors

Investments in securities of issuers located in emerging market countries involve special considerations and risks, including the risks associated with high rates of inflation and interest with respect to the various economies, the limited liquidity and relatively small market capitalisation of the securities markets in emerging market countries, relatively higher price volatility, large amounts of external debt and political, economic and social uncertainties, including the possible imposition of exchange controls or other foreign governmental laws or restrictions which may affect investment opportunities. In addition, with respect to certain emerging market countries, there is the possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments that could affect investments in those countries. Moreover, individual emerging market countries economies may differ favourably or unfavourably from the economies of developed nations in such respects as growth of gross national product, rates of inflation, capital investment, resources, self-sufficiency and the balance of payments position. Certain emerging market countries investments may also be subject to foreign withholding taxes. These and other factors may affect the value of a Fund's Units.

The economies of some emerging market countries have experienced considerable difficulties in the past. Although in certain cases there have been significant improvements in recent years, many such economies continue to experience significant problems, including high inflation and interest rates. Inflation and rapid fluctuations in interest rates have had and may continue to have very negative effects on the economies and securities markets of certain emerging market countries. The development of certain emerging market countries economies and securities markets will require continued economic and fiscal discipline, which has been lacking at times in the past, as well as stable political and social conditions. Recovery may also be influenced by international economic conditions, particularly those in the U.S. and by world prices for oil and other commodities. There is no assurance that economic initiatives will be successful. Certain of the risks associated with international investments and investing in smaller capital markets are heightened for investments in emerging market countries. For example, some of the currencies of emerging market countries have experienced steady devaluations relative to the U.S. dollar, and major adjustments have been made in

certain of such currencies periodically. In addition, governments of certain emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In certain cases, the government owns or controls many companies, including the largest in the country. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the value of securities in a Fund's portfolio.

Market Liquidity and Volatility

The securities markets in emerging market countries are substantially smaller, less liquid and more volatile than the major securities markets in the United States and Europe. A limited number of issuers in most, if not all, securities markets in emerging market countries may represent a disproportionately large percentage of market capitalisation and trading volume. Such markets may, in certain cases, be characterised by relatively few market makers, participants in the market being mostly institutional investors including insurance companies, banks, other financial institutions and investment companies. The combination of price volatility and the less liquid nature of securities markets in emerging market countries may, in certain cases, affect a Fund's ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on the investment performance of the Fund.

Information Standards

In addition to their smaller size, lesser liquidity and greater volatility, securities markets in emerging market countries are less developed than the securities markets in the U.S. and Europe with respect to disclosure, reporting and regulatory standards. There is less publicly available information about the issuers of securities in these markets than is regularly published by issuers in the United States and in Europe. Further, corporate laws regarding fiduciary responsibility and protection of stockholders may be considerably less developed than those in the United States and Europe. Emerging market issuers may not be subject to the same accounting, auditing and financial reporting standards as U.S. and European companies. Inflation accounting rules in some emerging market countries require, for companies that keep accounting records in the local currency for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to reflect the high rates of inflation to which those companies are subject. Inflation accounting may indirectly generate losses or profits for certain companies in emerging market countries. Thus, statements and reported earnings may differ from those of companies in other countries, including the United States.

Custody and Settlement Risk

As a Fund may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Funds which are traded in such markets and which have been entrusted to sub-custodians, in circumstances where the use of such sub-custodians is necessary, may be exposed to risks in circumstances whereby the Trustee will have no liability. Such risks include:

- (i) a non-true delivery versus payment settlement;
- (ii) a physical market, and as a consequence the circulation of forged securities;
- (iii) poor information with regard to corporate actions;
- (iv) a registration process that affects the availability of the securities;

- (v) lack of appropriate legal/fiscal infrastructure advices; and
- (vi) lack of compensation/risk fund with the relevant central depository. Furthermore, even when a Fund settles trades with counterparties on a delivery-versus-payment basis, it may still be exposed to credit risk to parties with whom it trades.

POSSIBLE INDEMNIFICATION OBLIGATIONS

Under the terms of the Trust Deed, the assets of the Trust may be used to indemnify the Manager, Trustee, Advisers, Administrator and banks, brokers, dealers, counterparties and others, under various agreements entered into with such persons, against certain liabilities they or their respective directors, officers, affiliates or agents may incur in connection with their relationships with the Trust or the Funds.

RISKS OF INVESTING IN DERIVATIVE CONTRACTS AND HYBRID INSTRUMENTS

A Fund's exposure to derivative contracts and hybrid instruments (either directly or through its investment in another investment company) involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. First, changes in the value of the derivative contracts and hybrid instruments in which a Fund invests may not be correlated with changes in the value of the underlying Reference Instruments or, if they are correlated, may move in the opposite direction than originally anticipated. Second, while some strategies involving derivatives may reduce the risk of loss, they may also reduce potential gains or, in some cases, result in losses by offsetting favourable price movements in portfolio holdings. Third, there is a risk that derivative contracts and hybrid instruments may be erroneously priced or improperly valued and, as a result, the Fund may need to make increased cash payments to the counterparty. Fourth, exposure to derivative contracts and hybrid instruments may have tax consequences to the Fund and its Unitholders. For example, derivative contracts and hybrid instruments may cause the Fund to realise increased ordinary income or short-term capital gains (which are treated as ordinary income for U.S. federal income tax purposes) and, as a result, may increase taxable distributions to Unitholders. In addition, under certain circumstances certain derivative contracts and hybrid instruments may cause the Fund to: (a) incur an excise tax on a portion of the income related to those contracts and instruments; and/or (b) reclassify, as a return of capital, some or all of the distributions previously made to Unitholders during the fiscal year as dividend income. Fifth, a common provision in OTC derivative contracts permits the counterparty to terminate any such contract between it and the Fund, if the value of the Fund's total net assets declines below a specified level over a given time period. Factors that may contribute to such a decline (which usually must be substantial) include significant unitholder redemptions and/or a marked decrease in the market value of the Fund's investments. Any such termination of the Fund's OTC derivative contracts may adversely affect the Fund (for example, by increasing losses and/or costs, and/or preventing the Fund from fully implementing its investment strategies). Finally, derivative contracts and hybrid instruments may also involve other risks described in this Prospectus, such as stock market, interest rate, credit, currency, liquidity and leverage risks.

The NAV of a Fund that invests in FDIs may have a higher volatility due to its investment policy or portfolio management techniques.

Risks of Utilising Options

Because option premiums paid or received by a Fund will be small in relation to the market value of the investment underlying the options, trading in options could cause a Fund's NAV to be subject to more frequent and wider fluctuations than would be the case if the Fund did not invest in options.

Upon the exercise of a put option written by a Fund, the Fund may suffer a loss equal to the difference between the price at which a Fund is required to purchase the underlying asset and its market value at the time of the option exercise, less the premium received for writing the option. Upon the exercise of a call option written by the Funds, the Funds may suffer a loss equal to the excess of the market value of the asset at the time of the option's exercise over the price at which a Fund is obliged to sell the asset, less the premium received for writing the option.

No assurance can be given that a Fund will be able to effect closing transactions at a time when it wishes to do so. If the Fund cannot enter into a closing transaction, it may be required to hold assets that it might otherwise have sold, in which case it would continue to be at market risk on such assets and could have higher transaction costs, including brokerage commissions. In addition, options that are not exchange traded will subject the Funds to risks relating to its counterparty, such as the counterparty's bankruptcy, insolvency or refusal to honor its contractual obligations.

Risks of Utilising Swaps

Payments under a swap contract may be made at the conclusion of the contract or periodically during its term. If there is a default by the counterparty to a swap contract, the Funds will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that swap contract counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the Fund will succeed in pursuing contractual remedies. A Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to swap contracts.

In addition, because swap contracts are individually negotiated and ordinarily transferable, there also may be circumstances in which it would be impossible for the Fund to close out its obligations under the swap contract. Under such circumstances, the Funds might be able to negotiate another swap contract with a different counterparty to offset the risk associated with the first swap contract. Unless a Fund is able to negotiate such an offsetting swap contract, however, it could be subject to continued adverse developments, even after the Adviser has determined that it would be prudent to close out or offset the first swap contract.

The use of swaps involves investment techniques and risks different from and potentially greater than those associated with ordinary portfolio securities transactions. If the Adviser is incorrect in its expectations of market values or interest rates, the investment performance of the Funds would be less favourable than it would have been if this investment technique were not used.

RISKS OF INVESTING IN ELIGIBLE COLLECTIVE INVESTMENT SCHEMES

A Fund may invest in other Eligible Collective Investment Schemes. As a unitholder or shareholder of another collective investment scheme, a Fund will bear, along with other unitholders or shareholders, its portion of the costs and expenses of the other collective investment schemes, including management and/or other fees. These fees will be in addition to the management fees and other expenses which a Fund bears directly in connection with its own operations. Investments in an Eligible Collective Investment Scheme, which itself can invest more than 10% of its NAV in other Eligible Collective Investment Schemes is not permitted.

RISKS OF GOVERNMENT INTERVENTION IN FINANCIAL MARKETS

The recent instability in the financial markets has led the U.S. and other governments to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. U.S. federal and state, and other governments and their regulatory agencies or self regulatory organisations may take additional actions that affect the regulation of the securities in which the Funds invest, or the issuers of such securities, in ways that are unforeseeable. Legislation or regulation may also change the way in which the Funds themselves are regulated. Such legislation or regulation could limit or preclude a Fund's ability to achieve its investment objectives. The Adviser will monitor developments and seek to manage each Fund's portfolio in a manner consistent with achieving that Fund's investment objectives, but there can be no assurance that it will be successful in doing so.

EVENTS RELATED TO FREDDIE MAC AND FANNIE MAE

The extreme and unprecedented volatility and disruption that affected the capital and credit markets beginning in 2008 led to market concerns regarding the ability of Freddie Mac and Fannie Mae to withstand future credit losses associated with securities held in their investment portfolios, and on which they provide support, without the direct support of the U.S. federal government. On 7 September 2008, both Freddie Mac and Fannie Mae were placed under the conservatorship of the Federal Housing Finance Agency ("FHFA"), a newly created independent regulator. Under the plan of conservatorship, the FHFA assumed control of, and generally has the power to direct, the operations of Freddie Mac and Fannie Mae, and is empowered to exercise all powers collectively held by their respective unitholders, directors and officers, including the power to:

1. take over the assets of and operate Freddie Mac and Fannie Mae with all the powers of the unitholders, the directors, and the officers of Freddie Mac and Fannie Mae and conduct all business of Freddie Mac and Fannie Mae;
2. collect all obligations and money due to Freddie Mac and Fannie Mae;
3. perform all functions of Freddie Mac and Fannie Mae which are consistent with the conservator's appointment;
4. preserve and conserve the assets and property of Freddie Mac and Fannie Mae; and
5. contract for assistance in fulfilling any function, activity, action or duty of the conservator.

In connection with the actions taken by the FHFA, the U.S. Treasury has entered into certain preferred stock purchase agreements (“SPAs”) with each of Freddie Mac and Fannie Mae which establishes the U.S. Treasury as the holder of a new class of senior preferred stock in each of Freddie Mac and Fannie Mae. The senior preferred stock was issued in connection with financial contributions from the U.S. Treasury to Freddie Mac and Fannie Mae; the Treasury is obligated to provide such financial contributions under the SPAs through 2012. The SPAs impose significant restrictions on the activities of Freddie Mac and Fannie Mae.

The future status and role of Freddie Mac and Fannie Mae could be impacted by (among other things) the actions taken and restrictions placed on Freddie Mac and Fannie Mae by the FHFA in its role as conservator, the restrictions placed on Freddie Mac’s and Fannie Mae’s operations and activities under the SPAs, downgrades or upgrades in the credit ratings assigned to Freddie Mac and Fannie Mae by Recognised Statistical Rating Organisations or ratings services, and future legislative and regulatory action that alters the operations, ownership, structure and/or mission of these institutions, each of which may, in turn, impact the value of, and cash flows on, any securities supported by Freddie Mac and Fannie Mae.

TECHNOLOGY RISK

Proprietary and third-party data and systems are utilised to support decision making for a Fund. Data imprecision, software or other technology malfunctions, programming inaccuracies and similar circumstances may impair the performance of these systems, which may affect a Fund’s performance.

CYBER SECURITY RISK

Like other funds and business enterprises, the use of the internet and other electronic media and technology exposes the Trust and each of its Funds, the Unitholders, and the Trust’s service providers, and their respective operations, to potential risks from cyber-security attacks or incidents (collectively, “cyber-events”). Cyber-events may include, for example, unauthorised access to systems, networks or devices (such as, for example, through “hacking” activity), infection from or spread of malware, computer viruses or other malicious software code, corruption of data, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website or internet access, or functionality or performance. Like other funds and business enterprises, the Trust has experienced, and will continue to experience, cyber-events consistently. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Any cyber-event could adversely impact the Trust, each of its Funds, and its unitholders and cause the Fund to incur financial loss and expense, as well as face exposure to regulatory penalties, reputational damage and additional compliance costs associated with corrective measures. A cyber-event may cause the Trust, a Fund, or the Trust’s service providers, to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions, calculate a Fund’s NAV, or allow unitholders to transact business), and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support the Trust, a Fund and the Trust’s service providers. In addition, cyber-events affecting issuers in which a Fund invests could cause the Fund’s investments to lose value. Each Adviser and its relevant affiliates have established risk management systems reasonably designed to seek to reduce the risks associated with cyber-events, however, there is no guarantee

that the efforts of the Adviser or its affiliates, or other service providers, will succeed, either entirely or partially. Among other reasons, the nature of malicious cyber-attacks is becoming increasingly sophisticated and the Adviser, and its relevant affiliates, cannot control the cyber systems and cyber security systems of issuers or third-party service providers.

RISKS ASSOCIATED WITH UMBRELLA CASH ACCOUNTS

The operation of the Umbrella Cash Account is described below under “*Umbrella Cash Accounts*”. The Umbrella Cash Account operates in respect of the Trust rather than each Fund. Monies attributable to other Funds within the Trust will also be held in the Umbrella Cash Accounts.

The segregation of Investor Monies from the liabilities of Funds other than the relevant Fund to which the Investor Monies relate is dependent upon, among other things, the correct recording of the assets and liabilities attributable to individual Funds by or on behalf of the Trust.

In the event of the insolvency of a Fund (an “Insolvent Fund”), there is no guarantee that the Insolvent Fund will have sufficient monies to pay unsecured creditors (including the investors entitled to Investor Monies) in full. In particular, the recovery of any amounts to which another Fund (the “Beneficiary Fund”) is entitled, but which may have been transferred in error to the Insolvent Fund as a result of the operation of the Umbrella Cash Account, will be subject to applicable law and the operational procedures for the Umbrella Cash Account. There may be delays in effecting, and/or disputes as to the recovery of, such amounts, and the Insolvent Fund may have insufficient funds to repay amounts due to the Beneficiary Fund.

In the event that an investor fails to provide the subscription monies within the timeframe stipulated in the Prospectus, the Trust may seek to recover any losses, interest and other expenses incurred by the relevant Fund. For further information see the section entitled, “*Failure to Pay Subscription Monies*”. In the event that the Trust is unable to recoup such amounts from the defaulting investor, the relevant Fund may incur losses or expenses in anticipation of receiving such amounts, for which the relevant Fund, and consequently its Unitholders, may be liable.

The Central Bank’s guidance on umbrella cash accounts is new and may be subject to change and further clarification.

EMIR

A Fund may enter into OTC derivative contracts. Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (“EMIR”) establishes certain requirements for OTC derivatives contracts, including mandatory clearing obligations, bilateral risk-management requirements and reporting requirements. Although not all the regulatory technical standards specifying the risk-management procedures, including the levels and type of collateral and segregation arrangements, required to give effect to EMIR have been phased in and it is therefore not possible to be definitive as to what the implications will actually be, investors should be aware that certain provisions of EMIR impose obligations on the Fund in relation to its transaction of OTC derivative contracts.

The potential implications of EMIR for a Fund include, without limitation, the following:

- clearing obligation: certain standardised OTC derivative transactions will be subject to mandatory clearing through a central counterparty (a “CCP”). Clearing derivatives through a CCP may result in additional costs and may be on less favourable terms than would be the case if such derivative was not required to be centrally cleared;
- risk mitigation techniques: for those of its OTC derivatives which are not subject to central clearing, the Fund will be required to put in place risk mitigation requirements, which include the collateralisation of all OTC derivatives. These risk mitigation requirements may increase the cost to the Fund of pursuing its investment strategy (or hedging risks arising from its investment strategy);
- reporting obligations: each of the Fund’s derivative transactions must be reported to a trade repository or, where such a trade repository is not available, the European Securities and Markets Authority. This reporting obligation may increase the costs to the Fund of utilising derivatives; and
- risk of sanction by the Central Bank in the event of non-compliance with the EMIR obligations.

DETERMINATION OF NET ASSET VALUE

The NAV of the Units is expressed in the currency of the Fund as a per Unit figure. The NAV generally changes each Dealing Day and is computed by dividing the sum of the market value of all securities and all other assets of a Fund, less the liabilities of the Fund, by the number of Units of a Fund outstanding. Any liabilities of the Trust not attributable to any Fund shall be allocated pro rata among all Funds. The NAV of the Units is determined as of the close of business or such other time as the Manager with the consent of the Administrator may determine on the relevant Dealing Day but in no event earlier than the Dealing Deadline. Where a Fund is made up of more than one class, the NAV of each class shall be determined by calculating the amount of the NAV of the Fund attributable pro rata to each class. The NAV per Unit of this class shall be calculated by dividing the NAV of the class by the number of Units in issue in that class. The NAV of any class may be adjusted to take account of class expenses. Class expenses include the expenses of registering a class in any jurisdiction or with any stock exchange, regulated market or settlements system and such other expenses arising from such registration and such further expenses howsoever arising as may be disclosed in the Prospectus or in the Supplemental Prospectus relating to the class. In the event that an unhedged currency class of Units is issued which is priced in a currency other than the base currency of that Fund, currency conversion costs on subscription and redemption will be borne by that class. In the event that a hedged class of Units is issued which is priced in a currency other than the base currency of that Fund, the costs and gains/losses of any hedging transactions will be borne by that class.

Market values of each Fund’s portfolio securities are determined as follows:

- Equity securities listed or traded on a Regulated Market are valued at the last traded price available as of the close of business in the relevant Regulated Market.

- Debt securities which are listed or traded on a Regulated Market are valued using closing mid-market price valuations provided by a pricing service approved by the Manager.
- Money market instruments may be valued on an amortised cost basis provided the money market instruments have a residual maturity not exceeding three months and have no specific sensitivity to market parameters, including credit risk.
- If for specific securities, the above described prices do not, in the opinion of the Manager, reflect their fair value or if prices are unavailable, or they are not listed or traded on any Regulated Market such securities shall be valued at the probable realisation value determined by the Manager in consultation with the Funds’ Advisers (approved for such purpose by the Trustee) with care and in good faith in consultation with the Funds’ Advisers as at the close of business in the relevant Regulated Market on the relevant Dealing Day.
- If the assets are listed or traded on several Regulated Markets, the relevant market shall be the one which constitutes the main market for such assets as determined by the Manager.
- Cash and other liquid assets will be valued at their face value with interest accrued, where applicable, as at the close of business in the relevant Regulated Market on the relevant Dealing Day. Interest on bonds, cash and other liquid assets shall be accrued on each Dealing Deadline.
- Units or shares in a collective investment scheme will be valued at the latest available NAV as calculated by such scheme, or if listed, quoted or traded on a Regulated Market at the latest quoted trade price or, if unavailable, the latest available bid quotation (or, if unavailable, a mid quotation) or, if unavailable or unrepresentative, the latest available NAV as deemed relevant to the collective investment scheme.
- Any value expressed other than in euro (whether of an investment or cash) and any non-euro borrowing shall be converted into euro at the closing rate supplied by WM Reuters on the relevant day (whether official or otherwise) which the Manager deems appropriate in the circumstances.
- Exchange traded derivative instruments shall be valued at the relevant settlement price on the applicable exchange. If the settlement price is not available, the value shall be the probable realisation value estimated with care and in good faith by the Manager or a competent person appointed by the Manager in consultation with the Fund’s Adviser and approved by the Trustee. The counterparty to derivative instruments not traded on an exchange must be prepared to value the contract and to close out the transaction at the request of the Trust at fair value. The Trust may choose to value OTC Derivatives using either the counterparty valuation or an alternative valuation, such as a valuation calculated by the Manager or by an independent pricing vendor. The Trust must value OTC Derivatives on a daily basis. Where the Trust values OTC Derivatives using an alternative valuation the Trust must follow international best practice and will adhere to the principles on the valuation of OTC Derivatives established by bodies such as International Organisation of Securities Commissions and Alternative Investment Management Association. The alternative valuation is that provided by a competent person appointed by the Manager and approved for the purpose

by the Trustee or a valuation by any other means provided that the value is approved by the Trustee. The alternative valuation will be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise these will be promptly investigated and explained. Where the Trust values OTC Derivatives using the counterparty valuation, the valuation must be approved or verified by a party who is approved for the purpose by the Trustee and who is independent of the counterparty. The independent verification must be carried out at least weekly. Forward foreign exchange contracts and interest rate swaps shall be valued by reference to the price at which a new forward contract/interest rate swap of the same size and maturity could be undertaken as of the close of business on the Dealing Day.

- In the event of it being impossible or incorrect to carry out a valuation of a specific investment in accordance with the valuation rules set out above, or if such valuation is not representative of the fair market value, the Manager is entitled to use other generally recognised valuation methods in order to reach a proper valuation of that specific investment, provided that such method of valuation has been approved by the Trustee.

Prior to valuing a security or investment on the basis of its probable realisation value, the Manager may seek to value the security or investment on the basis of its fair value as described below. There can be no assurance that the Fund could purchase or sell an investment at the price used to calculate the Fund's NAV.

Shares of other mutual funds are valued based upon their reported NAVs. The prospectuses for these mutual funds explain the circumstances under which they will use fair value pricing and the effects of using fair value pricing.

FAIR VALUATION

In the event that market quotations and price evaluations are not available for an investment, the Valuation Committee (as defined below) determines the fair value of the investment in accordance with procedures adopted by the Manager and approved by the Trustee. The Manager may refer a valuation to the Advisers' valuation committee ("Valuation Committee") comprised of officers of the Advisers and other Federated-affiliated entities to assist in this responsibility and in overseeing the calculation of the NAV. The Manager has also authorised the use of pricing services recommended by the Valuation Committee to provide fair value evaluations of the current value of certain investments for purposes of calculating the NAV. The Manager periodically reviews and approves the fair valuations made by the Valuation Committee and any changes made to the procedures.

Using fair value to price investments may result in a value that is different from an investment's most recent closing price and from the prices used by other mutual funds to calculate their NAVs. The Valuation Committee generally will not change an investment's fair value in the absence of new information relating to the investment or its issuer such as changes in the issuer's business or financial results, or relating to external market factors, such as trends in the market values of comparable securities. This may result in less frequent, and larger, changes in fair values as compared to prices based on market quotations or price evaluations from pricing services or dealers.

The Manager has also adopted procedures requiring an investment to be priced at its fair value whenever the Adviser determines that a significant event affecting the value of the investment has occurred between the time as of which the price of the investment would otherwise be determined and the time as of which the NAV is computed. An event is considered significant if there is both an affirmative expectation that the investment's value will change in response to the event and a reasonable basis for quantifying the resulting change in value. Examples of significant events that may occur after the close of the principal market on which a security is traded, or after the time of a price evaluation provided by a pricing service or a dealer, include:

- with respect to securities traded principally in non-U.S. markets, significant trends in relevant equity markets or in the trading of foreign securities index futures or options contracts;
- with respect to price evaluations of debt securities determined before the close of regular trading on an exchange and other significant trends in fixed-income markets;
- political or other developments affecting the economy or markets in which an issuer conducts its operations or its securities are traded; and
- announcements concerning matters such as acquisitions, recapitalisations, or litigation developments, or a natural disaster affecting the issuer's operations or regulatory changes or market developments affecting the issuer's industry.

The Valuation Committee uses a pricing service to determine the fair value of equity securities traded principally in non-U.S. markets when the Adviser determines that there has been a significant trend in the relevant equity markets or in index futures trading. For other significant events, the Fund may seek to obtain more current quotations or price evaluations from alternative pricing sources. If a reliable alternative pricing source is not available, the Valuation Committee will determine the fair value of the investment using another method approved by the Manager.

The fair valuation of securities following a significant event can serve to reduce arbitrage opportunities for short-term traders to profit at the expense of long-term investors in the Fund. For example, such arbitrage opportunities may exist when the market on which portfolio securities are traded closes before the Fund calculates its NAV, which is typically the case with Asian markets and some European markets. However, there is no assurance that these significant event procedures will prevent dilution of the NAV by short-term traders.

HOW TO PURCHASE AND REDEEM UNITS

The procedures for subscribing for Units and redeeming Units of each class are set out in the Supplemental Prospectus for the relevant class of Units.

TAX RESIDENCY/STATUS DECLARATION

Before subscribing for Units, an investor will be required to complete a declaration as to the investor's tax residency or status in the form prescribed by the Revenue Commissioners.

The Manager will be required to deduct tax on redemption monies at the applicable rate unless it has received from the Unitholder a declaration in the prescribed form confirming that the Unitholder is not an Irish Resident in respect of whom it is necessary to deduct tax.

FAILURE TO PAY SUBSCRIPTION MONIES

Any failure or default by an investor to transmit subscription monies prior to the applicable deadlines set out in the Supplemental Prospectus may result in certain losses, costs or expenses for the account of the Fund. Investors agree to indemnify the Trust, the Manager, the Trustee, the Administrator and the Adviser for any losses, costs or expenses incurred by them as a result of the failure or default of the investor to transmit subscription monies in immediately available funds to the account of the Fund by the applicable deadlines.

Where an application to purchase Units has not been settled within the applicable deadline, any Units that have been issued may be cancelled and the applicant /may be responsible for any costs of cancellation at the discretion of the Manager.

FREQUENT TRADING POLICIES (ALL FUNDS EXCEPT EURO-KURZLÄUFER)

Frequent or short-term trading into and out of the Funds can have adverse consequences for the Funds and Unitholders who use the Funds as long-term investment vehicles. Such trading in significant amounts can disrupt the Funds' investment strategies (e.g., by requiring them to sell investments at inopportune times or maintain excessive short-term or cash positions to support redemptions), increase brokerage and administrative costs and affect the timing and amount of taxable gains distributed by the Funds. Investors engaged in such trading may also seek to profit by anticipating changes in the Funds' NAV in advance of the time as of which NAV is calculated or through an overall strategy to buy and sell Units in response to incremental changes in the Funds' NAV.

The Funds monitor trading in Units in an effort to identify disruptive trading activity. The Funds monitor trades into and out of the Funds within a period of 30 days or less. The size of Unit transactions subject to monitoring varies. However, where it is determined that a Unitholder has exceeded the detection amounts twice within a period of twelve months, the Unitholder may, at the sole discretion of the manager, be precluded from making further purchases or exchanges of Units. The Funds may also monitor trades into and out of the Funds over periods longer than 30 days, and if potentially disruptive trading activity is detected, the Unitholder will be precluded from making further purchases or exchanges of Units. Whether or not the specific monitoring limits are exceeded, the Manager may determine from the amount, frequency or pattern of purchases and redemptions or exchanges that a Unitholder is engaged in excessive trading that is or could be detrimental to the Funds and other Unitholders and may preclude the Unitholder from making further purchases or exchanges of Units. No matter how the Funds define their limits on frequent trading of Units, other purchases and sales of Units may have adverse effects on the management of the Funds' portfolios and their performance.

The Funds' objectives are that their fees and restrictions on short-term trading should apply to all Unitholders, regardless of the number or type of accounts in which Units are held. However, the Funds anticipate that limitations on their ability to identify trading activity to specific Unitholders, including where Units are held through intermediaries in multiple or omnibus accounts, will mean that these restrictions may not be able to be applied uniformly in all cases. Absent the intermediary providing certain trade information in relation to the intermediary's

account, the Funds will not have access to relevant information to be able to monitor and detect potentially excessive and/or short-term trading in the intermediary's account(s). Accordingly, neither Funds, the Trust nor the Manager accepts any responsibility or liability should such activity occur through an intermediary's account, whether or not the intermediary takes steps to prevent it occurring or re-occurring. It shall be a matter for the intermediary to determine if the restrictions on trading are breached. The Manager reserves the right to reject any purchase or exchange request for an intermediary's account(s) if excessive and/or short term trading is identified or suspected in respect of that intermediary's account in order to prevent disruption to the Fund.

ACCOUNT AND UNIT INFORMATION

Except where the determination of the sale and redemption prices has been suspended, in the circumstances described in the section entitled "Temporary Suspension of Valuation of the Units and of Sales and Redemptions", the current sale and redemption prices of the Units will be made public at the registered office of the Manager and on the internet at fiml.federatedinvestors.com (such information will relate to the NAV per Unit for the previous Dealing Day and is available for information only) and may be published in other newspapers in countries where the Units may lawfully be sold. For more information, see the relevant Share Class Supplement.

CONVERSION OF UNITS

The Trust Deed allows for Unitholders in any of the Funds with the consent of the Directors to convert their Units to Units in any other Fund established by the Trust on giving notice to the Manager in such form as the Manager may request. Unitholders of Federated Shares may submit an application for conversion through the Administrator, or through their Financial Intermediary. Unitholders of LVM Anteile may submit an application for conversion through their LVM agent. Conversion will take place in accordance with the following formula:

$$NS = \frac{(A \times B \times C)}{E} - D$$

where:

NS = the number of Units which will be issued in the new Fund; and

A = the number of Units of the original Fund to be converted; and

B = the redemption price of the Units of the original Fund ruling on the relevant Dealing Day; and

C = the currency conversion factor determined by the Manager on the Dealing Day as representing the effective rate of exchange applicable to the reinvestment of the appropriate underlying assets in the currency in which Units of the new Fund are designated, after adjusting such rate as may be necessary to reflect the effective cost of making such reinvestment; and

D = a switching charge not exceeding the amount of any commission or charge payable on subscription for Units in any Fund payable in respect of each Unit to be switched; and

E = the Net Asset Value per Unit of the new Fund ruling on the relevant Dealing Day.

In accordance with the foregoing, the Manager has determined that Unitholders may exchange their Units for Units of other Funds in the Trust at NAV plus any applicable sales charge, provided that Unitholders shall be given credit for any sales charge already paid with respect to the Units that are given in exchange.

A conversion is deemed to be settled when:

- the foreign exchange transaction, if any, necessary to obtain the currency of the new Fund;
- the redemption relating to the original Fund; and
- the subscription relating to the new Fund, are settled.

The length of time required for the completion of a conversion can therefore vary according to the Funds involved.

The Manager has been advised that under existing law and practice in Ireland any gain realised on conversion of one class of Units would not be subject to Irish capital gains tax where the person disposing of the Units is not an Irish Resident.

Unitholders and potential investors are advised to consult their professional advisers concerning possible taxation or other consequences of conversion of Units under the laws of their country of incorporation, establishment, citizenship, residence, or domicile.

TRANSFER OF UNITS

Transfers of Units must be effected by a transfer in writing in any usual or common form or in any other form approved by the Manager from time to time. Every form of transfer must state the full name and address of each of the transferor and the transferee and must be signed by or on behalf of the transferor. The Manager or its delegate will decline to register any transfer of Units unless the transfer form is deposited at the registered office of the Manager, or such other place as the Manager may reasonably require, accompanied by such other evidence as the Manager may reasonably require to show the right of the transferor to make the transfer and to identify the identity of the transferee. The transferor shall be deemed to remain the holder of the Units until the name of the transferee is entered in the register of Unitholders. A transfer of Units will not be registered unless the transferee, if not an existing Unitholder, has completed the application form to the satisfaction of the Manager.

Units are freely transferable except that the Manager or its delegate may decline to register a transfer of Units:

- if the transfer is in breach of the securities laws of the U.S. or any other country;
- if, in the opinion of the Manager, the transfer would be unlawful or result or be likely to result in any adverse regulatory, tax or fiscal consequence or administrative burden to the Trust or the Unitholders; or
- in the absence of satisfactory evidence of the transferee's identity.

The Manager will be required to account for tax on the value of the Units transferred at the applicable rate unless it has received from the transferor a declaration in the prescribed form confirming that the Unitholder is not an Irish Resident in respect of whom it is necessary to deduct tax. The Manager reserves the right to redeem such number of Units held by a transferor as may be necessary to discharge the tax liability arising. The Manager reserves the right to refuse to register a transfer of

Units until it receives a declaration as to the transferee's residency or status in the form prescribed by the Revenue Commissioners.

REDEMPTIONS IN SPECIE

The Manager, with the approval of the Trustee and the sanction of an ordinary resolution of Unitholders may satisfy any application for the redemption of Units by the transfer of assets in specie to the Unitholders provided that with the consent of the Unitholder making the redemption request in respect of Units representing 5 per cent or more of the Units in issue of the Trust or a Fund, assets may be transferred in specie as aforesaid without the sanction of an ordinary resolution of Unitholders. In the event that the Manager satisfies an application for the redemption of Units by the transfer to the relevant Unitholder of assets of the relevant Fund attributable to those Units in specie whether with the consent of the Unitholder making the redemption request or with the sanction of an ordinary resolution of Unitholders, the Manager shall if so requested by the Unitholder making the redemption request, dispose of the assets which such Unitholder is entitled to receive and transmit the proceeds of such disposal to the Unitholder provided however that the Manager shall provide no guarantee as to the price which will be obtained for the disposal of such assets and provided further that the cost of the disposal of such assets shall be borne by the Unitholder.

UMBRELLA CASH ACCOUNTS

Cash accounts arrangements are in place in respect of the Trust and the Funds as a consequence of new requirements relating to the subscription and/or redemption collection accounts pursuant to the Investor Money Regulations 2015. The following is a description of how such cash accounts arrangements are expected to operate. These cash accounts are not subject to the protections of the Investor Money Regulations and instead are subject to the guidance issued by the Central Bank from time to time in relation to umbrella cash accounts.

Investor Monies are held in a single Umbrella Cash Account in respect of a particular currency. The assets in the Umbrella Cash Account are assets of the Trust (for the relevant Fund).

If subscription monies are received by a Fund in advance of the issue of Shares (which occurs on the relevant Dealing Day), then such monies will be held in the Umbrella Cash Account and will be treated as an asset of the relevant Fund. The subscribing investors will be unsecured creditors of the relevant Fund with respect to their subscription monies until the Shares are issued to them on the relevant Dealing Day. The subscribing investors will be exposed to the credit risk of the institution at which the Umbrella Cash Account has been opened. Such investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Unitholder rights in respect of the subscription monies (including dividend entitlements) until such time as the Shares are issued on the relevant Dealing Day.

Redeeming investors will cease to be Unitholders of the redeemed Shares from the relevant Dealing Day for which the redemption request is accepted. Redemption and dividend payments will, pending payment to the relevant investors, be held in the Umbrella Cash Account. Redeeming investors and investors entitled to dividend payments held in the Umbrella Cash Account will be unsecured creditors of the relevant Fund with respect to those monies. Where the redemption and dividend payments cannot be transferred to the relevant investors, for example, where the investors have failed to supply such information as is required to allow the Trust to comply with

its obligations under applicable anti-money laundering and counter terrorist legislation, the redemption and dividend payments will be retained in the Umbrella Cash Account, and investors should address the outstanding issues promptly. Redeeming investors will not benefit from any appreciation in the Net Asset Value of the Fund or any other Unitholder rights (including, without limitation, the entitlement to future dividends) in respect of such amounts.

It is not expected that any interest will be paid on the amounts held in the Umbrella Cash Account. Any interest earned on the monies in the Umbrella Cash Account will be for the benefit of the relevant Fund and will be allocated to the Fund on a periodic basis for the benefit of the Unitholders at the time of the allocation.

For information on the risks associated with Umbrella Cash Accounts, see "*Risks Associated with Umbrella Cash Accounts*".

TEMPORARY SUSPENSION OF VALUATION OF THE UNITS AND OF SALES AND REDEMPTIONS

The Manager may temporarily suspend the determination of the NAV of the Units and the sale or redemption of the Units of any Fund during:

- any period (other than ordinary holiday or customary weekend closings) when any Regulated Market is closed which is the main Regulated Market for a significant part of the Fund, or in which trading thereon is restricted or suspended;
- any period when any emergency exists as a result of which disposal by the Trust of investments which constitute a substantial portion of the assets of the Fund is not practically feasible;
- any period when for any reason the prices of any investments of the Fund cannot be reasonably, promptly or accurately ascertained by the Trust;
- any period when remittance of monies which will, or may be, involved in the realisation of, or in the payment for, investments of the Fund cannot, in the opinion of the Manager, be carried out at normal rates of exchange; or
- any period when proceeds of any sale or redemption of the Units cannot be transmitted to or from the account(s) of the Fund.

Any such suspension shall be published by the Manager in such manner as it may deem appropriate to the persons likely to be affected thereby and shall be notified immediately to the Trustee and the Central Bank.

If redemption requests on any Dealing Day exceed 10% of the Units in issue in any Fund, the Manager may defer the excess redemption notices to a subsequent Dealing Day or Days and shall redeem such Units ratably according to the balance to be redeemed on the subsequent Dealing Day.

MANAGEMENT AND ADMINISTRATION

THE MANAGER

The Manager of the Trust is Federated International Management Limited which was incorporated in Ireland as a private limited liability company on 29 November 1990 under Registration Number 166961. The authorised capital of the

Manager is U.S. \$1,000,000, of which 114,570 ordinary Shares of U.S. \$1 each have been issued and fully paid. Non-refundable contributions in the amount of U.S. \$2,804,864 have also been made. The Manager is engaged in the business of providing management, investment advisory, and administrative services to collective investment undertakings and investment companies. The Manager is an indirect subsidiary of Federated Investors, Inc. ("Federated") a Pennsylvania, U.S. corporation, and is also the manager of Federated International Funds plc.

DIRECTORS AND OFFICERS OF THE MANAGER

The Directors of the Manager consist of the following individuals:

Denis McAuley III

Chairman and Director of the Manager. Mr. McAuley, born July 1946, is a U.S. citizen and a Director and Chairman of Federated International Funds plc. Mr. McAuley is Corporate Finance Director and Vice President of Federated, and holds other positions with U.S. and non-U.S. affiliates of Federated. Until 31 March 2013, Mr. McAuley was Vice President, Assistant Treasurer and Principal Accounting Officer of Federated; Assistant Treasurer of FIC; Assistant Treasurer of Federated Global Investment Management Corp. ("FGIMC") and Senior Vice President and Treasurer of Federated Administrative Services, Inc. ("FASI").

Mr. McAuley was educated at Mount Saint Mary's College, Emmitsburg, Maryland. He joined Federated in 1978, and from 1989 to 1993, worked for National Securities and Research Corporation where he held the position of Senior Vice President, Chief Financial Officer and Executive Committee Member. He rejoined Federated in 1993.

Gregory P. Dulski

Director of the Manager. Mr. Dulski is Federated's senior counsel responsible for all legal and regulatory matters impacting Federated's international operations.

Mr. Dulski has more than 15 years of experience in the financial services industry and has worked with Federated for more than 10 years, both as outside counsel and in-house counsel. Mr. Dulski serves as a Director and Corporate Secretary on a number of Federated's international boards, including as a Managing Director of Federated International Holdings, B.V., and has worked extensively on money market fund reform in both the United States and Europe. In addition to his work with Federated, Mr. Dulski has extensive industry experience having worked for Janus Capital Group and ALPS Fund Services in Denver, Colorado and in the investment management group of Reed Smith LLP. Mr. Dulski graduated with honors from The George Washington University School of Law in 2001 and received his undergraduate degree in Accounting from Arizona State University and is a non-practicing certified public accountant.

Ronan Walsh

Director of the Manager. Mr. Walsh, born May 1952, is an Irish citizen and is a Director of Federated International Funds plc. He was a partner in the law firm of Arthur Cox in Dublin between 1981 and 2009, specialising in corporate law, with a particular emphasis on corporate finance and financial services. Mr. Walsh is also a non-executive director of a number of Irish companies.

Mr. Walsh was educated at Trinity College, Dublin and qualified as a solicitor in 1975.

Michael Boyce

Director of the Manager. Mr. Boyce, born March 1954, is an Irish citizen, and is a Director of Federated International Funds plc. He acts as an independent director and a consultant to a number of Irish collective investment schemes. Prior to his election as Director, Mr. Boyce served as Executive Director of Northern Trust Investor Services (Ireland) Limited, formerly known as Ulster Bank Investment Services Limited (UBIS), since 1990.

Mr. Boyce was Managing Director of Ulster Bank Custodial Services and Managing Director of UBIS. Following Northern Trust's purchase of UBIS in May 2000, he was appointed Director of Client Operations responsible for servicing a large range of institutional and retail clients. Mr. Boyce has worked in the financial services industry for more than 30 years including the areas of stockbroking, fund management and fund administration.

Mr. Boyce is a graduate of the Michael Smurfit School of Business at University College Dublin from which he holds a Diploma in Corporate Governance. He is a member of the Securities Institute and has served on several committees of the Irish Funds Industry Association. He is also a member of the Institute of Directors Ireland, and a member of the Corporate Governance Association of Ireland.

Messrs. McAuley and Dulski are also shareholders of Federated and hold other positions with affiliates of Federated.

The Company Secretary of the Manager is Bradwell Limited (Ten Earlsfort Terrace, Dublin 2, D02 T380, Ireland). The Assistant Secretaries of the Manager are Robert J. Wagner (Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, Pennsylvania, U.S. 15222-3779) and Richard A. Novak (Federated Investors Tower, 1001 Liberty Avenue, Pittsburgh, Pennsylvania, U.S. 15222-3779).

CONTRACTUAL AND OTHER MATTERS CONCERNING THE MANAGER

In the absence of bad faith, fraud, negligence, wilful misfeasance or reckless disregard on the part of the Manager, the Manager shall not incur any liability by reason of any error of law or any matter, thing done or suffered or omitted to be done by it in good faith under the Trust Deed. In no event shall the Manager be liable for any indirect, special or consequential loss or damage of any kind whatsoever, including, but not limited to, loss of profits, regardless of whether such claim for loss or damage is made in negligence, for breach of contract or otherwise.

The Manager shall be entitled to retire on 90 days' notice in writing to the Trustee. If no replacement manager is appointed by the Trustee, the Trust shall be terminated on the retirement of the Manager. The appointment of the Manager may be terminated by the Trustee upon written notice given by the Trustee to the Manager in the event that the Manager: goes into liquidation or has a receiver or examiner appointed in respect of any of its assets; fails to remedy a material breach within thirty days of being requested to do so; ceases to be approved by the Central Bank; or has suffered revocation of any tax certificate issued to the Manager under Section 446 of the Taxes Consolidation Act, 1977.

The Trust Deed allows the Manager to delegate its management duties to other parties. The Manager has delegated its investment advisory duties to the Advisers, certain operational support services to FASI, and some of its administrative duties to the Administrator. All fees and expenses of the Advisers are borne by the Manager from its management fee. A fee is

charged to the Trust in respect of the services provided by FASI which is paid to the Manager (in addition to the management fee) to enable the Manager to pay FASI (as described below, see "Fees and Expenses - FASI"). The Administrator's fee is charged separately to the Funds (as described below, see "Fees and Expenses - The Administrator").

The Manager shall at all times have due regard to its respective duties owed to each Fund and if any conflict of interest shall arise with respect to any of the Funds of the Trust, the Manager shall ensure that the conflict is resolved fairly.

CONTRACTUAL AND OTHER MATTERS CONCERNING THE ADMINISTRATOR

The Manager has appointed J.P. Morgan Administration Services (Ireland) Limited as administrator ("Administrator") to perform certain registration, valuation and administrative work and to process applications for and redemptions of Units. The Administrator is a private company incorporated in Ireland and is ultimately a wholly owned subsidiary of J.P. Morgan Chase and Co. of Delaware, United States.

The Administrator was appointed pursuant to an Administration Agreement between the Manager and the Administrator dated 1 November 1999 as amended, which shall continue in force until terminated by either party on ninety days' notice in writing to the other party. In addition, the Administration Agreement may be terminated immediately if:

- (i) either party is declared bankrupt, enters into composition with creditors, obtains a suspension of payment, is put under court controlled management or becomes subject to a similar measure;
- (ii) the relevant Irish or other supervisory authority withdraws its authorisation of either party;
- (iii) the Minister of Finance notifies either party that he proposes to revoke the tax certificate issued to the relevant party under section 446 of the Taxes Consolidation Act, 1997, or in the event that such tax certificate is revoked;
- (iv) any other event takes place resulting in termination of the Administration Agreement under the provisions of the Trust's constitutional documents; or
- (v) either party fails to remedy a material breach (which shall be capable of remedy) within fourteen days of being requested to do so.

The Administration Agreement provides that the Manager may indemnify the Administrator out of the assets of the Trust in respect of loss suffered by the Administrator pursuant to the Administration Agreement other than as a direct result of the negligence, fraud or wilful default of the Administrator or any of its directors, officers or employees.

The Administrator may retire simultaneously as the provider of any or all of the services it provides under the Administration Agreement on the date on which the Trustee or Manager shall, pursuant to the terms of the Trust Deed under which it is appointed, retire or cease for any reason to be Trustee or Manager in respect of the Trust.

CONTRACTUAL AND OTHER MATTERS CONCERNING THE ADVISERS

Pursuant to an Amended and Restated Investment Advisory Agreement dated 5 June 2009 (the "Investment Advisory Agreement") among the Manager, FGIMC and FIC, FGIMC was retained to act as investment adviser to the Manager in relation to ProFutur, ProBasis, Inter-Aktien and Europa-Aktien, and FIC

was retained to act as investment adviser to Euro-Kurzläufer, Euro-Renten, Inter-Renten, ProBasis, ProFutur and Inter-Aktien. The Advisers provide the Manager with investment research and assist the Manager in the purchase, sale and exchange of the Funds' investments.

FIC is a statutory trust organised in the State of Delaware, U.S. on 11 April 1989. FGIMC is a corporation organised in the State of Delaware, U.S., on 12 May 1995. FIC and FGIMC are registered investment advisers under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act"), and both companies are indirect subsidiaries of Federated.

The Advisers and other subsidiaries of Federated advise approximately 123 U.S. and international equity, fixed-income and money market funds, as well as a variety of separately managed accounts (including non-U.S./offshore funds) which totaled approximately U.S. \$364.3 billion in assets as of 30 September 2016.

FIC advises approximately 85 institutional separate accounts and private investment companies and other pooled investment vehicles (including non-U.S./offshore funds), as well as numerous separately managed accounts, which totaled approximately U.S. \$72 billion in assets as of 31 December 2016.

FGIMC advises approximately 19 equity mutual funds (including sub-advised funds) as well as a variety of separately managed accounts, institutional separate accounts and private investment companies and other pooled investment vehicles (including non-U.S./offshore funds), which totaled approximately U.S. \$11.2 billion in assets as of 31 December 2016.

In the absence of wilful misfeasance, bad faith or reckless disregard of its obligations or duties on the part of the Adviser under the Investment Advisory Agreement, such Adviser shall not be liable to the Manager, the Trust, a Fund, or any Unitholders for any act or omission in the course of, or connected in any way with, rendering of services or for any losses that may be sustained in the purchase, holding or sale of any security. The Investment Advisory Agreement may be terminated by either the Manager or the Advisers on not less than 60 days' notice to the other and shall terminate forthwith on termination of the Trust Deed.

CONTRACTUAL AND OTHER MATTERS CONCERNING THE TRUSTEE

The Trustee appointed to the Trust and the Funds is J.P. Morgan Bank (Ireland) plc. The Trustee is a private company incorporated with limited liability in Ireland on 28 May 1990 and is ultimately a wholly owned subsidiary of J.P. Morgan Chase & Co. of Delaware, United States. Its banking practice includes the provision of securities administration, corporate finance and agency treasury management services, as well as custodial services to collective investment schemes. The Trustee has been approved by the Central Bank to act as Trustee for the Trust and the Funds.

The duty of the Trustee is to provide safekeeping, oversight and asset verification services in respect of the assets of the Trust and each Fund in accordance with the provisions of the UCITS Rules and the Directive. The Trustee will also provide cash monitoring services in respect of each Fund's cash flows and subscriptions.

The Trustee will be obliged, inter alia, to ensure that the sale, issue, repurchase and cancellation of Units in the Trust is carried out in accordance with the UCITS Regulations and the Trust Deed. The Trustee will carry out the instructions of the Manager, unless they conflict with the UCITS Regulations or the Trust Deed. The Trustee is also obliged to enquire into the

conduct of the Trust in each financial year and report thereon to Unitholders.

The Trustee will be liable for loss of financial instruments held in custody or in the custody of any sub-custodian, unless it can prove that loss was not as a result of the Trustee's negligent or intentional failure to perform its obligations and has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

The Trustee has power to delegate the whole or any part of its trustee functions, however, its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Trustee has delegated its safekeeping duties in respect of financial instruments. The list of sub delegates appointed by the Trustee is set out in Appendix A hereto. The use of particular sub delegates will depend on the markets in which the Trust invests. No conflicts arise as a result of such delegation. The Trust Deed shall be updated to reflect these liability provisions in due course.

Up-to-date information regarding the duties of the Trustee, any conflicts of interest that may arise and the Trustee's delegation arrangements will be made available to investors by the Manager on request.

CONTRACTUAL AND OTHER MATTERS CONCERNING FASI

FASI, a corporation organised in the Commonwealth of Pennsylvania, U.S., and an indirect subsidiary of Federated, provides the Manager with operational support services, including, but not limited to, assisting the Manager in responding to inquiries regarding the Funds from financial institutions, providing computer systems and programming support, and providing consultation and support with regard to certain legal, accounting and reporting services.

SERVICE PROVIDERS

The Manager may appoint paying agent and local representative agents upon notification to the Central Bank. Under the terms of agreements between the Manager and each such paying agent or representative agent, the Manager is obligated to pay the paying agent or local representative agent a fee for its services as paying agent or local representative agent for the Trust in the particular country, which fee shall be at normal commercial rates for the relevant jurisdiction and shall be set forth in the Trust's accounts.

Federated and LVM Finanzdienstleistungen GmbH ("LVM") are responsible for promoting the Trust.

DISTRIBUTORS

Federated Asset Management GmbH and LVM act as distributors of the Federated Shares and LVM Anteile of the Trust respectively.

Federated Asset Management GmbH is a group company of Federated. Federated was incorporated in the United States on 18 October 1957, and many of its subsidiary companies are regulated by the SEC. Federated, through its subsidiary companies, is one of the largest investment managers in the United States, managing U.S.\$364.3 billion in assets as of 30 September 2016. With 122 funds and a variety of separately managed account options, Federated provides comprehensive investment management to more than 8,500 institutions and intermediaries including corporations, government entities, insurance companies, foundations and endowments, banks and broker/dealers.

The LVM Finanzdienstleistungen GmbH is a group company of the LVM Versicherung in Münster. The LVM Versicherung was incorporated in 1896. LVM provides exclusively through its roughly 2,300 self-employed agents insurance products and services to its approximately 3.4 million clients throughout Germany. LVM offers health, legal, life, property, car, casualty and liability insurance as well as bank products via its wholly owned subsidiary, Augsburger Aktienbank AG. The overall insurance premiums are more than €3.3 as of 31 December 2016.

LEGAL ADVISERS

Counsel as to matters of Irish law is provided by Arthur Cox, Dublin, Ireland.

AUDITORS

The independent auditors for the Trust are KPMG LLP, who perform the audit function from their office in Dublin, Ireland.

FEES AND EXPENSES

Each of the Units shall bear its allocable portion of Trust and Fund expenses. These expenses include, but are not limited to, the cost of:

- (a) organising and maintaining the Trust and the Funds;
- (b) management and investment advisory services;
- (c) administrative services;
- (d) operational support services;
- (e) printing prospectuses, sales literature and other documents for Unitholders and prospective investors;
- (f) registering the Trust, the Funds and the Units with any governmental or regulatory authority or with any stock market or other Regulated Market;
- (g) taxes and commissions;
- (h) Trustee and custodial fees;
- (i) printing, mailing, auditing, accounting and legal expenses and any fees payable to a paying agent or fiscal representative;
- (j) reports to Unitholders, the Central Bank and governmental agencies;
- (k) meetings of the Manager and Unitholders and proxy solicitations therefor;
- (l) insurance premiums;
- (m) association membership dues; and
- (n) such nonrecurring and extraordinary items as may arise.

To the extent that expenses are attributable to only one class or certain classes of Units, the expenses may be allocated to such class or classes, respectively.

Investors' attention is drawn to the detailed disclosure of the service provider fees set forth below.

THE MANAGER

All expenses relating to the organisation and establishment of the Trust and the Funds have been borne by the Manager. The Trust has undertaken to reimburse the Manager these expenses within the first 12 months of a new Fund's operations.

Pursuant to the Trust Deed, the Manager receives (unless reduced by voluntary waiver or reimbursement) an annual management fee as listed below:

Fund	Percentage of the Fund's Average Daily Net Assets
Euro-Kurzläufer	0.85%
Euro-Renten	1.10%
Inter-Renten	1.10%
ProBasis	1.25%
ProFutur	1.25%
Europa-Aktien	1.50%
Inter-Aktien	1.50%

The management fee shall be accrued daily from the Funds' average monthly NAV and payable monthly in arrears. The Manager shall also be entitled to receive its reasonable out of pocket expenses which may include all costs, charges and expenses incurred in connection with the management and administration of the Trust, including fees, expenses and disbursements of any agent. The Manager may voluntarily undertake to reduce or waive its management fee or to make other arrangements to reduce expenses of a Fund to the extent that such expenses exceed such lower expense limitation as the Manager may, by notice to the Trust, voluntarily declare to be effective.

THE ADMINISTRATOR

Under the Administration Agreement, the Administrator shall receive such remuneration out of the assets of the Trust as shall be agreed between the Manager and the Administrator from time to time in a written fee agreement. The written fee agreement as at the date of this Prospectus provides that the Administrator is entitled to receive remuneration for the following services: fund accounting and financial reporting services; transfer agency and shareholder services; cash management services; oversight/fiduciary services; company administration/domiciliary services; paying agency services; and technology delivery and system maintenance services. The Administrator is also entitled to receive its reimbursable out-of-pocket expenses incurred by the Administrator in the performance of its duties to the Trust.

Under the current written fee agreement, the fees paid to the Administrator for fund accounting services, which include fees for daily NAV calculation and preparation of financial reports, are as follows, based on aggregate assets of all Funds:

Total Funds Value (based on monthly average net assets)	Ad Valorem Fee
Up to €200 million	0.065%
€201 million to €400 million	0.050%
€401 million to €600 million	0.040%
Greater than €600 million	0.030%

Under the current written fee agreement, the Administrator is also entitled to receive: a fee of €7,500 per annum for company administration/domiciliary services; transfer agency and shareholder services fees from the Funds of €8,000 per class on the register, per annum; a fee of 0.015% per year based on aggregate assets of all Funds for oversight/fiduciary services; a fee of €10,000 per annum in respect of paying agency services for all Funds; a fee of €5,000 per annum for technology delivery and system maintenance services; and certain account and transaction charges.

THE ADVISERS

The Advisers' fees and out of pocket expenses are discharged by the Manager from its management fee.

The Advisers will reduce or waive their fees to limit the Funds' expenses to such expense limitations as the Manager may from time to time declare to be effective.

THE TRUSTEE

The Trustee shall receive from the relevant Fund a fee (plus value added tax, if any) equivalent to .015% per annum of the average monthly net assets of each Fund, plus fees in relation to the custody of assets (at normal commercial rates), transaction charges and out-of-pocket expenses. Such fees will accrue daily and be payable monthly in arrears and are based on the level of average daily net assets of the Funds. The sub-custodians' and safekeeping agents' fees and transactions charges, which shall be charged at normal commercial rates, shall be borne by the Fund in respect of which they were incurred.

FASI

FASI, under an operational support services agreement with the Manager, provides the Manager with support relating to various administrative services. The fee for this support is calculated taking into consideration the average daily net assets of all funds advised and sponsored by group companies of Federated. The fee ranges from 0.1% on the assets up to U.S.\$50 billion to 0.075% on assets in excess of U.S.\$50 billion. The applicable fee is applied to the average daily net assets of the Trust and is paid out of the assets of the Trust to the Manager (in addition to the management fee) to enable the Manager to pay the fees due to FASI.

DISTRIBUTORS AND FINANCIAL INTERMEDIARIES

Distributors and Financial Intermediaries may receive a distribution fee and reimbursement of expenses payable by the Manager. Details regarding the payments from the Manager to the Distributors are provided in the relevant Supplemental Prospectus. Distribution fees and expenses are in addition to any sales charge payable at the time of purchasing Units as described in the Supplemental Prospectus. Fees payable to Financial Intermediaries and distributors are based on the NAV of the Units owned by their clients and customers to compensate these institutions for subaccounting, Unitholder liaison and other services provided to their clients and customers.

Separate and apart from the expenses borne by the Funds, Financial Intermediaries through whom Units are purchased may charge investors fees for services provided to the investor which may be related to the ownership of the Units. This Prospectus should, therefore, be read together with any agreement between an investor and Financial Intermediary with regard to services provided, the fees charged for these services, and any restrictions and limitations imposed.

IRELAND TAXATION

The following is a general summary of the main Irish tax considerations applicable to the Fund and certain investors in the Trust who are the beneficial owners of Units in the Trust. It does not purport to deal with all of the tax consequences applicable to the Trust or to all categories of investors, some of whom may be subject to special rules. For instance, it does not address the tax position of Unitholders whose acquisition of Units in the Trust would be regarded as a holding of units in a Personal Portfolio Investment Undertaking. Accordingly, its applicability will depend on the particular circumstances of each Unitholder. It does not constitute tax advice and Unitholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Units under the laws of their country of incorporation, establishment, citizenship, residence or domicile, and in the light of their particular circumstances.

The following statements on taxation are based on advice received by the Manager regarding the law and practice in force in Ireland at the date of this document. Legislative, administrative or judicial changes may modify the tax consequences described below and as is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Fund will endure indefinitely.

IRELAND

The Manager has been advised that, on the basis that the Trust is resident in Ireland for taxation purposes, the taxation position of the Trust and the Unitholders is as set out below:

TAXATION

The following is a general summary of the main Irish tax considerations applicable to the Trust and certain investors in the Trust who are the beneficial owners of Units in the Trust. It does not purport to deal with all of the tax consequences applicable to the Trust or to all categories of investors, some of whom may be subject to special rules. For instance, it does not address the tax position of Unitholders whose acquisition of Units in the Trust would be regarded as a holding of units in a Personal Portfolio Investment Undertaking (PPIU). Accordingly, its applicability will depend on the particular circumstances of each Unitholder. It does not constitute tax advice and Unitholders and potential investors are advised to consult their professional advisors concerning possible taxation or other consequences of purchasing, holding, selling, converting or otherwise disposing of the Units under the laws of their country of incorporation, establishment, citizenship, residence or domicile, and in the light of their particular circumstances.

The following statements on taxation are based on advice received by the Directors of the Manager (the "Directors") of the Trust regarding the law and practice in force in Ireland at the date of this document. Legislative, administrative or judicial changes may modify the tax consequences described below and as is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Trust will endure indefinitely.

TAXATION OF THE TRUST

The Directors have been advised that, under current Irish law and practice, the Trust qualifies as an investment undertaking for the purposes of Section 739B of the Taxes Consolidation Act, 1997, as amended (“TCA”) so long as the Trust is resident in Ireland. Accordingly, it is generally not chargeable to Irish tax on its income and gains.

Chargeable Event

However, Irish tax can arise on the happening of a “chargeable event” in the Trust. A chargeable event includes any payments of distributions to Unitholders, any encashment, repurchase, redemption, cancellation or transfer of Units and any deemed disposal of Units as described below for Irish tax purposes arising as a result of holding Units in the Trust for a period of eight years or more. Where a chargeable event occurs, the Trust is required to account for the Irish tax thereon.

No Irish tax will arise in respect of a chargeable event where:

- (a) the Unitholder is neither resident nor ordinarily resident in Ireland (“Non-Irish Resident”) and it (or an intermediary acting on its behalf) has made the necessary declaration to that effect and the Trust is not in possession of any information which would reasonably suggest that the information contained in the declaration is not, or is no longer, materially correct; or
- (b) the Unitholder is Non-Irish Resident and has confirmed that to the Trust and the Trust is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Unitholder and the approval has not been withdrawn; or
- (c) the Unitholder is an Exempt Irish Resident as defined below.

In the absence of a signed and completed declaration or written notice of approval from the Revenue Commissioners, as applicable, being in the possession of the Trust at the relevant time there is a presumption that the Unitholder is resident or ordinarily resident in Ireland (“Irish Resident”) or is not an Exempt Irish Resident and a charge to tax arises.

A chargeable event does not include:

- any transactions (which might otherwise be a chargeable event) in relation to Units held in a recognised clearing system as designated by order of the Revenue Commissioners; or
- a transfer of Units between spouses/civil partners and any transfer of Units between spouses/civil partners or former spouses/civil partners on the occasion of judicial separation, decree of dissolution and/or divorce, as appropriate; or
- an exchange by a Unitholder, effected by way of arm’s length bargain where no payment is made to the Unitholder, of Units in the Trust for other Units in the Trust; or
- an exchange of Units arising on a qualifying amalgamation or reconstruction (within the meaning of Section 739H of the TCA) of the Trust with another investment undertaking.

If the Trust becomes liable to account for tax on a chargeable event, the Trust shall be entitled to deduct from the payment arising on that chargeable event an amount equal to the

appropriate tax and/or, where applicable, to appropriate or cancel such number of Units held by the Unitholder, or such beneficial owner, as is required to meet the amount of tax. The relevant Unitholder shall indemnify and keep the Trust indemnified against loss arising to the Trust by reason of the Trust becoming liable to account for tax on the happening of a chargeable event.

Deemed Disposals

The Trust may elect not to account for Irish tax in respect of deemed disposals in certain circumstances. Where the total value of Units in a Fund held by Unitholders who are Irish Resident and who are not Exempt Irish Residents (as defined below) is 10% or more of the Net Asset Value of the Fund, the Trust will be liable to account for the tax arising on a deemed disposal in respect of Units in that Fund as set out below. However, where the total value of Units in the Fund held by such Unitholders is less than 10% of the Net Asset Value of the Fund, the Trust may, and it is expected that the Trust will, elect not to account for tax on the deemed disposal. In this instance, the Trust will notify relevant Unitholders that it has made such an election and those Unitholders will be obliged to account for the tax arising under the self-assessment system themselves. Further details of this are set out below under the heading “Taxation of Irish Resident Unitholders.”

Irish Courts Service

Where Units are held by the Irish Courts Service the Trust is not required to account for Irish tax on a chargeable event in respect of those Units. Rather, where money under the control or subject to the order of any Court is applied to acquire Units in the Trust, the Courts Service assumes, in respect of the Units acquired, the responsibilities of the Trust to, inter alia, account for tax in respect of chargeable events and file returns.

EXEMPT IRISH RESIDENT UNITHOLDERS

The Trust will not be required to deduct tax in respect of the following categories of Irish Resident Unitholders, provided the Trust has in its possession the necessary declarations from those persons (or an intermediary acting on their behalf) and the Trust is not in possession of any information which would reasonably suggest that the information contained in the declarations is not, or is no longer, materially correct. A Unitholder who comes within any of the categories listed below and who (directly or through an intermediary) has provided the necessary declaration to the Trust is referred to herein as an “Exempt Irish Resident”:

- (a) a pension scheme which is an exempt approved scheme within the meaning of Section 774 of the TCA, or a retirement annuity contract or a trust scheme to which Section 784 or Section 785 of the TCA, applies;
- (b) a company carrying on life business within the meaning of Section 706 of the TCA;
- (c) an investment undertaking within the meaning of Section 739B(1) of the TCA, or an investment limited partnership within the meaning of Section 739J of the TCA;
- (d) a special investment scheme within the meaning of Section 737 of the TCA;
- (e) a charity being a person referred to in Section 739D(6)(f)(i) of the TCA;
- (f) a qualifying management company within the meaning of Section 739B(1) of the TCA;
- (g) a unit trust to which Section 731(5)(a) of the TCA applies;

- (h) a person who is entitled to exemption from income tax and capital gains tax under Section 784A(2) of the TCA where the Units held are assets of an approved retirement fund or an approved minimum retirement fund;
- (i) a person who is entitled to exemption from income tax and capital gains tax by virtue of Section 787I of the TCA, and the Units are assets of a PRSA;
- (j) a credit union within the meaning of Section 2 of the Credit Union Act, 1997;
- (k) the National Asset Management Agency;
- (l) the National Treasury Management Agency or a Fund investment vehicle (within the meaning of section 37 of the National Treasury Management Agency (Amendment) Act 2014) of which the Minister for Finance of Ireland is the sole beneficial owner or Ireland acting through the National Treasury Management Agency;
- (m) a company within the charge to corporation tax in accordance with Section 110(2) of the TCA (securitisation companies);
- (n) in certain circumstances, a company within the charge to corporation tax in respect of payments made to it by the Trust; or
- (o) any other person who is resident or ordinarily resident in Ireland who may be permitted to own Units under taxation legislation or by written practice or concession of the Revenue Commissioners without giving rise to a charge to tax in the Trust or jeopardising the tax exemptions associated with the Trust.

There is no provision for any refund of tax to Unitholders who are Exempt Irish Residents where tax has been deducted in the absence of the necessary declaration. A refund of tax may only be made to corporate Unitholders who are within the charge to Irish corporation tax.

TAXATION OF NON-IRISH RESIDENT UNITHOLDERS

Non-Irish Resident Unitholders who (directly or through an intermediary) have made the necessary declaration of non-residence in Ireland, where required, are not liable to Irish tax on the income or gains arising to them from their investment in the Trust and no tax will be deducted on distributions from the Trust or payments by the Trust in respect of an encashment, repurchase, redemption, cancellation or other disposal of their investment. Such Unitholders are generally not liable to Irish tax in respect of income or gains made from holding or disposing of Units except where the Units are attributable to an Irish branch or agency of such Unitholder.

Unless the Trust is in possession of written notice of approval from the Revenue Commissioners to the effect that the requirement to provide the necessary declaration of non-residence has been complied with in respect of the Unitholder and the approval has not been withdrawn, in the event that a Non-Irish Resident Unitholder (or an intermediary acting on its behalf) fails to make the necessary declaration of non-residence, tax will be deducted as described above on the happening of a chargeable event and notwithstanding that the Unitholder is not resident or ordinarily resident in Ireland any such tax deducted will generally not be refundable.

Where a Non-Irish Resident company holds Units in the Trust which are attributable to an Irish branch or agency, it will be liable to Irish corporation tax in respect of income and capital distributions it receives from the Trust under the self-assessment system.

TAXATION OF IRISH RESIDENT UNITHOLDERS

Deduction of Tax

Tax will be deducted and remitted to the Revenue Commissioners by the Trust from any distributions made by the Trust (other than on a disposal) to an Irish Resident Unitholder who is not an Exempt Irish Resident at the rate of 41%.

Tax will also be deducted by the Trust and remitted to the Revenue Commissioners from any gain arising on an encashment, repurchase, redemption, cancellation or other disposal of Units by such a Unitholder at the rate of 41%. Any gain will be computed as the difference between the value of the Unitholder's investment in the Trust at the date of the chargeable event and the original cost of the investment as calculated under special rules.

Where the Unitholder is an Irish resident company and the Trust is in possession of a relevant declaration from the Unitholder that it is a company and which includes the company's tax reference number, tax will be deducted by the Trust from any distributions made by the Trust to the Unitholder and from any gains arising on an encashment, repurchase, redemption, cancellation or other disposal of Units by the Unitholder at the rate of 25%.

Deemed Disposals

Tax will also be deducted by the Trust and remitted to the Revenue Commissioners in respect of any deemed disposal where the total value of Units in a Fund held by Irish Resident Unitholders who are not Exempt Irish Residents is 10% or more of the Net Asset Value of the Fund. A deemed disposal will occur on each and every eighth anniversary of the acquisition of Units in the Fund by such Unitholders. The deemed gain will be calculated as the difference between the value of the Units held by the Unitholder on the relevant eighth year anniversary or, as described below where the Trust so elects, the value of the Units on the later of the 30 June or 31 December prior to the date of the deemed disposal and the relevant cost of those Units. The excess arising will be taxable at the rate of 41% (or in the case of Irish resident corporate Unitholders where a relevant declaration has been made, at the rate of 25%). Tax paid on a deemed disposal should be creditable against the tax liability on an actual disposal of those Units.

Where the Trust is obliged to account for tax on deemed disposals it is expected that the Trust will elect to calculate any gain arising for Irish Resident Unitholders who are not Exempt Irish Residents by reference to the Net Asset Value of the relevant Fund on the later of the 30 June or 31 December prior to the date of the deemed disposal, in lieu of the value of the Units on the relevant eight year anniversary.

The Trust may elect not to account for tax arising on a deemed disposal where the total value of Units in the relevant Fund held by Irish Resident Unitholders who are not Exempt Irish Residents is less than 10% of the Net Asset Value of the Fund. In this case, such Unitholders will be obliged to account for the tax arising on the deemed disposal under the self-assessment system themselves. The deemed gain will be calculated as the difference between the value of the Units held by the Unitholder on the relevant eighth year anniversary and the relevant cost of those Units. The excess arising will be regarded as an amount taxable under Case IV of Schedule D and will be subject to tax where the Unitholder is a company, at the rate of 25%, and where the Unitholder is not a company, at the rate of 41%. Tax paid on a deemed disposal should be creditable against the tax payable on an actual disposal of those Units.

Residual Irish Tax Liability

Corporate Unitholders resident in Ireland which receive payments from which tax has been deducted will be treated as having received an annual payment chargeable to tax under Case IV of Schedule D from which tax at the rate of 25% (or 41% if no declaration has been made) has been deducted. Subject to the comments below concerning tax on a currency gain, in general, such Unitholders will not be subject to further Irish tax on payments received in respect of their holding from which tax has been deducted. A corporate Unitholder resident in Ireland which holds the Units in connection with a trade will be taxable on any income or gains received from the Trust as part of that trade with a set-off against corporation tax payable for any tax deducted from those payments by the Trust. In practice, where tax at a rate higher than 25% has been deducted from payments to a corporate Unitholder resident in Ireland, a credit of the excess tax deducted over the higher corporation tax rate of 25% should be available.

Subject to the comments below concerning tax on a currency gain, in general, non-corporate Irish Resident Unitholders will not be subject to further Irish tax on income arising on the Units or gains made on disposal of the Units, where the appropriate tax has been deducted by the Trust from distributions paid to them.

Where a currency gain is made by a Unitholder on the disposal of Units, the Unitholder will be liable to capital gains tax in respect of that gain in the year/s of assessment in which the Units are disposed of.

Where an Irish Resident Unitholder who is not an Exempt Irish Resident receives a gain on an encashment, redemption, cancellation or other disposal from which tax has not been deducted (for example, because the Units are held in a recognised clearing system), the Unitholder will also be liable to account for income tax or corporation tax as the case may be on the payment or on the amount of the gain under the self-assessment system and, in particular, Part 41A of the TCA. In the case of a corporate Unitholder the payment will again be treated as income arising to the Unitholder constituting profits or gains chargeable to tax under Case IV of Schedule D. A corporate Unitholder resident in Ireland which holds the Units in connection with a trade will be taxable on any income or gains received from the Trust as part of that trade.

Pursuant to Section 891C of the TCA and the Return of Values (Investment Undertakings) Regulations 2013, the Trust is obliged to report certain details in relation to Units held by investors to the Revenue Commissioners on an annual basis. The details to be reported include the name, address and date of birth if on record of, and the investment number associated with and the value of the Units held by, a Unitholder. In respect of Units acquired on or after 1 January 2014, the details to be

reported also include the tax reference number of the Unitholder (being an Irish tax reference number or VAT registration number, or in the case of an individual, the individual's PPS number) or, in the absence of a tax reference number, a marker indicating that this was not provided. These provisions do not require such details to be reported in respect of Unitholders who are:

- 1 Exempt Irish Residents (as defined above);
- 2 Unitholders who are neither Irish Resident nor ordinarily resident in Ireland (provided the relevant declaration has been made); or
- 3 Unitholders whose Units are held in a recognised clearing system.

However investors should note the section entitled "Automatic Exchange of Information" for information on additional investor information gathering and reporting requirements to which the Trust is subject.

OVERSEAS DIVIDENDS

Dividends (if any) and interest which the Trust receives with respect to investments (other than securities of Irish issuers) may be subject to taxes, including withholding taxes, in the countries in which the issuers of the investments are located. It is not known whether the Trust will be able to benefit from reduced rates of withholding tax under the provisions of the double tax treaties which Ireland has entered into with various countries.

However, in the event that the Trust receives any repayment of withholding tax suffered, the Net Asset Value of the relevant Fund will not be restated and the benefit of any repayment will be allocated to the then existing Unitholders rateably at the time of such repayment.

STAMP DUTY

On the basis that the Trust qualifies as an investment undertaking within the meaning of Section 739B of the TCA, generally, no stamp duty will be payable in Ireland on the issue, transfer, repurchase or redemption of Units. However, where any subscription for or redemption of Units is satisfied by an in-kind or in specie transfer of Irish securities or other Irish property, Irish stamp duty might arise on the transfer of such securities or properties.

No Irish stamp duty will be payable by the Trust on the conveyance or transfer of stock or marketable securities of a company or other body corporate not registered in Ireland, provided that the conveyance or transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property, or to any stocks or marketable securities of a company (other than a company which is an investment undertaking within the meaning of Section 739B of the TCA or a qualifying company within the meaning of Section 110 of the TCA) which is registered in Ireland.

RESIDENCE

In general, investors in the Trust will be either individuals, corporate entities or trusts. Under Irish rules, both individuals and trusts may be resident or ordinarily resident. The concept of ordinary residence does not apply to corporate entities.

Individual Investors

TEST OF RESIDENCE

An individual will be regarded as resident in Ireland for a particular tax year if the individual is present in Ireland: (1) for a period of at least 183 days in any one tax year; or (2) for a period of at least 280 days in any two consecutive tax years, provided that the individual is resident in Ireland for at least 31 days in each tax year. In determining days present in Ireland, an individual is deemed to be present if he / she is present in the country at any time during the day.

If an individual is not resident in Ireland in a particular tax year the individual may, in certain circumstances, elect to be treated as resident.

TEST OF ORDINARY RESIDENCE

If an individual has been resident for the three previous tax years then the individual will be deemed "ordinarily resident" from the start of the fourth year. An individual will remain ordinarily resident in Ireland until the individual has been non-resident for three consecutive tax years.

Trust Investors

A trust will generally be regarded as resident in Ireland where all of the trustees are resident in Ireland. Trustees are advised to seek specific tax advice if they are in doubt as to whether the trust is resident in Ireland.

Corporate Investors

A company will be resident in Ireland if its central management and control is in Ireland or (in certain circumstances) if it is incorporated in Ireland. For Ireland to be treated as the location of a company's central management and control this typically means Ireland is the location where all fundamental policy decisions of the company are made.

All companies incorporated in Ireland are resident in Ireland for tax purposes except where:

- (i) in the case of a company incorporated before 1 January 2015, the company or a related company carries on a trade in Ireland, and either (a) the company is ultimately controlled by persons resident in a "relevant territory", being an EU member state (other than Ireland) or a country with which Ireland has a double taxation agreement in force by virtue of Section 826(1) of the TCA or that is signed and which will come into force once all the ratification procedures set out in Section 826(1) of the TCA have been completed, or (b) the principal class of the shares in the company or a related company is substantially and regularly traded on a recognised stock exchange in a relevant territory; or
- (ii) the company is regarded as resident in a country other than Ireland and not resident in Ireland under a double taxation agreement between Ireland and that other country.

A company incorporated in Ireland and coming within either (i) or (ii) above will not be regarded as resident in Ireland unless its central management and control is in Ireland, PROVIDED however, a company coming within (i) above which has its central management and control outside of Ireland will still be regarded as resident in Ireland if (a) it would by virtue of the law of a relevant territory be tax resident in that relevant territory if it were incorporated in that relevant territory but would not otherwise be tax resident in that relevant territory, (b) is managed and controlled in that relevant territory, and (c) would

not otherwise by virtue of the law of any territory be regarded as resident in that territory for tax purposes.

The exception from the incorporation rule of tax residence at (i) above in respect of a company incorporated before 1 January 2015 will however cease to apply or be available after 31 December 2020, or, if earlier, from the date, after 31 December 2014, of a change in ownership (direct or indirect) of the company where there is a major change in the nature or conduct of the business of the company within the period beginning on the later of 1 January 2015 or the date which occurs one year before the date of the change in ownership of the company, and ending 5 years after the date of the change in ownership. For these purposes a major change in the nature or conduct of the business of the company includes the commencement by the company of a new trade or a major change arising from the acquisition by the company of property or of an interest in or right over property.

DISPOSAL OF UNITS AND IRISH CAPITAL ACQUISITIONS TAX

(a) Persons Domiciled or Ordinarily Resident in Ireland

The disposal of Units by means of a gift or inheritance made by a disponent domiciled or ordinarily resident in Ireland or received by a beneficiary domiciled or ordinarily resident in Ireland may give rise to a charge to Irish Capital Acquisitions Tax for the beneficiary of such a gift or inheritance with respect to those Units.

(b) Persons Not Domiciled or Ordinarily Resident in Ireland

On the basis that the Trust qualifies as an investment undertaking within the meaning of Section 739B of the TCA, the disposal of Units will not be within the charge to Irish Capital Acquisitions Tax provided that;

- the Units are comprised in the gift or inheritance at the date of the gift or inheritance and at the valuation date;
- the donor is not domiciled or ordinarily resident in Ireland at the date of the disposition; and
- the beneficiary is not domiciled or ordinarily resident in Ireland at the date of the gift or inheritance.

PROVISION AND DISCLOSURE OF INFORMATION FOR TAXATION MATTERS

Automatic Exchange of Information

Ireland has implemented the "Standard for Automatic Exchange of Financial Account Information", also known as the Common Reporting Standard ("CRS"), into Irish law.

The CRS is a single global standard on Automatic Exchange of Information ("AEOI") which was approved by the Council of the Organisation for Economic Cooperation and Development ("OECD") in July 2014. It draws on earlier work of the OECD and the EU, global anti-money laundering standards and, in particular, the Model FATCA Intergovernmental Agreement. The CRS sets out details of the financial information to be exchanged, the financial institutions required to report, together with common due diligence standards to be followed by financial institutions.

Under the CRS, participating jurisdictions are required to exchange certain information held by financial institutions regarding their non-resident customers. Over 90 jurisdictions have committed to exchanging information under the CRS and a group of over 40 countries, including Ireland, have committed to

the early adoption of the CRS. For these early adopters, the first exchange of information in relation to accounts coming into existence from 1 January 2016 and individual high value accounts in existence at 31 December 2015 is expected take place by the end of September 2017, with information about individual low value accounts in existence at 31 December 2015 and entity accounts is expected to first be exchanged either by the end of September 2017 or September 2018 depending on when financial institutions identify them as reportable accounts.

Unitholders should note that the Trust is required to disclose the name, address, jurisdiction(s) of tax residence, date and place of birth, account reference number and tax identification number(s) of each reportable person in respect of a reportable account for CRS and information relating to each Unitholder's investment (including but not limited to the value of and any payments in respect of the Units) to the Revenue Commissioners who may in turn exchange this information with the tax authorities in territories who are participating jurisdictions for the purposes of the CRS. In order to comply with its obligations, the Trust may require additional information and documentation from Unitholders.

U.S. regime under FATCA

Pursuant to certain provisions of the United States Hiring Incentives to Restore Employment Act of 2010 and U.S. Internal Revenue Service ("IRS") guidance thereto (collectively, "FATCA"), a 30% U.S. withholding tax will apply to (a) payments made on or after July 1, 2014, to the Trust of U.S. source interest, dividends and certain other types of periodic income from sources inside the United States and (b) the gross proceeds from the disposition of property by the Trust that could give rise to U.S. source interest or dividends (regardless of whether any gain or loss is recognized with respect to such disposition) made on or after January 1 2017, unless, in general, (i) the Trust complies with the applicable provisions of Irish law intended to implement the intergovernmental agreement entered into between the United States and Ireland with respect to FATCA (the "Ireland IGA") to collect and report certain information relating to certain United States persons that invest, directly or indirectly (including through foreign entities having substantial United States owners), in the Trust, and, if required, withhold U.S. tax at a rate of 30% on gross proceeds and foreign passthru payments made to certain investors that fail to furnish to the Manager such information, consents, forms and other documentation necessary for the Trust to satisfy its obligations under the Ireland IGA or (ii) the Trust otherwise qualifies for an exemption from, or is treated as deemed compliant with, such requirements. Although the Trust will use commercially reasonable efforts to comply with any requirements necessary to avoid the imposition of FATCA withholding on payments to the Trust, no assurance can be given that the Trust will be able to satisfy these obligations. If the Trust becomes subject to a withholding tax as a result of FATCA, the amount available for distributions (upon withdrawal or otherwise) to its Unitholders may be materially reduced.

Each Unitholder agrees to provide to the Manager or its delegates at the time or times prescribed by applicable law and at such time or times reasonably requested by or on behalf of the Manager such information and documentation prescribed by applicable law and such additional documentation reasonably requested as may be necessary for the Trust to comply with its obligations under FATCA. To the extent that a Unitholder does not provide sufficient and timely information, U.S. tax withholding at the rate of 30% may be required on gross proceeds and foreign pass thru payments of that Unitholder.

Each prospective Unitholder and Unitholder should consult with their tax advisers regarding the possible implications of FATCA on their investment in the Trust.

Unitholder agreement to provision and disclosure of information

By subscribing for Units in a Fund, each Unitholder agrees to provide upon request such information as may be required for taxation purposes including but not limited to the CRS, the Amending Cooperation Directive and FATCA, and will be deemed to have authorised the automatic disclosure of information by or on behalf of the Manager to the Revenue Commissioners or other relevant tax authorities. The non-provision of such information may result in the mandatory redemption of Units or other appropriate action taken by the Manager. Unitholders refusing to provide the requisite information to the Manager or its delegates may also be reported to the Revenue Commissioners.

Each prospective investor and Unitholder should consult their own tax advisers on the requirements applicable to it under these arrangements.

DATA PROTECTION

Prospective investors should note that by completing the application form they are providing personal information, which may constitute personal data within the meaning of the Irish Data Protection Act 1988 and 2003 (the "Data Protection Acts"). This data will be used for the purposes of administration, transfer agency, statistical analysis, research and disclosure to the Trust, its delegates and agents.

By signing the application form, prospective investors acknowledge that they are providing their consent to the Trust, its delegates and its or their duly authorised agents and any of their respective related, associated or affiliated companies obtaining, holding, using, disclosing and processing the data for any one or more of the following purposes:

- to manage and administer the investor's holding in the Trust and any related accounts on an ongoing basis;
- for any other specific purposes where the investor has given specific consent;
- to carry out statistical analysis and market research;
- to comply with legal, regulatory and taxation obligations applicable to the investor and the Trust;
- for disclosure or transfer, whether in Ireland or countries outside Ireland, including without limitation the United States, which may not have the same data protection laws as Ireland, to third parties including financial advisers, regulatory bodies, taxation authorities, auditors, technology providers or to the Trust and its delegates and its or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above; and/or
- for other legitimate business interests of the Trust.

In particular, in order to comply with the CRS (discussed above under the heading "Automatic Exchange of Information"), your personal data (including financial information) may be shared with the Revenue Commissioners. They in turn may exchange information (including personal data and financial information) with foreign tax authorities (including foreign tax authorities located outside the EEA). Please consult the AEOI (Automatic Exchange of Information) webpage on www.revenue.ie for further information in this regard.

Pursuant to the Data Protection Acts, investors have a right of access to their personal data kept by the Trust and the right to amend and rectify any inaccuracies in their personal data held by the Trust by making a request to the Trust in writing.

The Trust is a Data Controller within the meaning of the Data Protection Acts and undertakes to hold any personal information provided by investors in confidence and in accordance with the Data Protection Acts.

By signing the application form, prospective investors consent to: (i) the recording of telephone calls made to, and received from, them by the Trust, its delegates, its duly appointed agents and any of their respective related, associated or affiliated companies for record keeping, security and/or training purposes; and (ii) the transfer of personal data by the Administrator and Trustee to their affiliates outside of the European Economic Area in connection with their provision of fund administration and trustee/depositary services to the Trust.

THE TRUST DEED

Each Unitholder has a right to a beneficial interest under a trust constituted by the Trust Deed. The Trust Deed provides that the Trust will be charged with the liabilities, expenses, costs or charges in respect of or attributable to the Trust.

The Trust Deed may be amended by the Trustee and the Manager with the prior approval of the Central Bank, but without the consent of any Unitholders:

1. to cure any ambiguity or to correct or supplement any provision which may be defective or inconsistent;
2. to change any provision as may be required by the Central Bank or any successor government agency in Ireland or as may be necessary or advisable as a result of a change in the UCITS Regulations or the rules made by the Central Bank pursuant to the UCITS Regulations;
3. to make such provisions as shall not materially adversely affect the interests of the Unitholders;
4. to alter the Trust Deed in such manner as may be necessary or expedient having regard to any fiscal enactment affecting a Fund; or
5. to make provision for the inclusion of additional Regulated Markets in the Trust Deed from time to time.

The Trust Deed also may be amended in any respect by the Trustee and the Manager with the approval of an ordinary resolution passed in accordance with the provisions described below, providing that without the consent of all Unitholders no amendment will reduce the interest of any Unitholder or reduce the percentage of Units required to consent to any amendment.

The Trust is not liable as a whole to third parties. Each Fund of the Trust will be treated as bearing its own liabilities and its due proportion of any liability allocated to the Fund and shall have no further liabilities. The assets of each Fund of the Trust shall belong exclusively to that Fund, be segregated from the other Funds of the Trust and shall not be used to discharge, directly or indirectly, the liabilities of, or claims against, any other Fund of the Trust and shall not be available for any such purpose.

MEETINGS

The Manager or the Trustee may convene a meeting of Unitholders. The Trustee shall be obliged to convene a meeting of Unitholders if requested to do so by Unitholders holding not less than 15% of the Units in the Trust or any Fund of the Trust.

Unitholders present in person or by proxy representing 10% or more of the Units in any Fund or the Trust, as appropriate, shall be a quorum.

Subject to the provisions of the Trust Deed, a meeting of Unitholders shall be competent by ordinary resolution to sanction any modification, alteration or addition to the Trust Deed, the removal of the Trustee, or the termination of the Trust or any Fund of the Trust, or to sanction any scheme for the reconstruction of the Trust. A meeting of Unitholders of a Fund of the Trust shall be competent by ordinary resolution to sanction any modification or alternation to the investment objectives policies, restrictions or prohibitions of such Fund. Save as otherwise described in this Prospectus, meetings of Unitholders shall have no further powers. An ordinary resolution of the Trust shall be a resolution passed by a simple majority of votes cast in person or by proxy at a meeting of Unitholders of the Trust or a Fund of the Trust, duly convened and held, and an extraordinary resolution shall be a resolution passed by a 75% majority, as aforesaid. Each Unitholder shall be entitled to one vote on a show of hands. On a poll each Unitholder shall be entitled to one vote in respect of each Unit (save that a fractional Unit shall not carry any voting rights) and each Unitholder may attend and vote at any such meeting in person or by proxy. A resolution approved in writing by Unitholders holding a simple majority of the Units of the Trust or a Fund shall for all purposes be treated as a duly passed ordinary resolution of the Trust or such Fund respectively, and a resolution approved in writing by Unitholders holding at least 75% of the Units shall be treated as an extraordinary resolution. All Units in the Trust, except fractional Units, shall carry equal voting rights.

USE OF NAME

Federated has granted the Trust permission to use the name "Federated" in the name of the Trust. Federated may revoke this permission at any time at its discretion and in such event the Trust shall be obliged to change the name of the Trust and the Unitholders shall be obliged to ensure that all necessary resolutions are passed at a meeting of the Trust to give effect to any such change of name.

REPORTS

The Trust's fiscal year end is 31 October. In each year the Manager shall cause to be prepared an annual report and audited annual accounts for the Trust and each Fund. In addition, the Manager shall prepare and make available to Unitholders a semi-annual report which shall include unaudited semi-annual accounts for the Trust and each Fund.

The annual report and annual accounts shall be made up to 31 October in each year, and semi-annual reports shall be made up to 30 April in each year. Annual reports shall be published within four months, and semi-annual reports within two months, of the period to which they relate.

The reports are available via the internet at fiml.federatedinvestors.com and www.fondsfamilie.de.

MINIMUM VIABLE SIZE

Where a new Fund is established, the Fund must achieve a Net Asset Value in excess of an amount determined by the Directors and notified to Unitholders in the Fund from time to time (the "Minimum Viable Size") within 12 months of its launch. In the event that a Fund does not reach the Minimum Viable Size within such period, the Manager shall redeem any Units in issue in the Fund and return the redemption proceeds to Unitholders.

TERMINATION

Either the Manager or the Trustee may terminate the Trust Deed and liquidate the Trust: (1) if the Trust is no longer a qualifying specified collective investment undertaking for the purposes of Section 734 of the Taxes Consolidation Act, 1997 or any successor law and if in the opinion of the Manager it ought to be terminated; or (2) if the Trust is no longer legal or, in the opinion of the Manager, it is impractical, inadvisable or no longer in the best interests of Unitholders to continue the Trust, taking into account its expenses, the aggregate size of the Trust and any other factors considered relevant by the Manager; or (3) if the Trust is no longer a UCITS pursuant to the UCITS Regulations. Subject to the UCITS Regulations, the Trustee shall be entitled to retire by giving not less than thirty (30) days' notice in writing to the Manager and the Unitholders in the event that the Trustee, as it determines in its sole reasonable discretion, is unable to ensure the required level of protection of the investments under the UCITS Regulations because of the investment decisions of the Manager or is unable to obtain legal advice satisfactory to it which confirms, in relation to any jurisdiction in which the Manager wishes to invest a significant portion of the assets of the Trust, those matters required under the UCITS Regulations, provided that the Trustee shall continue in office until a successor trustee approved by the Central Bank is appointed and in the event that no successor trustee is appointed within 90 days of the service of notice by the Trustee then the Trustee may proceed to terminate the Trust and, in such event, shall give notice thereof to the Unitholders. The Trustee may also terminate the Trust Deed and the Trust on the occurrence of certain events affecting the Manager.

Either the Manager or the Trustee may terminate any Fund of the Trust if the NAV of the Fund on three successive Dealing Days after the closing of the initial offer, is less than U.S.\$5,000,000.

The Trust and/or any Fund of the Trust may be terminated by extraordinary resolution of the Unitholders of the Trust or such Fund, respectively, duly passed in accordance with the Trust Deed.

Written notice of termination of the Trust must be given to all Unitholders. Within a reasonable period of time after the termination of the Trust, the assets available for the distribution (after satisfaction of creditors' claims) shall be distributed to Unitholders pro rata.

On the winding up of the Trust, the assets of the Trust available for distribution (after satisfaction of creditors' claims) shall be distributed pro rata to the holders of the Units in the Trust.

CONFLICTS OF INTEREST

The Manager, the Advisers, the Administrator, the Trustee and any party to whom management, advisory and administrative functions are delegated by the Manager, the Advisers, the Administrators, or the Trustee may, from time to time, act as manager, trustee or advisers in relation to, or be otherwise

involved in, other funds which have investment objectives similar to those of the Funds. It is, therefore, possible that any one of them may, in the course of business, have potential conflicts of interest with the Fund. Each will, at all times, have regard in such event to its respective obligations under the Trust Deed, the Investment Advisory Agreement and the Administration Agreement.

CONNECTED PARTY TRANSACTIONS

"**Connected Person**" means the Manager or the Trustee, and the delegates or sub-delegates of the Manager or the Trustee (excluding any non-group company sub-custodians appointed by the Trustee), and any associated or group company of the Manager, the Trustee, any delegate or sub-delegate;

The Manager is required to ensure that any transaction between the Trust and a Connected Person is conducted at arm's length and is in the best interests of Unitholders.

The Trust may enter into a transaction with a Connected Person if at least one of the conditions in the following paragraphs (a), (b) or (c) is complied with:

- (a) the value of the transaction is certified by either: (i) a person who has been approved by the Trustee as being independent and competent; or (ii) a person who has been approved by the Directors as being independent and competent in the case of transactions involving the Trustee;
- (b) the transaction is executed on best terms on an organised investment exchange in accordance with the rules of the relevant exchange; or
- (c) the transaction is executed on terms which the Trustee is or, in the case of a transaction involving the Trustee, the Directors are, satisfied conformed to the requirement that transactions with Connected Persons be conducted at arm's length and in the best interests of Unitholders.

The Trustee or, in the case of a transaction involving the Trustee, the Directors, shall document how it complied with the requirements of paragraphs (a), (b) or (c) above. Where transactions are conducted in accordance with paragraph (c) above, the Trustee or, in the case of a transaction involving the Trustee, the Directors, shall document its or their rationale for being satisfied that the transaction conformed to the principles outlined here.

Conflicts of interest may arise as a result of transactions in FDI and efficient portfolio management techniques and instruments. For example, the counterparties to, or agents, intermediaries or other entities which provide services in respect of, such transactions may be related to the Trustee. As a result, those entities may generate profits, fees or other income or avoid losses through such transactions. Furthermore, conflicts of interests may also arise where the collateral provided by such a counterparty is subject to a valuation or haircut applied by a party related to such counterparty.

Conflicts of interest may arise as a result of transactions in FDI and efficient portfolio management techniques and instruments. For example, the counterparties to, or agents, intermediaries or other entities which provide services in respect of, such transactions may be related to the Trustee. As a result, those entities may generate profits, fees or other income or avoid losses through such transactions. Furthermore, conflicts of interests may also arise where the collateral provided by such a counterparty is subject to a valuation or haircut applied by a party related to such counterparty.

The Advisers may effect transactions through brokers with whom they have “soft commission” arrangements. The benefits provided under such arrangements will assist the Advisers in the provision of investment services to the Funds and to other third parties. Specifically, the Advisers may agree that a broker shall be paid a commission in excess of the amount another broker would have charged for effecting such transaction so long as, in the good faith judgment of the Advisers, the amount of the commission is reasonable in relation to the value of the brokerage and other services provided or paid for by such broker. Such services, which may take the form of research services, quotation services, news wire services, portfolio and trade analysis software systems, or special execution and clearance capabilities, may be used by the Advisers or other subsidiaries of Federated in connection with transactions in which the Funds do not participate. The Advisers will, however, always seek “best execution” (i.e., prompt and reliable execution at the most favourable price) of all transactions. Details of the soft commission arrangements will be disclosed in the annual and semi-annual reports of the Funds.

To the extent the Advisers or Manager provide valuations for securities whose market price is unrepresentative or whose value is unavailable, a potential conflict of interest exists since an increase in a Fund’s NAV could result in a higher advisory fee. However, all such securities will be valued at their probable realisation value estimated with care and in good faith.

REMUNERATION POLICY OF THE MANAGER

The Manager has adopted a remuneration policy as required by the UCITS Regulations (the “Remuneration Policy”). As at the date of this Prospectus, the Remuneration Policy applies to the Directors who receive a fee for their services to the Manager and the Trust. Due to the size and internal organisation of the Manager and the Trust and the nature, scope and complexity of its activities, a remuneration committee has not been established by the Manager. Any fee arrangements with Directors shall be subject to the approval of the Board of Directors. Further information on the current remuneration policy of the Manager is available at fiml.federatedinvestors.com. A paper copy of this information is also available free of charge upon request.

LITIGATION

Neither the Trust nor any of the Funds is involved in any litigation or arbitration and no litigation or claim is known to the Manager to be pending or threatened against the Trust or any of the Funds.

MATERIAL CONTRACTS

The following contracts have been entered into and are, or may be, material:

- The Trust Deed dated 1 November 1999, as further amended 30 August 2006, as amended by an amended and restated Trust Deed dated 30 April 2010 and first supplemental Trust Deed dated 9 August 2017, between the Manager and the Trustee establishing the Trust;
- The Amended and Restated Investment Advisory Agreement dated 5 June 2009 among the Manager, FGIMC and FIC;

- The Administration Agreement dated 1 November 1999 as amended by an amendment agreement dated 12 September 2013, and supplemental administration agreement dated 3 May 2017, between the Manager and the Administrator pursuant to which the latter provides administrative services to the Manager; and
- The Paying Agency Agreement dated 4 April 2000 among the Trust, the Manager and J.P. Morgan AG pursuant to which the latter was appointed paying agent in relation to the Trust.

SUPPLY AND INSPECTION OF DOCUMENTS

The Trust Deed, the material contracts referred to above and any annual or semi-annual reports, together with copies of the UCITS Regulations and the UCITS Rules issued by the Central Bank under the UCITS Regulations, are available for inspection at JP Morgan House, IFSC, Dublin 1, D01 W213, Ireland. Copies of the Trust Deed and any annual or semi-annual reports are available from the Manager free of charge.

INFORMATION FOR INVESTORS IN THE FEDERAL REPUBLIC OF GERMANY

J.P. Morgan AG, Junghofstrasse 14, 60311 Frankfurt am Main, Germany, has agreed to act as paying and information agent in the Federal Republic of Germany (the “German Paying and Information Agent”).

Redemption and conversion requests in respect of the Units may be submitted to the German Paying and Information Agent. Any payments to the investors (redemption proceeds, distributions (if any) and other payments) may, upon request of the investors, be paid via the German Paying and Information Agent.

The relevant applicable full prospectus together with the Supplemental Prospectus for Federated Shares dated 14 February 2018; the Supplemental Prospectus for LVM Anteile dated 14 February 2018; the key investor information documents; the annual and semi-annual reports; the material contracts referred to in the section entitled “*Material Contracts*” above; and the Trust Deed may be obtained free of charge in paper form and are available for inspection on each bank business day in Frankfurt am Main, Germany, during normal business hours at the office of the German Paying and Information Agent.

The Net Asset Value per Share and the issue and redemption prices will also be published together with any notices to the investors on each stock exchange day on the Manager’s website at fiml.federatedinvestors.com and may be obtained at the office of the German Paying and Information Agent on each bank business day in Frankfurt am Main, Germany, during normal business hours.

Except where the determination of issue and redemption prices has been suspended, the current issue and redemption prices of LVM Anteile will additionally be made public on the internet at <http://www.fondsfamilie.de>, and the current issue and redemption prices of Federated Shares will be made public on the internet at fiml.federatedinvestors.com.

**SPECIAL RISKS RESULTING FROM NEW TAX
PUBLICATION REQUIREMENTS IN GERMANY:**

The Trust must provide documentation to the German fiscal authorities upon request in order to verify the accuracy of the published tax information. The basis upon which such figures are calculated is open to interpretation and it cannot be guaranteed that the German fiscal authorities will accept the Trust's calculation methodology in every material aspect. In addition, investors should be aware that if it turns out that these publications are incorrect, any subsequent correction will, as a general rule, not have retrospective effect and will only take effect during the current financial year. Consequently, the correction may positively or negatively affect the investors who receive a distribution or an attribution of deemed income distributions in the current year irrespective of whether or not the investor as a Unitholder during the financial year to which the incorrect tax information relates.

TERMS

In this Prospectus the following words and phrases have the meanings set forth below:

“Alternative Investment Funds” means alternative investment funds as defined in Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers;

Business Day – a day (excluding Saturday and Sunday) on which the European Central Bank and the Deutsche Bundesbank are open for business; and any such day or days in each month as the Manager from time to time may determine;

BAML Country Blend/Bloomberg Barclays U.S. Aggregate Bond Index – the BAML Country Blend/Bloomberg Barclays U.S. Aggregate Bond Index is a blended weighting comprised of 20% Bloomberg Barclays U.S. Aggregate Bond Index and 80% BAML Country Blend, a custom index comprised of: 30% The BofA Merrill Lynch Japan Government Index; 15% The BofA Merrill Lynch Euro Government Index; 5% The BofA Merrill Lynch Eastern Europe Government Index; 18% The BofA Merrill Lynch UK Gilt Index; 1% The BofA Merrill Lynch Australia Government Index; 6% The BofA Merrill Lynch Canada Government Index; 2.5% The BofA Merrill Lynch Sweden Government Index; 2.5% The BofA Merrill Lynch Denmark Government Index;

BAML Euro Government Index/MSCI Europe Index – The BAML Euro Government Index/MSCI Europe Index is a blended weighting of two indices comprised of 80% BAML Euro Government Index, and 20% MSCI Europe Index;

BofA Merrill Lynch (“BAML”) Euro Government Index – the BofA Merrill Lynch Euro Government Index tracks the performance of EUR denominated sovereign debt publicly issued by Euro member countries in either the eurobond market or the issuer’s own domestic market. Qualifying countries must be Euro members, have an investment grade foreign currency long-term sovereign debt rating (based on an average of Moody’s, S&P and Fitch), and must have at least one readily available, transparent price source for their securities;

Bloomberg Barclays U.S. Aggregate Bond Index – the Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated fixed rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (industry fixed rate and hybrid ARM pass-throughs, asset-backed securities and commercial mortgage-backed securities (agency and non-agency)). The index is unmanaged and cannot be invested in directly. The index is maintained by Bloomberg. Further information can be found at <https://index.barcap.com/indices/Home>;

Central Bank – means the Central Bank of Ireland or any successor regulatory authority with responsibility for the authorisation and supervision of the Trust;

Central Bank Act – means the Central Bank (Supervision and Enforcement) Act 2013, as such may be amended, supplemented or replaced from time to time;

Central Bank Regulations – means the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2015, as amended or any further amendment thereto for the time being in force;

Dealing Day – each Business Day unless otherwise determined by the Manager, with the consent of the Administrator and notified in advance to Unitholders, provided that there shall be at least two Dealing Days per month;

Dealing Deadline – by 4.00 p.m. (Central European Time) on each Dealing Day or such other times as the Manager may decide and notify to Unitholders;

Directive – Directive 2009/05/EC of the European Parliament and of the Council of 13 July 2009 on the Coordination of laws, regulations, and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as amended or replaced from time to time;

Directors – the directors of the Manager for the time being and any duly constituted committee thereof;

Eligible Collective Investment Schemes – means schemes established in Member States which are authorised under the Directive and which may be listed on a Regulated Market in the EU and/or any of the following open-ended collective investment schemes:

- (a) schemes established in Guernsey and authorised as Class A schemes;
- (b) schemes established in Jersey as recognised funds;
- (c) schemes established in the Isle of Man as authorised schemes;
- (d) retail investor alternative investment funds authorised by the Central Bank provided such investment funds comply in all material respects with the provisions of the UCITS Regulations and the Central Bank Regulations;
- (e) alternative investment funds authorised in a member state of the EEA, the U.S., Jersey, Guernsey or the Isle of Man and which comply, in all material respects with the provisions of the UCITS Regulations and the Central Bank Regulations; and
- (f) such other schemes as may be permitted by the Central Bank and set out in this Prospectus;

euro or € – the single currency of participating Member States of the European Monetary Union introduced on January 1, 1999;

Financial Intermediary – a person who has been approved by the Manager or Distributor, and who either:

- (a) carries on a business which consists of, or includes, the receipt of payments from an investment undertaking on behalf of other persons; or
- (b) holds Units in an investment undertaking or processes subscriptions and redemptions for Units on behalf of other persons;

Investment-Grade – in reference to a security means that the security has a rating of BBB- or higher from S&P or Baa3 or higher from Moody’s or the equivalent or higher from another Recognised Statistical Rating Organisation;

Investor Monies – subscription/redemption monies;

Investor Money Regulations – the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) Investor Money Regulations 2015 for Fund Service Providers;

Irish Resident – unless otherwise determined by the Manager, any person who is resident or ordinarily resident in Ireland and is not an Exempt Irish Resident as described in the “Ireland Taxation” section;

Member States – any European country that is a member of the EU;

MSCI Europe Index – the MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. The MSCI Europe Index consists of the following 16 developed market country indices: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom;

MSCI Europe Index/BAML Euro Government Index – the MSCI Europe Index/BAML Euro Government Index a blended weighting of two indices comprised of 40% BAML Euro Government Index, and 60% MSCI Europe Index;

Net Asset Value or NAV – the net asset value of a Fund or class, as appropriate;

OECD – the Organisation for Economic Co-operation and Development. The current member countries of the OECD are listed on the OECD website, www.oecd.org;

Recognised Statistical Rating Organisation – means a recognised statistical rating organisation, including, without limitation, Standard & Poor’s, Moody’s Investors Service and Fitch Ratings;

Regulated Market – with the exception of permitted investments in unlisted securities, investment will be restricted to those stock exchanges and markets listed in the Prospectus

- (i) any stock exchange in the EU and also any investments listed, quoted or dealt in on any stock exchange in the U.S.; Australia; Canada; Japan; New Zealand; Norway; or Switzerland which is a stock exchange within the meaning of the law of the country concerned relating to stock exchanges;
- (ii) any exchange registered with the SEC as a National Stock Exchange, NASDAQ, the over-the-counter market in the U.S. regulated by the Financial Industry Regulatory Authority (“FINRA”), the market known as the “Grey Book Market”, that is the market conducted by those persons for the time being included in the list maintained by the Financial Services Authority for the purposes of section 43 of the Financial Services Act 1986 under the conditions imposed by the Financial Services Authority under that section conducted by listed money market institutions as described in the Bank of England publication entitled “The Regulation of the Wholesale Cash and OTC Derivatives Markets in Sterling, Foreign Exchange and Bullion” dated April, 1988 (as amended or revised from time to time), the over-the-counter market in Tokyo regulated by the Securities Dealers Association of Japan; the market organised by the International Securities Markets Association; the market in U.S. government securities conducted by primary dealers regulated by the Federal Reserve Bank in New York; the French market for “Titres de Creance Negotiable” (over-the-counter market in negotiable debt instruments) and the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada;

- (iii) all of the following stock exchanges and markets: the Hong Kong Stock Exchange; the Bombay Stock Exchange; the Kuala Lumpur Stock Exchange; the Singapore Stock Exchange; the Taiwan Stock Exchange; the Stock Exchange of Thailand; the Korea Stock Exchange; the Shanghai Stock Exchange; the Philippines Stock Exchange; the Johannesburg Stock Exchange; the Shenzhen Stock Exchange (SZSE); the Cairo and Alexandria Stock Exchange; the National Stock Exchange of India; the Jakarta Stock Exchange; the Amman Financial Market; the Nairobi Stock Exchange; the Bolsa Mexicana de Valores; the Casablanca Stock Exchange; the Namibia Stock Exchange; Nigeria Stock Exchange; the Karachi Stock Exchange; Kuwait Stock Exchange; the Colombo Stock Exchange; the Zimbabwe Stock Exchange; the Buenos Aires Stock Exchange (MVBA); the Bogota Stock Exchange; the Medellin Stock Exchange; the Lima Stock Exchange; the Caracas Stock Exchange; the Valencia Stock Exchange; the Santiago Stock Exchange; the Bolsa Electronica de Chile; the Sao Paulo Stock Exchange; the Rio de Janeiro Stock Exchange; the Stock Exchange of Mauritius Ltd.; the Istanbul Stock Exchange; the Botswana Stock Exchange; the Beirut Stock Exchange; the Lahore Stock Exchange; Abu Dhabi Securities Market (ADSM); Doha Securities Market (DSM); Dubai Financial Market (DFM); Dubai International Financial Exchange (DIFX); Euronext.liffe; the Iceland Stock Exchange (ICEX); the Ljubljana Stock Exchange; and the Bratislava Stock Exchange.

- (iv) for investments in financial derivative instruments:

- (A) the market organised by the International Securities Markets Association; the over-the-counter market in the U.S. conducted by primary and secondary dealers regulated by the SEC and by FINRA and by banking institutions regulated by the U.S. Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation; the market conducted by listed money market institutions as described in the Financial Services Authority publication entitled “The Regulation of the Wholesale Cash and OTC Derivatives Markets”: “The Grey Paper” (as amended or revised from time to time); the over-the-counter market in Japan regulated by the Securities Dealers Association of Japan; AIM - the Alternative Investment Market in the UK, regulated by the London Stock Exchange; the French Market for Titres de Creance Negotiable (over-the-counter market in negotiable debt instruments); the over-the-counter market in Canadian Government Bonds regulated by the Investment Dealers Association of Canada; and
- (B) American Stock Exchange; Australian Stock Exchange; Bolsa Mexicana de Valores; Chicago Board of Trade; Chicago Board Options Exchange; Chicago Mercantile Exchange; Copenhagen Stock Exchange (including FUTOP); Eurex Deutschland; Euronext Amsterdam; OMX Exchange Helsinki; Hong Kong Stock Exchange; Kansas City Board of Trade; Financial Futures and Options Exchange; Euronext Paris; MEFF Rent Fija; MEFF Renta Variable; Montreal Stock Exchange; New York Futures Exchange; New York Mercantile Exchange; New York Stock Exchange; New Zealand Futures and Options Exchange; OMLX The London Securities and Derivatives Exchange Ltd.; OM Stockholm AB; Osaka Securities Exchange; Pacific Stock Exchange; Philadelphia Board of Trade; Philadelphia Stock Exchange; Singapore Stock Exchange; South Africa Futures Exchange (SAFEX); Sydney Futures Exchange; The National Association

of Securities Dealers Automated Quotations System (NASDAQ); Tokyo Stock Exchange; TSX Group Exchange;

These exchanges and markets are listed in accordance with the requirements of the Central Bank which does not issue a list of approved exchanges and markets.

Relevant Period – a period of 8 years beginning with the acquisition of a Unit by a Unitholder and each subsequent period of 8 years beginning immediately after the preceding relevant period;

Responsible Person – Federated International Management Limited;

Revenue Commissioners – the Revenue Commissioners of Ireland or any successor authority;

Savings Directive – has the meaning ascribed to it in the section of this Prospectus entitled “EU Savings Directive”;

Securities Financing Transactions Regulation – Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012;

Securities Financing Transaction – any of the following: a repurchase transaction, securities or commodities lending and securities or commodities borrowing, a buy-sell back transaction or sell-buy back transaction and a margin lending transaction;

Supplemental Prospectuses – supplements to the prospectuses which form part of the Trust’s full Prospectus, each representing a class of Units offered by the Trust known as Federated Shares and LVM Anteile;

Trustee – J.P. Morgan Bank (Ireland) plc;

Trust Deed – the agreement between the Manager and the Trustee dated 1 November 1999, as amended by an amended and restated Trust Deed dated 30 August 2006, as further amended by an amended and restated Trust Deed dated 30 April 2010 and first supplemental Trust Deed dated 9 August 2017;

UCITS – undertakings for collective investment in transferable securities established pursuant to the UCITS Regulations;

UCITS Regulations – the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, or any amendment thereto for the time being in force, and any rules made by the Central Bank pursuant to the UCITS Regulations;

UCITS Rules – means the notices (including any guidance notes), regulations and conditions issued by the Central Bank from time to time pursuant to the UCITS Regulations and/or the Central Bank Act regarding the regulation of undertakings for collective investment in transferable securities, as such may be amended, supplemented or replaced from time to time

Umbrella Cash Account – means any single umbrella cash account in the name of the Trust;

U.S. or United States – the United States of America (including the States and the District of Columbia), its territories, possessions and all other areas subject to its jurisdiction;

U.S. Person – means, unless otherwise determined by the Manager, a person resident in the U.S., a corporation, partnership or other entity created or organised in or under the laws of the U.S. or any estate or trust the income of which is subject to U.S. federal income taxation regardless of its source;

- (i) Any natural person resident in the United States;
- (ii) Any corporation, partnership or other entity created or organised under the laws of the U.S. as defined above;
- (iii) Any estate or trust the income of which is subject to U.S. federal income tax regardless of its source;
- (iv) Any estate of which any executor or administrator is a U.S. person;
- (v) Any trust of which any trustee is a U.S. person;
- (vi) Any agency or branch of a foreign entity located in the United States;
- (vii) Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (viii) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (ix) Any partnership or corporation if:
 - (A) Organised or incorporated under the laws of any foreign jurisdiction; and
 - (B) Formed by a U.S. person principally for the purpose of investing in securities not registered under the 1933 Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in §230.501(a)) who are not natural persons, estates or trusts;

Units – units of beneficial interest of the Trust; and

Unitholder – a holder of Units.

APPENDIX A

SUB-DELEGATES APPOINTED BY J.P. MORGAN BANK (IRELAND) PLC

Country/Market	Subcustodian
Argentina	HSBC Bank Argentina S.A.
Australia	JPMorgan Chase Bank, N.A.**
Austria	UniCredit Bank Austria AG
Bahrain	HSBC Bank Middle East Limited
Bangladesh	Standard Chartered Bank
Belgium	BNP Paribas Securities Services S.C.A.
Bermuda	HSBC Bank Bermuda Limited
Botswana	Standard Chartered Bank Botswana Limited
Brazil	J.P. Morgan S.A. DTVM**
Brazil	Itau Unibanco S.A.
Bulgaria	Citibank Europe plc
Canada	Canadian Imperial Bank of Commerce
Chile	Banco Santander Chile
Chile	Bancau Itau S.A. Chile
China A-Share	HSBC Bank (China) Company Limited
China B-Share	HSBC Bank (China) Company Limited
China Connect	JPMorgan Chase Bank, N.A.**
Colombia	Cititrust Colombia S.A.
Costa Rica	Banco BCT, S.A.
Croatia	Privredna banka Zagreb d.d.
Cyprus	HSBC Bank plc
Czech Republic	UniCredit Bank Czech Republic and Slovakia, a.s.
Denmark	Nordea Bank Danmark A/S
Egypt	Citibank, N.A.
Estonia	Swedbank AS
Finland	Nordea Bank Finland Plc
France	BNP Paribas Securities Services S.C.A.
France	Citibank International Limited (cash deposited with Citibank NA)
Germany	Deutsche Bank AG
Germany	J.P. Morgan AG#**
Ghana	Standard Chartered Bank Ghana Limited
Greece	HSBC Bank plc
Hong Kong	JPMorgan Chase Bank, N.A.**
Hungary	Deutsche Bank AG
Iceland	Islandsbanki hf.*
India	JPMorgan Bank Luxembourg S.A.**
Indonesia	PT Bank HSBC Indonesia
Ireland	JPMorgan Chase Bank, N.A.**
Israel	Bank Leumi le-Israel B.M.
Italy	Citibank N.A. Milan
Italy	BNP Paribas Securities Services S.C.A.
Japan	Mizuho Bank, Ltd.
Japan	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Jordan	Standard Chartered Bank
Kazakhstan	JSC Citibank Kazakhstan
Kenya	Standard Chartered Bank Kenya Limited
Kuwait	HSBC Bank Middle East Limited
Latvia	Swedbank AS
Lithuania	AB SEB Bankas
Luxembourg	BNP Paribas Securities Services S.C.A.
Malawi	Standard Bank Limited, Malawi
Malaysia	HSBC Bank Malaysia Berhad
Mauritius	The Hongkong and Shanghai Banking Corporation Limited
Mexico	Banco Nacional de México S.A.
Morocco	Société Générale Marocaine de Banques
Namibia	Standard Bank Namibia Limited
Netherlands	BNP Paribas Securities Services S.C.A.
New Zealand	JPMorgan Chase Bank, N.A.**
Nigeria	Stanbic IBTC Bank Plc
Norway	Nordea Bank Norge ASA

Country/Market	Subcustodian
Oman	HSBC Bank Oman S.A.O.G.
Pakistan	Standard Chartered Bank (Pakistan) Limited
Peru	Banco del Crédito Perú
Philippines	The Hongkong and Shanghai Banking Corporation Limited
Poland	Bank Handlowy w. Warszawie S.A.
Portugal	BNP Paribas Securities Services S.C.A.
Qatar	HSBC Bank Middle East Limited
Romania	Citibank Europe plc
Russia	J.P. Morgan Bank International (Limited Liability Company)**
Saudi Arabia	HSBC Saudi Arabia Limited
Serbia	Unicredit Bank Srbija a.d.
Singapore	DBS Bank Ltd
Slovak Republic	UniCredit Bank Czech Republic and Slovakia, a.s.
Slovenia	UniCredit Banka Slovenija d.d.
South Africa	FirstRand Bank Limited
South Korea	The Hongkong and Shanghai Banking Corporation Limited
South Korea	Standard Chartered Bank Korea Limited
Spain	Santander Securities Services, S.A.
Sri Lanka	The Hongkong and Shanghai Banking Corporation Limited
Sweden	Nordea Bank AB (publ)
Switzerland	UBS Switzerland AG
Taiwan	JPMorgan Chase Bank, N.A.**
Tanzania	Stanbic Bank Tanzania Limited
Thailand	Standard Chartered Bank (Thai) Public Company Limited
Tunisia	Banque Internationale Arabe de Tunisie, S.A.
Turkey	Citibank A.S.
Uganda	Standard Chartered Bank Uganda Limited
Ukraine	PJSC Citibank
United Arab Emirates – ADX	HSBC Bank Middle East Limited
United Arab Emirates – DFM	HSBC Bank Middle East Limited
United Arab Emirates – NASDAQ Dubai	HSBC Bank Middle East Limited
United Kingdom	JPMorgan Chase Bank, N.A.**
United Kingdom	Deutsche Bank AG Depository and Clearing Centre
United States	JPMorgan Chase Bank, N.A.**
Uruguay	Banco Itaú Uruguay S.A.
Venezuela	Citibank, N.A.
Vietnam	HSBC Bank (Vietnam) Ltd.
Waemu – Benin, Burkina Faso, Guinea-Bissau, Ivory Coast, Mali, Niger, Senegal, Togo	Standard Chartered Bank Côte d'Ivoire SA
Zambia	Standard Chartered Bank Zambia Plc
Zimbabwe	Stanbic Bank Zimbabwe Limited

Restricted service only

** J.P. Morgan affiliate

Custodian for local German custody clients only.

INVESTMENT RATINGS

STANDARD & POOR'S (S&P) LONG-TERM DEBT RATING DEFINITIONS

AAA – Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA – Very high credit quality. 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A – High credit quality. 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

BBB – Good credit quality. 'BBB' ratings indicate that there is currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity. This is the lowest Investment-Grade category.

BB – Speculative. 'BB' ratings indicate that there is a possibility of credit risk developing, particularly as the result of adverse economic change over time; however, business or financial alternatives may be available to allow financial commitments to be met. Securities rated in this category are not Investment-Grade.

B – Highly speculative. 'B' ratings indicate that significant credit risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favourable business and economic environment.

CCC, CC, C – High default risk. Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favourable business or economic developments. A 'CC' rating indicates that default of some kind appears probable. 'C' ratings signal imminent default.

D – In payment default. The 'D' rating category is used when payments on a financial commitment are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on a financial commitment are jeopardised.

MOODY'S COMMERCIAL PAPER RATINGS

Prime-1 – Issuers rated Prime-1 (or supporting institutions) have a superior ability for repayment of senior short-term debt obligations. Prime-1 repayment ability will often be evidenced by many of the following characteristics: leading market positions in well established industries, high rates of return on funds employed, conservative capitalisation structure with moderate reliance on debt and ample asset protection, broad margins in earning coverage of fixed financial charges and high internal cash generation, and well-established access to a range of financial markets and assured sources of alternate liquidity.

Prime-2 – Issuers rated Prime-2 (or supporting institutions) have a strong ability for repayment of senior short-term debt obligations. This will normally be evidenced by many of the characteristics cited above, but to a lesser degree. Earnings trends and coverage ratios, while sound, will be more subject to variation. Capitalisation characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.

STANDARD & POOR'S COMMERCIAL PAPER RATINGS

A-1 – A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2 – A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

FITCH RATINGS COMMERCIAL PAPER RATING DEFINITIONS

F-1 – Indicates the strongest capacity for timely payment of financial commitments relative to other issuers or issues in the same country. Under their national rating scale, this rating is assigned to the "best" credit risk relative to all others in the same country and is normally assigned to all financial commitments issued or guaranteed by the sovereign state. Where the credit risk is particularly strong, a "+" is added to the assigned rating.

F-2 – Indicates a satisfactory capacity for timely payment of financial commitments relative to other issuers or issues in the same country. However, the margin of safety is not as great as in the case of the higher ratings.

ADDRESSES

MANAGER

Federated International Management Limited
c/o BNY Mellon Fund Services (Ireland) Designated Activity
Company
One Dockland Central
Guild Street
International Financial Services Centre
Dublin 1, D01 E4X0
Ireland

BOARD OF DIRECTORS OF THE MANAGER

Denis McAuley III
Gregory P. Dulski
Michael Boyce
Ronan Walsh

REGISTERED OFFICE OF THE MANAGER

c/o BNY Mellon Fund Services (Ireland) Designated Activity
Company
One Dockland Central
Guild Street
International Financial Services Centre
Dublin 1, D01 E4X0
Ireland

COMPANY SECRETARY OF THE MANAGER

Bradwell Limited
Ten Earlsfort Terrace
Dublin 2, D02 T380
Ireland

TRUSTEE

J.P. Morgan Bank (Ireland) plc
JP Morgan House
International Financial Services Centre
Dublin 1, D01 W213
Ireland

ADVISERS

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101 Park Avenue, 41st Floor
New York, New York USA 10178

Federated Investment Counseling
Federated Investors Tower
1001 Liberty Avenue
Pittsburgh, Pennsylvania USA 15222-3779

DISTRIBUTOR OF LVM ANTEILE

LVM Finanzdienstleistungen GmbH
Kolde-Ring 21
48126 Münster
Germany

DISTRIBUTOR OF FEDERATED SHARES

Federated Asset Management GmbH
Friedensstraße 6-10
60311 Frankfurt am Main
Germany

ADMINISTRATORS

J.P. Morgan Administration Services (Ireland) Limited
JP Morgan House
International Financial Services Centre
Dublin 1, D01 W213
Ireland

Federated Administrative Services, Inc.
Federated Investors Tower
1001 Liberty Avenue
Pittsburgh, Pennsylvania USA 15222-3779

AUDITOR

KPMG Chartered Accountants
1 Harbour Master Place
International Financial Services Centre
Dublin 1, D01 F6F5
Ireland

LEGAL ADVISERS

Arthur Cox
Ten Earlsfort Terrace
Dublin 2, D02 T380, Ireland

GERMAN PAYING AND INFORMATION AGENT

J.P. Morgan AG
Junghofstrasse 14
60311 Frankfurt am Main
Germany

FEDERATED UNIT TRUST

SUPPLEMENT TO THE PROSPECTUS
FOR
THE FEDERATED SHARES OF

EURO-KURZLÄUFER

14 FEBRUARY 2018

This supplement to the prospectus for Federated Unit Trust (the “**Trust**”) relates to the Federated Shares (“**Units**”), which is a class of Units offered by Euro-Kurzläufer (the “**Fund**”) and should be read in conjunction with the Prospectus dated 14 February 2018.

This Supplemental Prospectus forms part of the Prospectus and should be read in the context of, and together with, the Prospectus. As used in this Supplemental Prospectus and in the Prospectus of the Trust, the term “Prospectus” includes the prospectus of the Trust, this Supplemental Prospectus to that Prospectus and the Trust’s and the Fund’s most recent annual report(s) and account(s), and if more recent, their semi-annual report(s) and account(s). Terms defined in the Prospectus shall have the same meaning in this document as in the Prospectus unless otherwise stated.

INVESTING IN THE TRUST

HOW TO PURCHASE UNITS

Eligible investors may purchase Units on any Dealing Day at the relevant NAV per Unit plus the applicable sales charge directly through the Administrator or through a Financial Intermediary. The initial subscription will not be accepted, and Units issued, until acceptance by the Administrator of an initial account application and supporting documentation. The Manager reserves the right to reject any subscription request. After submission of an initial account application and supporting documentation and acceptance by the Fund, investors may subscribe for Units through a Financial Intermediary, who will forward trading instructions to the Administrator on their behalf. While the initial account application and supporting documentation may be received via fax to establish an account with the Fund and process an initial subscription, the original must be provided promptly to the Administrator to prevent a delay in the acceptance and/or payment of a redemption request. Units are sold at the offering price next determined after an order is received. All subscriptions for the Units must be made in euro. The NAV of the Units is determined as of the close of business or such other time as the Manager with the consent of the Administrator may determine on the relevant Dealing Day but in no event earlier than the Dealing Deadline. No redemption requests will be accepted until the Administrator receives the original account application and original anti-money laundering documentation and all necessary anti-money laundering checks have been completed. Subsequent purchase or redemption requests may be accepted in writing, by post, by facsimile, or by telephone to be received by the Administrator on or prior to the Dealing Deadline. Any amendments to a Unitholder’s registration details and payment instructions can only be effected upon the receipt of original documents.

Electronic funds transfers should be sent to J.P. Morgan AG for the account of J.P. Morgan Bank (Ireland) plc as Trustee for Federated Unit Trust, account number 6161600892 which is authorised to receive payment on behalf of the Manager (please refer to the account application for the Units for additional detail). Subscription monies must be received by J.P. Morgan AG by 4.00 p.m. (Central European Time) on the second Business Day following the Dealing Day in order to be effected on a Dealing Day. It is the responsibility of investors or their Financial Intermediary to transmit payment for purchase orders promptly. The Administrator may rely upon orders placed, even prior to receipt of subscription monies, and may invest the expected subscription amounts. Any failure or default by an investor to transmit subscription monies by the second Business Day following the relevant Dealing Day may result in certain losses, costs or expenses for the account of the Fund. Investors and Financial Intermediaries agree to indemnify the Trust, the Manager, the Administrator, and the Advisers for any losses, costs, or expenses incurred by them as a result of the failure or default of the investor to transfer subscription monies in immediately available funds to the account of the Fund in time.

In order to invest in the Fund, applicants must certify: 1) that they are not, nor are they acquiring Units on behalf of, or for the benefit of, a U.S. Person; 2) that such subscriber will not sell or offer to sell or transfer, hypothecate, or otherwise assign such Units in the U.S., or to, or for the benefit of, a U.S. Person; and 3) whether they are Irish Residents. Unitholders of the Fund are required to notify the Trust immediately in the event that they become a U.S. Person or Irish Resident and in the event that they become a U.S. Person, may be required to redeem or otherwise dispose of the Units to non-U.S. Persons.

Measures aimed at the prevention of money laundering may require an applicant to provide verification of identity to the Manager or Administrator. Depending on the circumstances of each application, a detailed verification shall be required where the applicant’s payment does not come from a Designated Body in a Prescribed Country.

Applicants will be notified if proof of identity is required. By way of example, an individual may be required to produce a copy of a passport or identification card duly certified by a public authority such as a notary public, the police or the ambassador in his country of residence, together with evidence of the applicant's address, such as a utility bill or bank statement. In the case of corporate applicants, this may require production of a certified copy of the certificate of incorporation (and any change of name); bylaws; Memorandum and Articles of Association (or equivalent); an authorised signature list; the names, occupations, dates of birth, residential and business addresses of all directors of the applicant and any Unitholders holding 10% or more of the issued share capital of the corporate body; and a properly authorised mandate of the directors of the applicant to open an account conferring authority on those who will operate it.

MINIMUM INVESTMENT REQUIRED

The minimum initial investment in the Fund is €1,500. However, a Unit account for the Fund may be opened with a smaller amount as long as the account reaches a value of €1,500 within twelve months of the opening of the account. The minimum subsequent investment amount is €50. An annual account fee of up to €20 may be imposed on accounts at the Manager's discretion and applicants for Units will be notified of any account fee at the time at which an investment is made.

COST OF THE UNITS

Investors in the Fund will be required to pay an additional sales charge to the Net Asset Value of the Units pursuant to the following table:

Fund	Maximum Sales Commission as percentage of Net Asset Value
Euro-Kurzläufer	up to 0.30%

ADMINISTRATIVE SERVICES SUPPORT FEE

An Administrative Services Support Fee in respect of the Units is payable out of the assets of the Fund to the Manager at the maximum rate of 1.00% per annum of the Fund's average daily NAV attributable to each class. This fee is designed to enable the Manager to pay distributors and sales agents in connection with assistance provided in handling subscriptions and redemptions for Units, providing and interpreting current information about the Fund and its investment performance, and other information or assistance as may be required.

CONFIRMATIONS

The Manager shall maintain a Unit account for each Unitholder of record. Neither registered certificates nor bearer securities shall be issued. Confirmations of ownership of each issue, purchase or redemption are sent to Unitholders of record on a monthly basis.

A Unit account may be opened in a single name or in up to four joint names. The register of Unitholders will be available for inspection at the registered office of the Trust.

DIVIDENDS

It is the policy of the Manager not to declare or pay dividends with respect to the Units. All dividends are retained by the Fund and reinvested.

CAPITAL GAINS

Capital gains realised by the Fund, if any, will not be distributed to the Unitholders. All capital gains are retained by the Fund and reinvested.

REDEEMING UNITS

REDEMPTION REQUESTS

The Trust shall redeem the Units at their NAV determined as of the close of business on each Dealing Day. Redemptions may be made only on a Dealing Day. Redemption requests must be received in proper form before the Dealing Deadline and are effective only upon acceptance by the Manager.

Unitholders may redeem the Units by contacting the Manager, the Administrator or the Financial Intermediary. The Financial Intermediary is responsible for promptly submitting redemption requests and for providing proper written redemption instructions to the Manager or the Administrator (for onward transmission to the Manager). No redemption charge is payable in respect of any class of Units.

RECEIVING PAYMENT

Pursuant to instructions from the Unitholder or his Financial Intermediary, redemptions will be made by electronic funds transfer in euro. Proceeds for redemption requests received and accepted by the Manager before 4.00 p.m. (Central European Time) will be transferred by the third subsequent Dealing Day. Redemption requests received and accepted by the Manager after 4.00 p.m. (Central European Time) will be processed on the next Dealing Day.

Any redemption monies which have not been claimed within six years of the Dealing Day on which the redemption was effected shall be transferred to a separate non-interest bearing account maintained by the Manager or its nominee for the benefit of the Unitholder entitled to such redemption monies.

MANDATORY REDEMPTIONS

Due to the high cost of maintaining Unit accounts with low balances, the Trust may redeem Units in any account for the Fund and pay the proceeds to the Unitholder if the account balance for the Fund falls below the required minimum value of €1,500. Before the Units are redeemed to close an account, Unitholders are allowed thirty days to purchase additional Units to meet the minimum Fund account value requirement.

The Trust reserves the right to redeem any Units which are or become owned, directly or indirectly, by a U.S. Person or Irish Resident or if the holding of the Units by any person is unlawful or detrimental to the interests of the Trust or otherwise prohibited by the Trust Deed.

PUBLICATION OF THE PRICE OF UNITS

Except where the determination of the sale and redemption prices has been suspended, the current sale and redemption prices of Federated Shares will be published on the internet at <http://fiml.federatedinvestors.com>.

THE DISTRIBUTOR

The Manager has appointed Federated Asset Management GmbH as distributor (the “**Distributor**”) to market and promote the Units in the Federal Republic of Germany, Austria, Liechtenstein and German-speaking Switzerland. The appointment of the Distributor was made pursuant to a Distribution Agreement dated as of 1 November 1999 between the Manager and the Distributor. The Distributor may conclude contractual arrangements with dealers as its agents for the distribution of Units. The Distribution Agreement may be terminated by either party on sixty days’ notice in writing to the other party and will terminate immediately on termination of the Trust Deed; in the event of the insolvency of either party; in the event that a party fails to remedy a breach within seven days of being requested to do so; or in the event that a party is no longer permitted to perform its obligations under applicable law. In the absence of bad faith, fraud, negligence, wilful misfeasance or reckless disregard of its duties under the Distribution Agreement, the Distributor shall not be liable to the Manager or to Unitholders in a Fund for any loss or damage suffered by them arising directly or indirectly out of or as a result or in the course of the discharge of the Distributor’s duties under the Distribution Agreement. The Manager shall discharge the Distributor’s fees and expenses out of its own fee or from the administrative services support fee. These Distributor’s fees and expenses are in addition to sales commissions paid at the time of purchase of Units and are based on the NAV of the Units owned by its clients and customers to compensate these institutions for subaccounting, Unitholder liaison and other services provided to its clients and customers.

CLIENT SERVICE AGENTS

Financial Intermediaries may receive a fee and reimbursement of expenses, payable from the management fee, based on the NAV of the Units owned by their clients and customers to compensate these institutions for subaccounting, Unitholder liaison and other services provided to their clients and customers.

GERMAN PAYING AND INFORMATION AGENT

The German Paying and Information Agent for the Trust is J.P. Morgan AG, Junghofstrasse 14, 60311 Frankfurt am Main, Germany.

MATERIAL CONTRACT

The following contract, in addition to those referenced in the Prospectus, has been entered into and is, or may be, material to Unitholders:

- The Distribution Agreement dated as of 1 November 1999 between the Manager and Federated Asset Management GmbH pursuant to which the latter provides distribution services to the Manager.

Dated: 14 February 2018