



Annual report as at September 30th, 2015 Uninstitutional Euro Subordinated Bonds

Management Company:

Union Investment Luxembourg S.A.

In case of discrepancy between the English and German version, the German version shall prevail.

Contents

	Page
Preface	3
Uni Institutional Euro Subordinated Bonds	5
Investment policy	5
Performance of the fund	5
Breakdown by country	6
Breakdown by sector	6
Development since launch	6
Composition of the Fund's assets	6
Changes in the Fund's assets	6
Change to number of units in circulation	6
Income statement	7
Schedule of assets	8
Exchange rates	9
Purchases and sales in the reporting period	10
Specific information in accordance with ESMA guideline	12
Notes on the report	13
Auditor's report (Réviseur d'entreprises agréé)	15
Other information	16
Management Company, Board of Directors, Managing Directors, Shareholders, Auditor (Réviseur d'entreprises agréé), Custodian bank, Paying Agents and Distributors	17

Dear Investor,

The following pages will provide you with detailed information on the trends observed on the equity and bond markets during the period under review (1 October 2014 to 30 September 2015). You will also find a comprehensive set of figures on your investments, including the statement of assets for the reporting period which ended on 30 September 2015.

Dealing with the change in the markets

A volatile capital market, changing regulatory requirements and new customer demands are all challenges we are meeting successfully.

In the first half of the year under review, the international equity and bond markets were generally buoyant. Important issues were the continuing decline in oil prices and the significant shift in the exchange rate between the euro and the US dollar. Eurozone bond investments were helped by the very loose monetary policy followed by the European Central Bank, while since autumn 2014 the US bond markets had moved towards initial interest rate rises on the part of the US Federal Reserve (FED). Geopolitical cross fire, such as the Ukraine conflict or the Greek crisis, only led to temporary uncertainty. A massive trend reversal began in mid-August 2015. It was triggered by the market upheavals in China, accompanied by a devaluation of the yuan and falling commodity prices. After this, uncertainty about future global growth increased significantly. In September, the US Federal Reserve Bank (FED) increased the nervousness with the postponement of their long-awaited initial interest rate hike. All in all, the international equity markets suffered significant losses. With the growing uncertainty, the risky bond segments, such as corporate bonds, high-yield securities and securities from emerging markets, also came under significant pressure. By contrast, government bonds from the eurozone - particularly peripheral papers - and the US, which are traditionally regarded as safe havens, could improve.

Bond markets influenced by monetary policy

The European government bond markets were heavily impacted by the European Central Bank (ECB) in the last twelve months. The markets did, however, have support with the govern-

ment bond purchase programme for covered bonds and asset-backed securities (ABS) of the equivalent of 60 billion euros a month continuing at least until September 2016. The ECB decision then led to historic lows in yields in April 2015. The trendsetting ten-year government bonds yielded just 0.05 per cent. The return on Spanish and Italian ten-year securities in peripheral countries temporarily dropped by 1.1 per cent. However, shortly after this, the mood changed dramatically. Working together, various market technical factors sparked a fierce sell-off and led to an abrupt trend reversal. In the sell-off, for example, the return on ten-year government bonds rose quickly again to about one per cent. Moreover, the tough negotiations between Greece and its creditors, concerns about China's economic development and its impact on the rest of the world as well as the impending turnaround in interest rates by the FED led to uncertainty and volatile capital markets. The yields also fluctuated. The European Central Bank showed recently that, if necessary, it was ready for further expansionary monetary policy measures, which stabilised the markets in the past few weeks. Yields therefore recently dropped in the eurozone. The index of the European government bond market (iBoxx Euro Sovereign) increased by 4.0 per cent during the year under review.

There were also price gains on the US bond market. US treasury bills rose by 4.2 per cent across the entire market (JP Morgan Global Bond US Index). This development was influenced by speculation on the US interest rate reversal during the year under review. However, this did not occur. Just a few weeks ago, the odds in favour of it were not so bad, but then the fragile economic situation in China and the adverse impact of the rate hike on other emerging markets caused the FED to backtrack. In addition, continued low US inflation offered no reason to raise key interest rates.

There was a contrasting situation on the market for European corporate bonds during the year under review. At the index level (Merrill Lynch Euro Corporates Index, ER00), investment grade corporate securities continued to increase in value during the first half of the year. This was then followed by a market correction from April/May which caused all previously generated gains to disappear over the course of

the year. The high new issue volume was primarily responsible for the pressure on the secondary market from this date. In addition, accompanied by economic concerns - notably in China - a deterioration in liquidity was increasingly observed. This put further pressure on the market, especially at the end of the period under review, regarding company-specific problems at British-Swiss commodities trader Glencore and the exhaust gas scandal at Volkswagen. The market as a whole remained almost unchanged recording -0.2 per cent on balance during the period under review. The risk premiums (asset swap spreads) rose by 113 basis points back above the one per cent mark.

The market for bonds denominated in euro or US dollar from emerging markets was subject to significant fluctuations. At the index level (JPMorgan EMBI Global Diversified Index), the market also remained virtually unchanged during the past twelve months. The sharp fall in commodity prices, which caused major problems for a large number of commodity exporters from emerging economies, also impacted market activity. Russia, with the decline of the rouble, and Brazil, which recently experienced a credit downgrade, were important themes within the bond segment. Risk premiums rose by around 130 to 430 basis points.

Growth concerns cause equity markets to fall into the red

The expansive monetary policy of the European Central Bank, the debt crisis in Greece, the expected turnaround in interest rates in the US, concerns about growth in China, and most recently the VW fraud scandal were the main themes of the period under review. International equities initially recorded significant gains before the escalation of the Greek crisis at the end of June 2015 led to considerable price losses. With the agreement on interim financing and the start of negotiations on a third bailout package, the world markets started a brief recovery rally before the market turmoil in China fuelled renewed uncertainty. Triggered by concerns about the stability of Chinese and consequently global economic growth, the equity markets were particularly weak in August 2015. The main driver was the Chinese central bank's devaluation of the yuan in three stages by a total of 3.7 per cent. The surprising

measure triggered fears on the market of a currency war. In September, the US Federal Reserve Bank (FED) increased the distress on the markets with the postponement of their long-awaited initial interest rate hike. In doing so, it invoked not least the many economic uncertainties outside the US, especially in the emerging markets. The last straw was the news that the VW group had been manipulating the exhaust gas measurements of its diesel vehicles for many years with the help of special software. This resulted in a massive crisis of confidence (not only) in the entire German automotive industry. Overall, the MSCI World Index (calculated in local currency) fell by 2.6 per cent on balance during the period under review.

In addition to concerns about China, in the US, the wait for an interest rate hike by the FED was a dominant factor. The news that the US gross domestic product, with a gain of 3.7 per cent in the period from April to June 2015 was more positive than expected, fuelled prices only briefly. The markets were fixated on the September meeting of the FED. Up into early summer, analysts had expected the turnaround in interest rates for this meeting, and it was only later that some experts pushed back on expectations. The uncertainty was correspondingly great. The FED justified the decision to leave interest rates unchanged based on the world economic situation, the fluctuations in the financial markets and low inflation - and thus triggered a slide in prices. Subsequent inconsistent statements concerning the future interest rate path increased uncertainty among investors. Against the backdrop of significant price falls in August and September this year, the S&P 500 lost 2.7 per cent in the period under review, and the Dow Jones Industrial Average was down 4.5 per cent.

In Europe, the EURO STOXX 50 Index was down 3.9 per cent during the last year. European stock exchanges were initially buoyed by the expansive monetary policy of the ECB, which increased their securities purchases to 60 billion euros per month. Meanwhile, the debt dispute between the EU and Greece had an adverse impact. After the solution of the problems in Greece at the beginning of July 2015, from mid-August concerns about China and the wait for the FED's decision moved to the fore. The fundamental picture for European equities, however, continued to be positive. The euro weakened against the US dollar and increased the international competitiveness of European companies. In addition, the decline in crude oil prices has increased consumer purchasing pow-

er and reduced company costs. Nevertheless, the latest economic data failed to lift the mood palpably. In Germany, in any case, the exhaust scandal at Volkswagen was the dominant topic. After the exhaust gas test manipulations became known, VW preference shares fell by an impressive 42.3 per cent. The uncertainty also had an impact on the securities of the other two major automobile manufacturers, Daimler and BMW, and was also responsible for the decline in the DAX in the last quarter by 11.7 per cent. The leading German index, however, increased on balance by 2.0 per cent during the last twelve months.

Japanese equities made significant gains in the first nine months of the period under review under the influence of the expansive monetary policy, the weak yen and robust economic data. However, they then experienced a major downward trend in the last quarter. Yet over the course of the year, the Nikkei 225 still rose by 7.5 per cent. Despite the deterioration of some economic indicators, the corporate reporting season proved to be encouraging for the second quarter of 2015. However, from August of this year, the turbulence on the Chinese stock market and the appreciation of the yen against the US dollar and the Chinese yuan acted as a significant drag. From an economic point of view, the growth of gross domestic product (GDP) and industrial output also disappointed. By contrast, on a positive note, there was the development of the purchasing managers' index. Overall, cyclical sectors with high dependence on China were recently among the biggest losers.

The stock markets of the emerging markets were mainly influenced by the development in China, but also by US monetary policy and low commodity prices. The MSCI Emerging Markets (in local currency) dropped a total of 9.4 per cent. Due to regulatory relaxations that are facilitating investments in Shanghai and Hong Kong, prices in the Middle Kingdom rose since the start of 2015 before dropping significantly in the last four months. In China's wake, all the major Asian indices posted losses. Overall, the MSCI Far East (ex Japan) (calculated in local currency) fell by 9.6 per cent in the period under review. The losses in Latin America even amounted to 14.8 per cent (MSCI EM Latin America). Eastern Europe fell by 2.6 per cent in local currency (MSCI EM Eastern Europe).

Important information:

Unless otherwise specified, the data source for the financial indices is Datastream. All unit performance data on the following pages is taken from Union Investment's own calculations in accordance with the method applied by the German Investment Funds Association (BVI), unless otherwise specified. The ratios illustrate past performance. Future results may be either higher or lower.

Detailed information on the Management Company and the Depositary of the investment fund (the "Fund") can be found on the last pages of this report.

UnInstitutional Euro Subordinated Bonds

Security Ident. No. A1127A
ISIN-Code LU1063759929

Annual report
01.10.14 - 30.09.15

Investment policy

Investment aim, investment policy and significant results

UnInstitutional Euro Subordinated Bonds is an actively managed bond fund. The fund's assets are chiefly invested in subordinated bonds of European companies. In addition, the fund may acquire convertible and warrant bonds, whose option certificates refer to securities, including contingent convertible bonds ("CoCo bonds"), and other fixed and variable-interest securities (including zero-coupon bonds). Fund assets can also be invested in bank deposits and/or money market instruments. The equities and equity capital positions arising from any conversions may be held by the fund. Foreign currencies are to a very great extent hedged. The fund may also use derivatives for investment and hedging purposes. The objective of the fund is to generate long-term capital growth and income in line with market conditions. The management company decided as of 1 October 2014 to alter the rules on costs set out in the management and special regulations for the investment funds approved for sale in Germany. These changes involve combining the costs of the main administrative tasks, the custodian fee as well as the custody charges in a flat fee.

Portfolio structure and significant changes

Between 82 and 99 per cent of UnInstitutional Euro Subordinated Bonds was invested in bonds during the reporting period. As of 30 September 2015 this ratio was 83 per cent.

In terms of regional allocations, the main focus was on issuers from the eurozone, with which 75 per cent of the bonds were invested as of 30 September 2015. 16 per cent of bond assets were invested in the rest of Europe outside the eurozone. These were followed by investments in the Asia-Pacific region (6 per cent), the emerging markets of Latin America (2 per cent) and the North American countries (1 per cent).

In the sector breakdown, the focus was on the financial sector (66 per cent). There followed at some distance investments in industrials, at 20 per cent, and utilities at 14 per cent of the bond instruments.

The average rating during the financial year remained constant at BBB. The average duration of the bond investments held in the portfolio was 4 years 5 months. The average investment return was 3.4 per cent at year-end.

UnInstitutional Euro Subordinated Bonds will pay a dividend of EUR 3.12 per unit for the financial year from 1 October 2014 to 30 September 2015.

Performance in percent ¹⁾

6 months	1 year	3 years	10 years
-7.29	-1.28	-	-

1) Based on published unit values (BVI method).

Note: Due to a risk-based approach, there might be different values represented by the statement of net assets.

UnInstitutional Euro Subordinated Bonds

Breakdown by country

France	23.65 %
Germany	19.70 %
Netherlands	15.60 %
Great Britain	7.27 %
Italy	5.31 %
Australia	4.87 %
Sweden	3.97 %
Austria	3.07 %
Belgium	1.65 %
Spain	1.59 %
Mexico	1.23 %
Denmark	1.15 %
Cayman Islands	1.15 %
United States of America	0.91 %
Ireland	0.88 %
Portfolio assets	92.00 %
Financial Futures	-0.17 %
Bank deposits	6.16 %
Other assets/Other liabilities	2.01 %
	100.00 %

Breakdown by sector

Banks	32.86 %
Insurance	26.33 %
Utilities	13.25 %
Energy	4.13 %
Technology Hardware & Equipment	2.39 %
Diversified Financials	2.37 %
Automobiles & Components	2.09 %
Raw materials and supplies	1.84 %
Pharmaceuticals, Biotechnology & Life Sciences	1.65 %
Media	1.48 %
Capital Goods	1.15 %
Real Estate	1.11 %
Food, Beverage & Tobacco	1.06 %
Transportation	0.29 %
Portfolio assets	92.00 %
Financial Futures	-0.17 %
Bank deposits	6.16 %
Other assets/Other liabilities	2.01 %
	100.00 %

Development since launch

Date	Fund assets Mio. EUR	No. of Units in Circulation ('000)	Incoming funds Mio. EUR	Unit value EUR
26.05.2014	Launch	-	-	100.00
30.09.2014	81.41	810	81.12	100.57
30.09.2015	171.49	1,745	96.71	98.26

Composition of the Fund's assets

as at September 30th, 2015

	EUR
Portfolio assets	157,774,511.60
(Cost of securities: EUR 168,490,256.33)	
Bank deposits	10,557,272.66
Other bank deposits	282,150.00
Interest receivable on securities	3,282,070.81
	171,896,005.07
Unrealised losses from financial futures	-297,000.00
Interest liabilities	-4,400.68
Other liabilities	-108,144.13
	-409,544.81
Fund assets	171,486,460.26
Units in circulation	1,745,187
Unit value	98.26 EUR

Changes in the Fund's assets

in the reporting period from October 1st, 2014 to September 30th, 2015

	EUR
Fund assets at the beginning of reporting period	81,411,437.76
Ordinary net income	5,449,490.93
Income and expenditure equalisation	-1,258,419.99
Inflow of funds from the sale of units	107,957,846.79
Outflow of funds for repurchase of units	-11,245,529.36
Realised profits	3,498,355.86
Realised losses	-2,519,657.17
Net change in unrealised profits and losses	-10,913,974.46
Distribution	-893,090.10
Fund assets at the end of reporting period	171,486,460.26

Change to number of units in circulation

	Quantity
Units in circulation at the beginning of reporting period	809,534
Units issued	1,045,854
Units redeemed	-110,201
Units in circulation at the end of reporting period	1,745,187

UnInstitutional Euro Subordinated Bonds

Income statement

in the reporting period from October 1st, 2014 to September 30th, 2015

	EUR
Interest on bonds	5,141,278.14
Income equalisation	1,546,634.14
Total receipts	6,687,912.28
Interest on borrowings	-6,726.73
Management fee	-697,874.67
All-in fee	-139,258.71
Printing and mailing of annual and semi-annual reports	-846.03
Publication and audit	-1,724.90
Taxe d'abonnement	-74,590.61
Other expenditure	-29,185.55
Expenditure equalisation	-288,214.15
Total expenditure	-1,238,421.35
Ordinary net income	5,449,490.93
Total transaction costs in the financial year ¹⁾	46,052.06
Ongoing charges in per cent ^{1) 2)}	0.71

1) See notes on the report.

2) For the fund UnInstitutional Euro Subordinated Bonds, during the reporting period, no selling fee has been collected. The distribution costs were taken from the management fee.

UnInstitutional Euro Subordinated Bonds

Schedule of assets

Prices as at September 30th, 2015

ISIN	Securities	Additions	Disposals	Volume	Price	Market Value	Per cent of fund assets
						EUR	%
Bonds							
Stock-exchange-traded securities							
EUR							
DE000A1TNC94	4.250 % AAREAL BANK AG V.14 (2026)	2,000,000	700,000	3,300,000	104.3330	3,442,989.00	2.01
XS0911388675	6.000 % ACHMEA BV EMTN FIX-TO-FLOAT V.13(2043)	0	1,000,000	500,000	106.0000	530,000.00	0.31
XS1180651587	4.250 % ACHMEA BV FIX-TO-FLOAT EMTN PERP.	3,500,000	0	3,500,000	89.1250	3,119,375.00	1.82
DE000A1GNAH1	5.750 % ALLIANZ FINANCE II BV FRN V.11(2041)	1,000,000	0	2,000,000	113.9880	2,279,760.00	1.33
DE000A13R727	3.375 % ALLIANZ SE REG.S. FIX-TO-FLOAT PERP.	2,500,000	0	3,700,000	93.7753	3,469,686.10	2.02
XS0969341147	6.375 % AMÉRICA MÓVIL S.A.B. DE CV V.13(2073)	0	1,000,000	500,000	111.5000	557,500.00	0.33
XS0969340768	5.125 % AMÉRICA MÓVIL S.A.B. DE FIX-TO-FLOAT CV V.13(2073)	1,500,000	0	1,500,000	103.2100	1,548,150.00	0.90
FR0012278539	4.750 % ARKEMA S.A. FIX-TO-FLOAT PERP.	1,400,000	200,000	1,200,000	100.2100	1,202,520.00	0.70
XS1062900912	4.125 % ASSICURAZIONI GENERALI S.P.A. REG.S. V.14(2026)	0	0	1,500,000	100.5250	1,507,875.00	0.88
XS1028942354	5.250 % ATRADIUS FINANCE BV FIX-TO-FLOAT V.14(2044)	1,000,000	0	2,500,000	85.0000	2,125,000.00	1.24
XS1242413679	3.375 % AVIVA PLC. FIX-TO-FLOAT REG.S. V.15(2045)	3,500,000	0	3,500,000	91.1220	3,189,270.00	1.86
XS1069439740	3.875 % AXA S.A. FIX-TO-FLOAT S.35 PERP.	1,250,000	500,000	2,500,000	94.6250	2,365,625.00	1.38
XS0286040331	4.625 % BANK OF AMERICA CORPORATION V.07(2017)	1,000,000	0	1,000,000	105.1080	1,051,080.00	0.61
XS1075963485	4.250 % BANK OF IRELAND EMTN FIX-TO-FLOAT V.14(2024)	1,800,000	1,000,000	1,500,000	101.1250	1,516,875.00	0.88
XS1288858548	3.000 % BANQUE FEDERATIVE DU CRÉDIT MUTUEL S.A. REG.S. EMTN V.15(2025)	900,000	0	900,000	99.4140	894,726.00	0.52
XS0611398008	6.625 % BARCLAYS BANK PLC EMTN V.11(2022)	0	0	500,000	122.6070	613,035.00	0.36
XS1222594472	3.500 % BERTELSMANN SE & CO. KGAA REG.S. FIX-TO-FLOAT V.15(2075)	4,900,000	1,900,000	3,000,000	84.5000	2,535,000.00	1.48
XS1120649584	2.625 % BNP PARIBAS S.A. EMTN V.14(2027)	3,500,000	1,000,000	2,500,000	97.1570	2,428,925.00	1.42
XS1190632999	2.375 % BNP PARIBAS S.A. EMTN V.15(2025)	2,500,000	0	2,500,000	93.8520	2,346,300.00	1.37
FR0012018851	2.750 % BPCE S.A. FIX-TO-FLOAT V.14(2026)	1,000,000	0	2,000,000	99.4630	1,989,260.00	1.16
FR0011606169	4.870 % CASINO GUICHARD-PERRACHON S.A. FRN PERP.	1,900,000	500,000	2,000,000	91.0070	1,820,140.00	1.06
XS1216020161	3.000 % CENTRICA PLC. REG.S. FIX-TO-FLOAT V.15(2076)	1,000,000	0	1,000,000	93.0000	930,000.00	0.54
FR0012317758	4.000 % CNP ASSURANCES FIX-TO-FLOAT PERP.	4,000,000	0	4,000,000	90.7500	3,630,000.00	2.12
DE000CB83CF0	7.750 % COMMERZBANK AG V.11(2021)	2,000,000	0	2,000,000	117.7000	2,354,000.00	1.37
FR0012444750	4.250 % CREDIT AGRICOLE S.A. EMTN FIX-TO-FLOAT PERP.	4,500,000	0	4,500,000	91.8810	4,134,645.00	2.42
FR0012222297	4.500 % CREDIT AGRICOLE S.A. EMTN FIX-TO-FLOAT PERP.	1,700,000	1,200,000	500,000	93.5250	467,625.00	0.27
XS1068866950	2.750 % DANSKE BANK AS REG.S. EMTN FIX-TO-FLOAT V.14(2026)	0	1,000,000	1,000,000	101.9680	1,019,680.00	0.59
XS1227607402	3.000 % DONG ENERGY AS REG.S. FIX-TO-FLOAT V.15(3015)	2,000,000	1,000,000	1,000,000	95.6250	956,250.00	0.56
DE000DB7XJ2	2.750 % DTE. BANK AG V.15(2025)	6,200,000	3,000,000	3,200,000	92.3440	2,955,008.00	1.72
XS1271836600	5.125 % DTE. LUFTHANSA AG FIX-TO-FLOAT V.15(2075)	1,500,000	1,000,000	500,000	99.2500	496,250.00	0.29
FR0011697010	4.125 % ELECTRICITÉ DE FRANCE S.A. EMTN REG.S. PERP.	0	0	500,000	97.5000	487,500.00	0.28
FR0011401751	5.375 % ELECTRICITÉ DE FRANCE S.A. FRN PERP.	0	0	500,000	103.4950	517,475.00	0.30
XS1209031019	2.600 % ELM B.V. FIX-TO-FLOAT REG.S. PERP.	3,900,000	0	3,900,000	87.0070	3,393,273.00	1.98
XS1044811591	3.625 % ENBW ENERGIE BADEN-WÜRTTEMBERG AG REG.S. V.14(2076)	2,000,000	1,000,000	2,500,000	90.0000	2,250,000.00	1.31
XS1141810991	3.250 % ENECO HOLDING NV REG.S. FIX-TO-FLOAT PERP.	5,900,000	2,900,000	3,000,000	96.7500	2,902,500.00	1.69
XS1224710399	3.375 % GAS NATURAL FENOSA FINANCE BV REG.S. FIX-TO-FLOAT PERP.	3,500,000	1,000,000	2,500,000	85.0000	2,125,000.00	1.24
XS0491212451	4.625 % GE CAPITAL TRUST IV FIX-TO-FLOAT V.10(2066)	0	0	500,000	101.5000	507,500.00	0.30
XS1140860534	4.596 % GENERALI FINANCE BV FIX-TO-FLOAT EMTN PERP.	1,800,000	0	1,800,000	92.2500	1,660,500.00	0.97
XS0930010524	3.750 % HUTCHISON WHAMPOA EUROPE FINANCE LTD. PERP.	2,000,000	1,500,000	2,000,000	98.7000	1,974,000.00	1.15
XS1037382535	3.625 % ING BANK NV V.14(2026)	1,000,000	0	1,500,000	104.4410	1,566,615.00	0.91
XS1109765005	3.928 % INTESA SANPAOLO S.P.A. EMTN REG.S. V.14(2026)	2,000,000	500,000	2,500,000	99.8660	2,496,650.00	1.46
XS0971213201	6.625 % INTESA SANPAOLO S.P.A. EMTN V.13(2023)	1,000,000	0	1,000,000	118.3940	1,183,940.00	0.69
XS1156024116	4.750 % INTESA SANPAOLO S.P.A. FIX-TO-FLOAT PERP.	3,000,000	0	3,000,000	95.1450	2,854,350.00	1.66
BE0002485606	1.875 % KBC GROEP NV REG.S. EMTN FRN V.15(2027)	3,000,000	0	3,000,000	94.5780	2,837,340.00	1.65
FR0011855865	2.750 % LA BANQUE POSTALE S.A. FIX-TO-FLOAT V.14(2026)	0	0	500,000	100.5680	502,840.00	0.29
XS1246732249	3.625 % LANDESBANK BADEN-WÜRTTEMBERG REG.S. V.15(2025)	3,000,000	2,000,000	1,000,000	98.8970	988,970.00	0.58
XS0468940068	5.875 % LANDESBANK BERLIN AG V.09(2019)	500,000	0	1,500,000	115.0000	1,725,000.00	1.01
XS1072249045	2.875 % LANDESKREDITBANK BADEN-WÜRTTEMBERG REG.S. EMTN FIX-TO-FLOAT V.14(2026)	2,500,000	0	4,000,000	97.3180	3,892,720.00	2.28
XS0497187640	6.500 % LLOYDS TSB BANK PLC. PFE. V.10(2020)	1,000,000	0	1,000,000	118.9410	1,189,410.00	0.69
XS0543111768	6.000 % MACQUARIE BANK LTD. EMTN V.10(2020)	500,000	0	1,500,000	114.1000	1,711,500.00	1.00
XS1152343668	3.375 % MERCK KGAA FIX-TO-FLOAT V.14(2074)	2,450,000	450,000	2,000,000	95.8750	1,917,500.00	1.12
XS1143974159	2.000 % MFINANCE FRANCE S.A. V.14(2021)	1,000,000	0	1,000,000	95.0500	950,500.00	0.55
XS0608392550	6.000 % MÜNCHENER RÜCKVERSICHERUNGS - GESELLSCHAFT AG V.11(2041)	1,000,000	0	1,800,000	116.6570	2,099,826.00	1.22
XS0903531795	4.250 % NATIONAL GRID FINANCE PLC. V.13(2076)	0	0	250,000	104.2500	260,625.00	0.15
XS0906394043	4.125 % NATIONWIDE BUILDING SOCIETY EMTN FRN V.13(2023)	1,000,000	1,000,000	500,000	105.6960	528,480.00	0.31
XS1028950290	4.500 % NN GROUP NV FIX-TO-FLOAT PERP.	500,000	500,000	2,000,000	93.1820	1,863,640.00	1.09
XS0629626663	6.750 % OMV AG FRN PERP.	1,000,000	0	1,500,000	104.8900	1,573,350.00	0.92
XS1028600473	4.250 % ORANGE S.A. EMTN REG.S. FIX TO FLOAT PERP.	1,000,000	1,500,000	1,000,000	100.5000	1,005,000.00	0.59
XS1115498260	5.000 % ORANGE S.A. FIX-TO-FLOAT PERP.	1,000,000	1,200,000	1,000,000	98.0000	980,000.00	0.57
XS0972623452	3.500 % ORIGIN ENERGY FINANCE LTD. EMTN REG.S. V.13(2021)	1,000,000	0	1,000,000	98.9080	989,080.00	0.58
XS1109795176	4.000 % ORIGIN ENERGY FINANCE LTD. EMTN REG.S. V.14(2074)	1,800,000	2,000,000	1,000,000	83.0000	830,000.00	0.48
XS0920705737	2.500 % ORIGIN ENERGY FINANCE LTD. EMTN V.13(2020)	1,000,000	0	1,000,000	95.3790	953,790.00	0.56
XS1207054666	3.875 % REPSOL INTERNATIONAL FINANCE BV REG.S. FIX-TO-FLOAT PERP.	1,000,000	0	1,000,000	86.6250	866,250.00	0.51
XS1207058733	4.500 % REPSOL INTERNATIONAL FINANCE BV REG.S. FIX-TO-FLOAT V.15(2075)	3,000,000	1,000,000	2,000,000	81.0000	1,620,000.00	0.94
XS1219499032	3.500 % RWE AG REG.S. FIX-TO-FLOAT V.15(2075)	3,800,000	1,000,000	2,800,000	73.3750	2,054,500.00	1.20
XS1201001572	2.500 % SANTANDER ISSUANCES S.A.U. EMTN REG.S. V.15(2025)	3,000,000	0	3,000,000	91.0690	2,732,070.00	1.59
XS1072796870	2.500 % SKANDINAVISKA ENSKILDA BANKEN AB FIX-TO-FLOAT REG.S. V.14(2026)	0	0	500,000	101.1505	505,752.50	0.29
FR0012383982	4.125 % SOCIÉTÉ GENERAL CAPITAL REG.S.FIX-TO-FLOAT PERP.	3,000,000	0	3,000,000	92.0220	2,760,660.00	1.61
XS1110558407	2.500 % SOCIÉTÉ GÉNÉRALE S.A. FIX-TO-FLOAT V.14(2026)	2,500,000	2,000,000	1,500,000	96.2460	1,443,690.00	0.84

UnInstitutional Euro Subordinated Bonds

ISIN	Securities	Additions	Disposals	Volume	Price	Market Value	Per cent of fund assets
						EUR	%
XS1195574881	2.625 % SOCIÉTÉ GÉNÉRALE S.A. V.15(2025)	4,800,000	3,000,000	1,800,000	93.4500	1,682,100.00	0.98
XS0992293570	4.199 % SOLVAY FINANCE FRN PERP.	500,000	0	2,000,000	98.0000	1,960,000.00	1.14
XS1196713298	2.375 % SSE PLC. FIX-TO-FLOAT REG.S. PERP.	2,500,000	1,000,000	1,500,000	91.5100	1,372,650.00	0.80
XS0983704718	4.000 % STANDARD CHARTERED PLC. FIX-TO-FLOAT V.13(2025)	4,500,000	1,500,000	4,500,000	97.2960	4,378,320.00	2.56
FR0012648590	2.500 % SUEZ ENVIRONNEMENT CO. S.A. REG.S. FIX-TO-FLOAT PERP.	2,000,000	0	2,000,000	94.2500	1,885,000.00	1.10
XS1036494638	2.375 % SWEDBANK AB REG.S. FIX-TO-FLOAT V.14(2024)	0	0	500,000	101.4570	507,285.00	0.30
XS1195202822	2.625 % TOTAL S.A. FIX-TO-FLOAT REG.S. EMTN PERP.	2,800,000	1,000,000	1,800,000	88.0000	1,584,000.00	0.92
XS1195201931	2.250 % TOTAL S.A. FIX-TO-FLOAT REG.S. EMTN PERP.	2,500,000	0	2,500,000	92.5000	2,312,500.00	1.35
XS0986063864	5.750 % UNICREDIT S.P.A. REG.S. EMTN V.13(2025)	4,000,000	4,500,000	1,000,000	106.9530	1,069,530.00	0.62
XS1205618470	3.000 % VATTENFALL AB FIX-TO-FLOAT REG.S. V.15(2077)	4,000,000	0	4,000,000	75.0750	3,003,000.00	1.75
FR0011391820	4.450 % VEOLIA ENVIRONNEMENT S.A. FRN PERP.	0	0	1,200,000	102.0000	1,224,000.00	0.71
XS1206540806	2.500 % VOLKSWAGEN INTERNATIONAL FINANCE NV REG.S. FIX-TO-FLOAT PERP.	1,000,000	0	1,000,000	78.2500	782,500.00	0.46
XS1150673892	4.200 % VOLVO TREASURY AB FIX-TO-FLOAT REG.S. V.14(2075)	1,000,000	0	1,000,000	94.0000	940,000.00	0.55
XS1150695192	4.850 % VOLVO TREASURY AB FIX-TO-FLOAT REG.S. V.14(2078)	3,000,000	1,000,000	2,000,000	93.0000	1,860,000.00	1.08
XS1117300837	4.000 % VONOVIA FINANCE BV FIX-TO-FLOAT REG.S. PERP.	2,000,000	0	2,000,000	95.5600	1,911,200.00	1.11
						146,650,430.60	85.51
Stock-exchange-traded securities						146,650,430.60	85.51
Securities listed or included on organised markets							
EUR							
DE000A14J9N8	2.241 % ALLIANZ SE REG.S. FIX-TO-FLOAT V.15(2045)	3,000,000	0	3,000,000	89.1010	2,673,030.00	1.56
DE000A14J611	2.375 % BAYER AG REG.S. EMTN FIX-TO-FLOAT V.15(2075)	1,000,000	0	1,000,000	91.0000	910,000.00	0.53
XS1219642441	2.000 % COMMONWEALTH BANK OF AUSTRALIA EMTN REG.S. FIX-TO-FLOAT V.15(2027)	4,100,000	0	4,100,000	94.1110	3,858,551.00	2.25
XS1117293107	6.000 % UNIQUA FIX-TO-FLOAT V.15(2046)	500,000	0	500,000	99.7500	498,750.00	0.29
AT0000A12GN0	5.500 % VIENNA INSURANCE GROUP AG FIX-TO-FLOAT V.13(2043)	2,500,000	0	3,000,000	106.1250	3,183,750.00	1.86
						11,124,081.00	6.49
Securities listed or included on organised markets						11,124,081.00	6.49
Bonds						157,774,511.60	92.00
Portfolio assets						157,774,511.60	92.00
Financial Futures							
Short positions							
EUR							
EUREX 10 YR EURO-BUND FUTURE DEZEMBER 2015		0	99	-99		-297,000.00	-0.17
						-297,000.00	-0.17
Short positions						-297,000.00	-0.17
Financial Futures						-297,000.00	-0.17
Bank deposits - current account						10,557,272.66	6.16
Other assets/Other liabilities						3,451,676.00	2.01
Fund assets in EUR						171,486,460.26	100.00

Exchange rates

For the valuation of assets in a foreign currency, the following exchange rate for September 30th, 2015 was used for conversion into EUR.

US dollar	USD	1	1.1161
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Uninstitutional Euro Subordinated Bonds

Purchases and sales from 01.10.2014 to 30.09.2015

Purchases and sales of securities, loans evidenced by promissory notes and derivatives, including changes without money movements, made during the reporting period insofar as they are not specified in the schedule of assets.

ISIN	Securities	Additions	Disposals
Bonds			
Stock-exchange-traded securities			
EUR			
XS0802995166	7.125 % ABN AMRO BANK NV EMTN V.12(2022)	0	1,000,000
XS1253955469	2.875 % ABN AMRO BANK NV REG.S. EMTN FIX-TO-FLOAT V.15(2025)	700,000	700,000
FR0012005924	4.125 % ACCOR S.A. FIX-TO-FLOAT PERP.	1,000,000	2,500,000
XS1061711575	4.000 % AEGON NV EMTN FIX-TO-FLOAT V.14(2044)	0	2,000,000
XS1115800655	5.000 % ASR NEDERLAND NV FIX-TO-FLOAT PERP.	0	2,000,000
XS1083986718	3.875 % AVIVA PLC. FIX-TO-FLOAT V.14(2044)	0	1,000,000
XS1205644047	2.750 % BANCA POPOLARE DI VICENZA S.C.P.A. REG.S. EMTN V.15(2020)	1,100,000	1,100,000
XS1069549761	3.000 % BANQUE FEDERATIVE DU CRÉDIT MUTUEL S.A. REG.S. EMTN V.14(2024)	0	1,000,000
DE000A11QR73	3.750 % BAYER AG REG.S. FIX-TO-FLOAT V.14(2074)	0	500,000
XS1055241373	3.500 % BBVA SUBORDINATED CAPITAL S.A.U. REG.S. GMTN FIX-TO-FLOAT V.14(2024)	500,000	1,500,000
XS1117299211	3.375 % CAMPOFRIO FOOD GROUP S.A. REG.S. V.15(2022)	200,000	200,000
DE000CB83CE3	6.375 % COMMERZBANK AG EMTN S.773 V.11(2019)	0	750,000
XS1204154410	2.625 % CREDIT AGRICOLE S.A. REG.S. V.15(2027)	2,000,000	2,000,000
XS1076781589	4.375 % DELTA LLOYD NV REG.S. FIX-TO-FLOAT PERP.	0	2,500,000
XS0943371194	4.875 % DONG ENERGY AS V.13(3013)	2,000,000	2,500,000
DE000A161W62	2.750 % DTE. BÖRSE AG REG.S. FIX-TO-FLOAT V.15(2041)	300,000	300,000
XS1014997073	5.000 % ENEL S.P.A. REG.S. V.14(2075)	0	1,250,000
FR0011942226	3.000 % ENGIE S.A. REG.S. FIX-TO-FLOAT PERP.	0	500,000
XS0840062979	7.125 % ERSTE GROUP BANK AG V.12(2022)	0	1,000,000
XS1139494493	4.125 % GAS NATURAL FENOSA FINANCE BV REG.S. FIX-TO-FLOAT PERP.	700,000	700,000
XS0256975458	5.317 % GENERALI FINANCE BV FIX-TO-FLOAT V.06(2131)	0	500,000
XS0254095663	8.250 % GTECH S.P.A. FRN V.06(2066)	0	500,000
XS1109836038	3.375 % HANNOVER RÜCK SE.REG.S. FIX-TO-FLOAT PERP.	0	500,000
XS0969636371	3.375 % HSBC HOLDINGS PLC. EMTN FRN V.13(2024)	0	500,000
XS1254428896	3.000 % HSBC HOLDINGS PLC. V.15(2025)	1,500,000	1,500,000
XS1241701413	2.728 % INMOBILIARIA COLONIAL S.A. REG.S. V.15(2023)	1,600,000	1,600,000
XS0452166324	5.000 % INTESA SANPAOLO S.P.A. EMTN V.09(2019)	0	400,000
XS1222597905	2.855 % INTESA SANPAOLO S.P.A. REG.S. EMTN V.15(2025)	4,000,000	4,000,000
XS0972240997	5.350 % INTESA SANPAOLO S.P.A. V.13(2018)	0	700,000
XS0221574931	4.000 % LEGAL & GENERAL GROUP PLC. EMTN FRN V.05(2025)	0	500,000
ES0224244063	5.921 % MAPFRE S.A. FIX-TO-FLOAT V.07(2037)	0	750,000
XS1072613380	2.875 % POSTE VITA S.P.A. V.14(2019)	0	1,000,000
XS0249466730	4.668 % PROSECURE FUNDING V.06(2016)	0	500,000
XS1049037200	3.625 % ROYAL BANK OF SCOTLAND PLC. V.14(2024)	2,000,000	3,000,000
XS0542298012	4.625 % RWE AG FIX-TO-FLOAT PERP.	1,000,000	3,000,000
XS1212470972	3.250 % SCHAEFFLER FINANCE B.V. REG.S. V.15(2025)	1,000,000	1,000,000
XS0918548644	4.625 % SOFTBANK CORPORATION REG.S. V.13(2020)	1,000,000	1,000,000
XS1266662763	4.000 % SOFTBANK GROUP CORPORATION REG.S. V.15(2022)	500,000	500,000
XS0829343598	5.625 % SSE PLC. PERP.	0	500,000
XS1140857316	3.125 % STANDARD CHARTERED PLC EMTN REG.S. V.14(2024)	2,500,000	2,500,000
FR0011993500	3.000 % SUEZ ENVIRONNEMENT CO. S.A. EMTN FIX-TO-FLOAT PERP.	500,000	1,500,000
XS1195581159	3.500 % TDC A/S FIX-TO-FLOAT REG.S. V.15(3015)	900,000	900,000
XS1169832810	3.250 % TELECOM ITALIA S.P.A. EMTN V.15(2023)	900,000	900,000
XS1050460739	5.000 % TELEFÓNICA EUROPE BV FIX-TO-FLOAT REG.S. PERP.	1,000,000	1,200,000
XS1148359356	4.200 % TELEFÓNICA EUROPE BV FIX-TO-FLOAT REG.S. PERP.	1,000,000	1,000,000
XS1266726592	4.875 % TELENET FINANCE LUXEMBOURG VI S.C.A. REG.S. V.15(2027)	1,000,000	1,000,000
DE000A14J587	2.500 % THYSSENKRUPP AG REG.S. V.15(2025)	1,000,000	1,000,000
XS0808635436	6.875 % UNIQA INSURANCE GROUP AG V.13(2043)	0	300,000
XS0968913268	3.875 % VOLKSWAGEN INTERNATIONAL FINANCE NV PERP.	2,000,000	2,000,000
XS1206541366	3.500 % VOLKSWAGEN INTERNATIONAL FINANCE NV REG.S. FIX-TO-FLOAT PERP.	2,500,000	2,500,000
XS1048428012	3.750 % VOLKSWAGEN INTERNATIONAL FINANCE NV S.7 FRN PERP.	0	500,000
USD			
US06120TAA60	5.000 % BANK OF CHINA LTD. REG.S. V.14(2024)	500,000	500,000
XS0836299320	6.375 % ERSTE GROUP BANK AG EMTN FRN V.12(2023)	500,000	500,000
XS1143333109	5.500 % ERSTE GROUP BANK AG EMTN REG.S. FIX-TO-FLOAT V.14(2025)	2,600,000	2,600,000
US40430LAA70	5.911 % HSBC FINANCE CAPITAL TRUST IX FIX-TO-FLOAT V.05(2035)	500,000	500,000
XS0995102778	4.125 % ING BANK N.V. DL-MED-TERM NTS 2013(18/23)	3,000,000	3,000,000
XS1055787680	6.250 % NORDDE. LANDESBANK REG.S. S.1748 V.14(2024)	1,000,000	2,000,000
USJ7771XAB58	4.436 % SUMITOMO MITSUI FINANCIAL GROUP INC. REG.S. V.14(2024)	0	500,000
US780097AM39	4.700 % THE ROYAL BANK OF SCOTLAND GROUP PLC. V.03(2018)	0	1,000,000
Securities listed or included on organised markets			
EUR			
XS0897406814	4.250 % AQARIUS&INVESTMENT PLC. FRN V. 13(2043)	0	500,000
XS1266592457	4.500 % DUFREY FINANCE SCA REG.S. V.15(2023)	400,000	400,000
XS1034950672	4.500 % RAIFFEISEN BANK INTERNATIONAL AG EMTN REG.S. FIX-TO-FLOAT V.14(2025)	500,000	500,000
AT0000A095A8	8.000 % VIENNA INSURANCE GROUP AG WIENER VERSICHERUNG GRUPPE EMTN FIX-TO-FLOAT PERP.	0	550,000

UnInstitutional Euro Subordinated Bonds

ISIN	Securities	Additions	Disposals
USD			
US06051GFM69	4.000 % BANK OF AMERICA CORPORATION V.15(2025)	500,000	500,000
US172967HV61	4.000 % CITIGROUP INC. V.14(2024)	0	500,000
US251525AP63	4.500 % DTE. BANK AG EMTN V.15(2025)	1,000,000	1,000,000
Options			
EUR			
	CALL ON EURO BUND FUTURE AUGUST 2015/148.00	30	30
Financial Futures			
EUR			
	EUREX 10 YR EURO-BUND FUTURE JUNI 2015	120	120
	EUREX 10 YR EURO-BUND FUTURE SEPTEMBER 2015	225	225

Specific information in accordance with ESMA guideline

Derivatives

Underlying exposure from OTC and derivatives traded on the stock exchange:	EUR	10,384,969.62
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Identity of the counterparty(-ies) in these derivative transactions:

DZ PRIVATBANK S.A., LUXEMBURG

Type and amount of the collateral received for OTC derivatives which is attributed to the UCITS' counterparty risk:	EUR	0.00
of which:		
Bank deposits	EUR	0.00
Debenture bonds	EUR	0.00
Shares	EUR	0.00

Techniques for efficient portfolio management

Exposure achieved from techniques for efficient portfolio management	EUR	0.00
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Identity of the counterparty(-ies) in these techniques for efficient portfolio management:

N.A.

Type and amount of the collateral received which is attributed to the UCITS' counterparty risk:	EUR	0.00
of which:		
Bank deposits	EUR	0.00
Debenture bonds	EUR	0.00
Shares	EUR	0.00

Income received from securities lending for the purpose of efficient portfolio management for the whole reporting period, including any direct and indirect costs and fees	EUR	0.00
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Earnings from securities lending transactions are distributed between the Fund and the management company Union Investment Luxembourg S.A. for its activity as an agent after deducting associated costs and the vast majority is credited to Fund assets.

Additional information on collateral accepted for OTC derivatives and techniques for efficient portfolio management

Identity of the issuer, if the collateral received from the issuer exceeds 20% of the net asset value of the UCITS

N.A.

Collateralisation via securities issued or guaranteed by a EU Member State

N.A.

Notes on the report as at the end of September 2015

The fund's accounts are kept in Euro.

The fund's annual accounts were prepared based on the applicable classification and valuation principles in the country of domicile.

The price of securities and other exchange-listed derivatives reflects the relevant stock exchange or market value at the end of the financial year. Securities traded on a regulated market are valued at the market prices published for the relevant market.

If the fund holds OTC derivatives on the closing date, these are valued daily on the basis of indicative quotes from brokers or mathematical valuation models.

If the fund has pending forward exchange transactions, these are valued based on the forward rates applicable to the residual maturity.

Securities whose prices are not in line with market conditions and all assets for which no representative market value can be obtained are valued at a price established by the Management Company in good faith using recognised valuation rules.

Bank deposits were estimated at par value.

Assets and liabilities denominated in a currency other than that of the fund are converted at the latest available mean rate of exchange into Euro. Transactions in foreign currencies are converted into the fund currency at the time of compiling the accounts. Realised and unrealised currency gains and losses are included as income or expenses.

The deferred interest includes accrued interest as at the end of the financial year.

The item "Interest on bonds" also includes, if applicable, pro rata income from issue yields.

The issue or redemption price of the fund units are determined from the net asset value per unit on the respective valid trading days and, if relevant, plus any initial sales charge and/or redemption fee as defined in the sales prospectus. The initial sales charge shall be levied in favour of the Management Company and the sales agent and can be scaled according to the size of the order. The redemption fee is credited to the fund.

The fees of the Management Company and the all-in fee are calculated based on the net fund assets per calendar day and paid out on a monthly basis. The all-in fee covers the Custodian Bank fee, customary securities account and depositary fees for holding assets in custody, auditors' fees, costs of appointing proxies and costs of principal management activities, such as fund accounting and reporting. The calculation is based on a contractual agreement.

If profit and loss includes other expenses, these expenses consist of the costs referred to in the prospectus, such as government fees, collateral management fees, or cost of changes to the prospectus.

Earnings and expense adjustments have been charged to the ordinary net income. These include net income generated during the reporting period, which purchasers of units pay as part of the issue price, and sellers of units receive in the redemption price.

Fund assets are currently subject to a "taxe d'abonnement" of 0.05 per cent p.a. in Luxembourg, payable quarterly and based on the respective reported net fund assets at the end of the quarter. Insofar as fund assets are invested in other Luxembourg investment funds that are already subject to the taxe d'abonnement, the portion of fund assets invested in such Luxembourg investment funds is exempt from this tax.

Income from the investments of the fund's assets will not be taxed in Luxembourg. However, it may be subject to withholding or other tax in the countries in which the fund assets are invested. Neither the Management Company nor the Custodian Bank will obtain individual or collective receipts for such taxes.

In conjunction with transactions in listed derivatives and/or OTC derivatives, the Fund is required to deliver or receive collateral in the form of bank deposits or securities. The collateral delivered for listed derivatives and/or OTC derivatives and the collateral received for listed derivatives in the form of bank deposits are presented under the item "Other bank deposits/Other bank liabilities".

The performance of the fund's units is calculated based on the unit values published on the closing dates, according to the BVI formula. In individual cases, it may vary slightly from the performance of the units as shown in the fund report.

The calculation method used to calculate the "ongoing charges" indicator, is that outlined by the Committee of European Securities Regulators (Circular CESR/10-674 of 1 July 2010).

The "ongoing charges" indicate the costs charged to the fund and may vary from year to year. They take into account the management charges and all-in fee, the taxe d'abonnement and all other costs charged to the fund. For funds with a significant holding in other funds, the costs of those funds will be taken into account. This figure shows the total costs as a percentage of the average fund volume during the financial year. Any performance-related fee and transaction costs incurred - except the transaction costs of the Custodian Bank - are not included in the figure "ongoing charges".

The transaction costs refer to all costs that were listed or invoiced separately in the financial year in the name of the fund and are directly related to the purchase or sale of assets.

The Management Company, in its role as the management company of the fund, may benefit from "soft commissions" (e.g. broker research, financial analyses, market and price information systems) in connection with trade transactions. Said commissions are used in the interests of unitholders when making investment decisions. Transactions of this type cannot be conducted with natural persons; the service providers concerned may trade only in the interests of the fund and the services provided must be directly associated with fund activities.

Note on the Law of 17 December 2010

The fund was set up in accordance with Part I of the Luxembourg Law of 17 December 2010 relating to undertakings for collective investment ("Law of 17 December 2010") and fulfils the conditions laid down by Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of legal and administrative provisions relating to undertakings for collective investment in transferable securities ("Directive 2009/65/EC").

Auditor's Report

To the unitholders of
UnilInstitutional Euro Subordinated Bonds

In accordance with the task assigned to us on 17 September 2015 by the Board of Directors of the Management Company, we have audited the attached annual accounts for UnilInstitutional Euro Subordinated Bonds, including the composition of the Fund's assets and the statement of assets held as at 30 September 2015, the income and expenditure statement and the change in Fund's assets for the financial year ending on that date, as well as a summary of the main accounting methods and other explanatory notes to the statements.

Responsibility of the Board of Directors of the Management Company relevant to the annual accounts

The Board of Directors of the Management Company is responsible for the preparation and correct presentation of the annual accounts in accordance with Luxembourg laws and regulations on the preparation of annual accounts and for the internal auditing they consider necessary to allow the preparation of annual accounts to be free from material misstatement, whether due to fraud or error.

Responsibility of the Auditor

It is our responsibility to issue an audit certificate for the annual accounts based on our audit. We conducted our audit in accordance with the International Standards on Auditing for Luxembourg, as adopted by the Commission de Surveillance du Secteur Financier. These standards require us to comply with professional requirements and to plan and execute the audit in such a way that we can determine, with an adequate degree of certainty, whether the annual accounts are free of material misstatement.

An audit involves auditing activities required to issue an auditing certificate on the assessments and information contained in the annual accounts. The procedures selected depend on the Auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. As part of this risk assessment, the Auditor examines the internal control system set up to prepare the annual accounts and the accuracy of its descriptions to determine the appropriate auditing procedures for the circumstances, but not to issue an opinion on the effectiveness of the internal control system. An audit also includes an assessment of the appropriateness of the accounting policies and methods applied and the justification of the estimates made in the accounts by the Board of Directors of the Management Company as well as of the overall presentation of the annual accounts.

In our opinion, adequate and appropriate evidence has been provided to arrive at an auditor's opinion.

Audit opinion

According to our assessment, the annual accounts convey a true picture of the financial position and assets of UnilInstitutional Euro Subordinated Bonds as at 30 September 2015, as well as the performance and income of the net fund assets for the financial year ending on this date, in accordance with Luxembourg laws and regulations on the preparation of annual accounts.

Miscellaneous

We have examined the additional information provided in the annual report as part of our assignment, but have not conducted special auditing procedures on this information according to the above-mentioned standards. Consequently, the audit opinion does not apply to such information. We have no comments to make on any such information within the framework of a general description of the annual accounts.

Luxembourg, 11 December 2015

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé

Dr. Christoph Haas

Other information

Information on EU taxation of interest

For the reporting period, the Fund had an interest share of >25 %. Distributions and redemptions have been affected by EU rules on the taxation of interest.

Other information

Securities transactions are only ever carried out with counterparties included in a list of approved parties by the fund management. The list is reviewed on an ongoing basis. Criteria such as quality of execution, level of transaction costs, quality of research and reliability in the settlement of securities transactions are given precedence. Furthermore, the annual reports of the counterparties are examined.

The proportion of securities transactions conducted during the period under review (1 October 2014 to 30 September 2015) on account of the retail funds managed by Union Investment Luxembourg S.A. with companies within the Group or associated with it through significant holdings amounted to 5.60 per cent. The total transactions volume amounted to EUR 2,992,508,226.00.

Information on risk management processes

The relative VaR approach is used for monitoring the total risk associated with derivatives.

In this case, the VaR of the Fund is set in comparison with the VaR of a reference portfolio. The utilisation of this ratio may not exceed the maximum value of 200 %. The reference portfolio is therefore essentially an accurate snapshot of the investment policy of the fund. The reference portfolio is made up as follows:

100% Merrill Lynch Euro Subordinated Financial Index (EBSU)

The VaR (value-at-risk) model is used to ascertain the relative VaR approach. The Value-at-Risk (VaR) indicator is a mathematical-statistical concept and indicates the possible losses of a portfolio over a specific period that is unlikely to be exceeded.

A Monte Carlo simulation is used in order to ascertain the VaR indicator. The parameters used for this are:

- Holding period: 20 days
- Confidence level: 99 %
- Historical monitoring period: 1 year (balanced)

The utilisation of the total risk associated with derivatives determined via the above model and the corresponding limit utilisation at a regulatory limit of 200 % amounted to (for the minimal, maximal and average utilisation):

Minimum VaR Fund / VaR reference portfolio 2.09 %; Limit utilisation 82 %

Maximum VaR Fund / VaR reference portfolio 4.37 %; Limit utilisation 125 %

Average VaR Fund / VaR reference portfolio 2.86 %; Limit utilisation 102 %

Leverage effect

The determined average utilisation of the leverage effect using the gross method amounted to 104 %.

Management company

Union Investment Luxembourg S.A.
308, route d'Esch
L-1471 Luxembourg
Grand Duchy of Luxembourg
R.C.S.L. B 28679

Total equity as at 31.12.2014:
Euro 166.670 million
after appropriation of profit

Board of Directors

Chairman of the Board of Directors:

Hans Joachim REINKE
Chairman of the Board of Directors of
Union Asset Management Holding AG
Frankfurt am Main

Vice-Chairman of the Board of Directors:

Giovanni GAY
Member of the Board of Management of
Union Investment Privatfonds GmbH
Frankfurt am Main

Managing Directors:

Maria LÖWENBRÜCK
Grand Duchy of Luxembourg

Rudolf KESSEL
Grand Duchy of Luxembourg

Members of the Board of Directors:

Nikolaus SILLEM
Member of the Board of Management of
Union Investment Institutional GmbH
Frankfurt am Main

Björn JESCH
Member of the Board of Management of
Union Investment Privatfonds GmbH
Frankfurt am Main

Shareholders of Union Investment Luxembourg S.A.

Union Asset Management Holding AG
Frankfurt am Main

Auditor (Réviseur d'entreprises agréé)

Ernst & Young S.A.
7, rue Gabriel Lippmann
L-5365 Munsbach

Custodian and Principal Paying Agent

DZ PRIVATBANK S.A.
4, rue Thomas Edison
L-1445 Luxembourg-Strassen

Paying Agent and Distributor in the Grand Duchy of Luxembourg

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