FUND PROSPECTUS

for investment funds pursuant to section 20 of the *Investmentfondsgesetz* [Austrian Investment Fund Act]

A Capital Investment Fund according to Austrian Law

CPB Kapitalanlage GmbH
Bankgasse 2
A - 1010 Vienna

Convertinvest European Convertible & Bond Fund

(formerly CONVERTINVEST European Convertible Fund)
(*Miteigentumsfonds* [co-ownership fund] as defined in section 20 *InvFG*)

A Capital Investment Fund according to Austrian Law

This Fund Prospectus was drawn up in December 2008 in accordance with the Fund Regulations amended in 2008 to meet the provisions of the *Investmentfondsgesetz* (InvFG) 1993 [Austrian Investment Fund Act]. The said Fund Regulations (Appendix C) entered into effect on 20 March 2009; the Fund Prospectus was updated on 31 March 2009.

The potential investor is to be provided with the valid Fund Prospectus and the General and Specific Fund Regulations free of charge. The most recent statement of accounts are to be included with this Fund Prospectus. If the statement of accounts was drawn up over eight months previously, the potential investor must also be provided with a copy of the semi-annual report. The potential investor must, moreover, be offered the most recent version of the Simplified Prospectus free of charge before the contract is concluded or given a copy following conclusion of the contract.

DISCLAIMER for the SALE of non-US funds to US customers

Restrictions on sale

The units issued by this special fund may only be publicly offered or sold in countries in which such a public offer or such a sale is admissible. If neither the Investment Fund Management Company nor a third party acting on its behalf has notified the local supervisory authorities or the local supervisory authorities have not granted authorisation, investment units may not be offered for purchase.
The units have not been and will not in future be registered in accordance with the *United States Securities Act* of 1933 as last amended (hereafter "Act of 1933") or with any Securities Acts of federal states or local authorities of the United States of America or its territories, possessions or any other areas subject to its jurisdiction including the Commonwealth of Puerto Rico (hereafter "United States").
The units may not be offered, sold or transferred by any other means in the United States. The units are offered and sold on the basis of an exemption from registration requirements defined in the Act of 1933 under Regulation S of this Act. The investment fund management company and the special fund have not been and will not in future be registered in accordance with either the *United States Investment Fund Management Company Act* of 1940 as last amended or with any other US federal laws. Units are therefore neither offered nor sold either in the United States or to or on behalf of US persons (as defined for the purposes of the US federal securities, goods and tax acts, including Regulation S of the *United States Securities Act* of 1933) (hereafter "US persons"). Units may not subsequently be transferred to the United States or to US persons.
The units have not been authorised by the US *Securities and Exchange Commission* (hereafter "SEC") or by any other supervisory authority in the United States, nor has such authorisation been refused; furthermore, neither the SEC nor any other supervisory body in the United States has the authority to judge the accuracy or appropriateness of this Fund Prospectus or the benefits of the units. The *United States Commodity Futures Trading Commission* has neither examined nor approved either this document or any other sales documents for the Investment Fund Management Company or the special fund.
No one is authorised to make statements or give assurances which are not contained in the Fund Prospectus or in other documents to which the Fund Prospectus refers. These documents may be viewed by the public at the Investment Fund Management Company head office.
This Prospectus may not be distributed in the United States.
Investors who are to be treated as "*restricted persons"* as defined in the US Regulation No. 2790 of the "*National Association of Securities Dealers*" (NASD 2790) must give immediate notification of their investment in the Investment Fund Management Company special fund.

SECTION I

THE INVESTMENT FUND MANAGEMENT COMPANY

1. Company and registered office; legal form; date of establishment; location of administrative headquarters if different from registered office; register and entry; applicable legal system

Investment Fund Management Company
The investment fund management company of the Convertinvest European Convertible & Bond Fund detailed in this prospectus is CPB Kapitalanlage GmbH, based at Bankgasse 2, 1010 Vienna.
CPB Kapitalanlage GmbH was founded on 9 January 1987.
CPB Kapitalanlage GmbH is an investment fund management company as defined in the *Bundesgesetz über Kapitalanlagefonds* [Austrian Federal Investment Fund Act] (*Investmentfondsgesetz* [Investment Fund Act]). It is a *Gesellschaft mit beschränkter Haftung* (GmbH) and is registered with the *Handelsgericht Wien* [Vienna Commercial Court], commercial register no. 43 489f.

2. and 3. You will find details of the management, the members of the supervisory board and nominal capital in the table at the end of the Fund Prospectus (Appendix A).

4. Business year

The business year is equal to the calendar year

5. Partners

Constantia Privatbank Aktiengesellschaft, Vienna (100%)

SECTION II

THE INVESTMENT FUND

1. Name of the fund:

The investment fund is registered as Convertinvest European Convertible & Bond Fund, *Miteigentumsfonds* [co-ownership fund] as defined in section 20 *InvFG*.

2. Date of the Fund's establishment and period of operation should this be limited

Convertinvest European Convertible & Bond Fund was established on 1 July 2002 for an indefinite period of operation.

3. Place at which the Fund Regulations and the reports required by the InvFG are available

The sources of information referred to in this Fund Prospectus such as the Simplified Prospectus, the Fund Regulations, the statements of accounts and semi-annual report may all be obtained from the Investment Fund Management Company, and shall be provided by this last free of charge at the investor's request. The said documents are also available from the depository bank and the sales agents listed in the appendix.

4. Tax regulations applicable to the Investment Fund and of relevance for the investor. Information on whether withholding tax is deducted from investors' income and ROI from the Investment Fund

Taxation (for taxable income received on or after 1 April 2004)

a) Private assets

<u>Full payment by withholding (final taxation); need not be declared by investor</u>

The Austrian coupon redemption agent shall withhold the applicable statutory capital gains tax from investment fund dividend payments to investors should the dividends come from taxable capital gains and the recipient of the dividend be liable for capital gains tax. Under the same conditions, "payments" from accumulation funds shall be withheld as capital gains tax on the dividend equivalent*) contained in the unit value.
There is in principle nothing private investors need declare on their tax returns. The withholding tax for capital gains settles all the investor's tax obligations. The capital gains tax withheld acts as so-called final taxation (*Endbesteuerung*) in terms of income tax and inheritance and capital transfer tax.

<u>Exceptions to final taxation</u>

Final taxation is not possible:

a) for bonds in the Fund assets not subject to *KESt II* (Austrian capital gains tax II – withholding tax to be deducted by the depository bank) provided no option has been granted. Such income must be declared to the tax authorities; bonds in the unit value not subject to *KESt II* are also subject to inheritance tax
b) for securities in the Fund assets not taxable in Austria provided there has been no waiver of the right to benefits under double taxation agreements. Such sums must be listed in the investor's tax return in the column headed "*Neben den angeführten Einkünften wurden Einkünfte bezogen, für die das Besteuerungsrecht aufgrund von Doppelbesteuerungsabkommen einem anderen Staat zusteht*" ["In addition to the income listed, income was received which is taxable in another State by virtue of a double taxation agreement"]; the securities in the unit value are in such a case also subject to inheritance tax.

In this case, however, it is possible to deduct the capital gains tax withheld or demand its repayment in accordance with section 240 *BAO* [Austrian Federal Tax Code].

*) does not apply to accumulation funds with complete reinvestment [*vollthesaurierende Fonds*]

b) Business assets

Deduction of tax by withholding for units held in the business assets of natural persons

For natural persons who receive income from capital assets or business operations (sole traders, partners in *OHG* [general partnerships] and *KG* [limited partnerships]), all income tax for sums subject to capital gains tax (*KESt I* [Austrian capital gains tax on Austrian investments] and *KESt II*) is covered by the capital gains tax deducted.
Dividends from capital gains from Austrian funds and capital gains from foreign sub-funds equivalent to dividends must be taxed at the applicable rate.

KESt II withholding for units in business assets held by legal persons

Provided no declaration of exemption pursuant to section 94 *EStG* [Austrian Income Tax Act] has been submitted, the coupon redemption agent must also withhold capital gains tax on dividends from business assets or use payments from accumulation funds to cover capital gains tax. Capital gains tax withheld and paid to the tax authorities may be deducted from the assessed corporation tax.

c) Corporations receiving income from assets

Should corporations (e.g. associations) be in receipt of income from assets, corporation tax for capital gains subject to *KESt II* is covered by the withholding tax. Private foundations in receipt of capital gains subject to *KESt II* are taxed at the special rate of 12.5% ("Zwischensteuer").

d) Inheritance tax

Inheritance and capital transfer tax was abolished on 31 July 2008.

Information for taxpayers:
Details of the taxation of fund dividends and equivalent income can be found in the statements of accounts.

5. Balance sheet date; frequency and form of dividend payments

The Fund's accounting year runs from 1 April to 31 March of the next calendar year. Dividends/Payments in accordance with section 13 clause 3 *InvFG**) or section 26 and section 27 of the Fund Regulations shall be made on or after 15 May of the following accounting year. Interim payments are possible.

*) e.g.: in the case of accumulation funds (not applicable to accumulation funds with complete reinvestment)

6. Name of the auditor pursuant to section 12 (4) InvFG.

Deloitte Audit Wirtschaftsprüfungs GmbH, Vienna

7. Conditions on which the Investment Fund Management Company may withdraw from management of the fund; period of notice

The investment fund management company may, with the consent of the Austrian Financial Market Authority [*Finanzmarktaufsicht*] and the required public notification, withdraw from management of the Fund:

a) by notice of termination
   - with six months' notice (section 14 par. 1 *InvFG*)
   - with immediate effect if the Fund assets drop below EUR 1,150,000.00 (section 14 par. 2 *InvFG*).

Notice of termination in accordance with section 14 par. 2 *InvFG* is not possible following notice of termination in accordance with section 14 par. 1 *InvFG*.

b) using the following measures with three months' notice
   - transfer of the management to another investment fund management company
   - the merger of funds or the investment of the fund assets in another investment fund.

8. Information on the type and principal characteristics of the units, in particular

- **Original instruments or certificates representing such instruments, registration in a register or account,**
- **Characteristics of the units: registered or bearer certificates; where applicable, information on denominations,**
- **Rights of the unitholders, in particular in the case of the withdrawal of the Investment Fund Management Company.**

The ownership of Fund assets is divided into equal units or "co-ownership shares" [*Miteigentumsanteile*]. There is no limit on the number of these units.
The units are represented by unit certificates (certificates) which serve as securities for units.
The unit certificates are represented by global certificates (section 24 *Depotgesetz*, [Austrian Securities Deposit Act] *BGBl*. [Austrian Federal Law Gazette] No. 424/1969 as last amended) or physical certificates.
The global certificates bear the original written signatures of two managers of the Investment Fund Management Company.
Each purchaser of a unit certificate acquires co-ownership rights to all fund assets in proportion to the co-ownership units the certificates represent.
The investment fund management company may, with the consent of its supervisory board, split the co-ownership units and issue the unitholders with additional unit certificates or exchange the old unit certificates for new certificates should it consider splitting the units to be in the interests of the co-owners in the light of the calculated unit value.
The unit certificates are bearer instruments.

<u>Rights of the unitholders, in particular in the case of termination by the management of the Investment Fund Management Company</u>

The unitholders retain the right to have the fund assets managed by an investment fund management company and to redeem the units at any time at their unit value even after the Investment Fund Management Company has ceased to manage the Fund. In the case of the combination of funds, unitholders shall also have the right to the exchange of the units in accordance with the exchange ratio and to the settlement of any fractional amounts. Should management of the fund be terminated by notice, the depository bank shall take over interim management and must initiate liquidation of the Fund if it has not transferred the Fund management to another investment fund management company within the space of six months. Once this process starts, the unitholder acquires the right to a due and proper liquidation process in lieu of the right to management, and, in lieu of the right to redemption of the unit value at any time, the right to payment of the proceeds of liquidation once the Fund has been liquidated.

9. Information on the stock exchanges or markets on which the units are listed or traded

The units are issued and repurchased by the depository bank.

10. Methods for and terms governing the issue and sale of units

Issuing units

There is in principle no limit on the number of units and corresponding unit certificates which may be issued. The units may be purchased from the paying and receiving agents listed in the Appendix. The investment fund management company reserves the right to temporarily or permanently cease to issue units.

Initial charge

The issue price includes an initial charge to cover the cost of issue on top of the value of the unit. The initial charge to cover issue costs amounts to up to 5 per cent of the value of the unit rounded up to the nearest euro cent.

Value date

The applicable issue price charged shall be equal to the value as at the next Austrian bank working day, calculated by the depository bank, plus the initial charge. The settlement day for the purchase price shall be two bank working days after the value date.

11. Methods of and terms governing the repurchase or redemption of units and circumstances under which repurchase or redemption may be suspended

Repurchase of units

Unitholders may demand the repurchase of units at any time by presenting the unit certificates or submitting a repurchase form to the depository bank. The investment fund management company has an obligation to repurchase the units on behalf of the Fund at the current repurchase price, which is equal to the value of the unit rounded up to the nearest euro cent.
The payment of the repurchase price and the calculation and publication of the repurchase price may be temporarily postponed upon notification of the Austrian Financial Market Authority and publication of the relevant information pursuant to section 10 of the Fund Regulations, and payment, calculation and publication of the repurchase price be made conditional upon the sale of Investment Fund assets should there be exceptional circumstances which make such actions appear necessary and in the legitimate interests of the unitholders. The investor must also be notified of the recommencement of unit certificate repurchasing pursuant to section 10 of the Fund Regulations.

The price of the Fund shall be calculated on the basis of the most recently published prices. Should the most recently published prices quite clearly and not simply in isolated cases not reflect the actual value, there need not be a price calculation if the Investment Fund has invested 5% or more of its assets in assets which do not reflect market prices.
The price of units in the fund assets from other investment funds shall be calculated on the basis of the most recently published prices for the subfund.

Value date

The applicable repurchase price paid shall be equal to the value as at the next Austrian bank working day as calculated by the depository bank. The settlement day for crediting the purchase price shall be two bank working days after the value date.

12. Rules governing the calculation and disposal of income; unitholders' rights to income

Income from income units

The income earned during the accounting year (interest and dividends) is, once costs have been covered, distributed at the discretion of the Investment Fund Management Company. Income from the realisation of assets held by the Investment Fund including subscription rights is also distributed at the discretion of the Investment Fund Management Company. Fund capital may be distributed. Distribution should never cause the value of the fund assets to fall below EUR 1,150,000.00. The sums shall be distributed to the holders of income units, if applicable in return for a coupon; the remainder shall be carried forward.

The investment fund management company has an obligation to distribute sums calculated according to section 13 *InvFG*.

Interim distribution is possible.

Income from accumulation units with withholding capital gains tax

(accumulation fund)

The income generated during the accounting year minus the sum required to cover costs is not distributed. In the case of accumulation units, a sum calculated according to section 13 clause 3 of the *Investmentfondsgesetz* must be paid out, and this is used to cover any capital gains tax owed for the dividend equivalents from the unit certificate.

Income from accumulation units without withholding capital gains tax

(accumulation fund with complete reinvestment [*Vollthesaurierer*], Austrian and foreign tranche)

The income generated during the accounting year minus the sum required to cover costs is not distributed. There is no distribution as set out in section 13 clause 3 *InvFG*. An assessment of whether capital gains tax is due on the annual income as set out in section 13 clause 3 *InvFG* is made as at 4 months from the end of the accounting year.

The investment fund management company obtains the necessary documents from depository agents to ensure that, at the time the sum is credited, the units can only be held by unitholders which are either not subject to Austrian income or corporation tax or which meet the conditions for exemption from such taxes set out in section 94 *Einkommensteuergesetz* [Austrian Income Tax Act].

Should these conditions not be fulfilled at the time the sum is credited, the sum calculated in accordance with section13 clause 3 *InvFG* must be paid out by means of a voucher from the depository financial institution.

Income from accumulation units without withholding capital gains tax

(accumulation fund with complete reinvestment, foreign tranche)

The income generated during the accounting year minus the sum required to cover costs is not distributed. There is no distribution as set out in section 13 clause 3 *InvFG*.

The investment fund management company obtains the necessary documents from the depository agents to ensure that, at the time the sum is credited, the units can only be held by unitholders which are either not subject to Austrian income or corporation tax or which meet the conditions for exemption from such taxes set out in section 94 *Einkommensteuergesetz* [Austrian Income Tax Act] or for exemption from capital gains tax.

13. Investment objectives of the Investment Fund including financial objectives (e.g. capital or income growth), investment policy (e.g. concentration on specific geographic areas or sectors of the economy), any restrictions affecting this investment policy and the borrowing powers which may be exercised in managing the Investment Fund

The investment objective of Convertinvest European Convertible & Bond Fund is income growth. To achieve this goal, the company shall acquire and realise the assets provided for by the *Investmentfondsgesetz* and the Fund Regulations (securities, money market instruments, deposits repayable on demand, fund units and financial instruments) on the basis of its assessment of the economic and financial market situation and stock market prognosis and in accordance with its investment policy.

Convertinvest European Convertible & Bond Fund invests at least two thirds of the fund assets after deduction of cash and cash equivalents in European convertible bonds. Issuers of the convertibles and bonds must be based in Europe or carry out the majority of their business in Europe or, if they are holding companies, hold the majority of their interests in companies based in Europe. At least 70% of these convertibles must be rates as investment grade or equivalent.

The Fund may, moreover, only invest a) a max. of 10 per cent of Fund assets minus cash and cash equivalents in shares and other equities and equity stakes, and b) a max. of one third of Fund assets minus cash and cash equivalents in money market instruments.

Security, growth and/or income are the main considerations when selecting investments. It should be noted that securities not only offer opportunities and appreciation but also pose risks.

Risk information

General information

The price of a fund's securities may rise/fall compared to the purchase price. If the investor realises investment fund units when the value of the fund's securities is lower than it was at the time of acquisition, the money the investor invested in the special fund will not be repaid in full.

Specific risks

a) The risk that the entire market for an asset class experiences negative growth and damages the price and value of these investments (market risk)

The price of financial products depends above all on developments on the capital markets, which are in turn affected by the general state of the global economy and the economic and political conditions in the relevant country or countries.

One form of market risk is interest rate risk. This is the possibility that the market rate of interest at the time a fixed-rate security is issued will change. Changes in the market interest rate may, for example, result from changes in the economic situation and the central banks' response to these. If market interest rates rise, the prices of fixed-rate securities usually fall. If, on the other hand, the market interest rate falls, the price of fixed-rate securities rises. In both cases, the change in price means that the income on the security is more or less in line with the market rate of interest.

Price fluctuations differ, however, depending on the term of the fixed-rate security. Fixed-rate securities with short terms are lower risk than those with longer terms, but fixed-rate securities with shorter terms usually generate lower returns.

b) The risk that an issuer or counterparty be unable to meet its obligations (credit risk)
Not only the general trends on the capital markets, but also the development of the specific issuer can affect the price of a security. Certain risks cannot be ruled out even when securities are selected with great care, for example the risk of losses caused by issuers' financial collapse.

c) The risk that a transaction not be settled as agreed within a transfer system because a counterparty fails to pay or deliver on time or as agreed (settlement risk)
This category of risk is the risk that settlement in a transfer system not be made as agreed because a counterparty fails to pay or deliver on time or as agreed. The settlement risk is the risk of not receiving payment or delivery from the counterparty in return for delivery or payment.
The risk that a transaction not be settled as agreed due to non-payment or non-delivery by a counterparty or that losses occur due to operational processing errors is particularly high for unlisted financial products purchased or settled via a transfer agent.
The unit price in the acquisition of foreign hedge funds is frequently paid before delivery rather than on a delivery versus payment basis. There is thus a risk that the units not be delivered although the unit price has been paid and that, should the hedge fund units fail to be delivered, the Investment Fund only be able to reclaim the unit price.

d) The risk that a position cannot be realised at a reasonable price (liquidity risk)
On behalf of the Convertinvest European Convertible & Bond Fund and in the light of the potential and risks of investment in shares and annuities, the Investment Fund Management Company focuses on acquiring securities which are officially listed on Austrian and foreign stock exchanges or traded on organised markets which operate regularly and are open to the public.
Problems may nevertheless be experienced in specific phases or specific stock market segments in realising these securities in time. There is also a risk that the price of securities traded in relatively narrow market segments be subject to considerable volatility.
The investment fund management company also purchases new issue securities provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another regulated market and such admission is secured within a year of issue.
The investment fund management company has the right to acquire securities which are traded on a stock exchange or regulated market in the EEA or on one of the stock exchanges or regulated markets listed in the Appendix.
The target funds in which a fund of funds invests may be limited in terms of both the repurchase of units and the frequency of valuation. There is therefore a risk when purchasing units in such target funds that these will not be returned and realised in time.

e) The risk that the value of investments be affected by changes in the exchange rate (exchange rate or currency risk)
Another type of market risk is currency risk. In the absence of provisions to the contrary, the assets of an investment fund may be invested in currencies other than the currency of the fund. The fund receives income, repayments and profits from such investments in the currencies in which it has invested.
The value of these currencies may fall against the fund currency. The value of the units is therefore subject to a currency risk in proportion to the Investment Fund's investments in currencies other than the fund currency.

f) Risk of the loss of assets in custody as a result of insolvency, negligence or fraudulent acts on the part of the depository bank or sub-depository bank (custody risk)
Depositing investment fund assets poses the risk of loss through the insolvency, breach of duty of care or fraudulent acts of the depository or a sub-depository. The use of a prime broker as depository may under certain circumstances not guarantee the same security as a depository bank.

g) Risks arising from a concentration on specific investments or markets (concentration risk)
Further risks may arise if investments are concentrated in certain assets or markets.

h) Performance risk; information on whether third party guarantees are in place and whether such guarantees are limited (performance risk)
Assets acquired for the Investment Fund may not perform as well as was expected at the time of their purchase. Positive growth cannot be guaranteed unless a third party provides a guarantee.

i) Surety's ability to pay
The risk of the investment increases or decreases depending on the surety's ability to pay.

j) The risk of insufficient flexibility posed both by the product itself and by restrictions on transfer to other investment funds (flexibility risk)
The risk of insufficient flexibility can arise from both the product itself and restrictions on transfer to other investment fund management companies.
Under certain circumstances, the daily valuation and repurchase of units may not be possible for units in *Organismen für gemeinsame Anlagen* [undertakings for collective investment] as defined in section 20a par. 1 item 3 *InvFG*. Issue and repurchase by the Investment Fund itself may, moreover, also be subject to restrictions.

k) Inflation risk
The income from an investment may be negatively affected by inflation. Money invested may depreciate due to inflation; inflation can also have a direct (negative) impact on the price of assets.

l) The risk affecting the Investment Fund capital (capital risk)
The main risk affecting the capital of the Investment Fund is that the selling price of the assets be lower than the purchase price. Capital risk also includes the risk of profit erosion following repurchase or too great a distribution of investment returns.

m) The risk of change in other fundamental conditions such as tax regulations
The value of the Investment Fund assets may be negatively affected by uncertainty in the countries in which the investments are made, for example global political developments, changes in government policy, restrictions on foreign investment, exchange rate fluctuations and other legal or political developments. Instruments may also be traded on stock exchanges which are not as strictly regulated as those in the USA and EU.

Borrowing

Short-term loans of up to 10 per cent of the total fund assets may be taken out.

Delegation
The investment fund management company shall have the right to delegate work to a company closely associated with it or to an associated company as defined in section 2 item 28 *Bankwesengesetz* [Austrian Banking Act] (BWG).

Settling transactions
The investment fund management company shall have the right to settle transactions for the Investment Fund via a company closely associated with it or an associated company as defined in section 2 item 28 *Bankwesengesetz* [Austrian Banking Act] (BWG).

14. Risk posed by derivatives as defined in section 21 *InvFG*.

The investment fund management company may, under certain circumstances and conditions and in accordance with the principles of due and proper investment fund management, acquire derivative financial instruments as defined in section 21 *InvFG* provided the Fund Regulations explicitly allow for the transactions in question.

It should be noted that derivative products can pose risks, for example:

a) The fixed-term contracts purchased may expire or depreciate.
b) The risk of loss cannot be determined and may exceed any securities provided.
c) Transactions which could eliminate or are designed to eliminate risks might not be possible or only be possible at a loss.
d) The risk of loss may increase if the obligations or rights arising from such transactions are in foreign currency.

The following additional risks may arise for transactions with OTC derivates:

a) Problems with selling financial instruments bought on the OTC market to third parties because there is no organised market for such instruments; the individual agreement may make it difficult or extremely expensive to settle the obligations entered into (liquidity risk);
b) The business success of the OTC transactions may be at risk from the failure of the counterparty (counterparty risk);

15. Investment techniques and instruments

I. Deposits repayable on demand/with the right to be withdrawn

Bank credit in the form of deposits repayable on demand or with the right to be withdrawn and with a maximum term of 12 months may be acquired on the following conditions:

1. Up to 20 per cent of the fund assets may be invested in deposits repayable on demand or with the right to be withdrawn with a maximum term of 12 months at one and the same financial institution provided the financial institution in question
   - is based in a Member State
   - is located in a non-member state and is subject to regulations which in the view of the FMA are equivalent to those required under Community law.
2. Irrespective of individual upper limits, an investment fund management company may invest a maximum of 20 per cent of the fund assets with one and the same financial institution in a combination of securities or money market instruments and/or deposits issued by this financial institution and/or OTC derivatives purchased by this financial institution.

There is no minimum balance.

II. Money market instruments

Money market instruments are instruments which are usually traded on the money market and liquid, whose value can always be precisely determined and which meet the conditions set out in section 1a par. 5 and 7 *InvFG*.

Money market instruments may be purchased for the Investment Fund which

1. are officially listed on one of the Austrian or foreign stock exchanges listed in the appendix or are traded on regulated markets listed in the appendix which operate regularly and are recognised and open to the public
2. are usually traded on the money market, freely transferable and liquid and whose value can be exactly determined at any time, about which sufficient information is available including information which enables a reasonable assessment of the credit risks associated with investments in such instruments; money market instruments other than those traded on a regulated market may also be purchased if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are

a) issued or guaranteed by a central, regional or local authority or central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
b) issued by an undertaking, the securities of which are officially listed on one of the Austrian or foreign stock exchanges or traded on one of the regulated markets listed in the Appendix, or
c) issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the FMA to be at least as stringent as those laid down by Community law, or
d) issued by other bodies belonging to the categories approved by the FMA provided that investments in such instruments are subject to investor protection equivalent to that laid down in a) to c) and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, or is an entity which, within a group of companies including one or more listed companies, is responsible for the group financing or is an entity which, whether in corporate, trust or contractual form, is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line; the credit line must be secured by a financial institution which itself fulfils the criteria in item 2 (c).

A maximum of 10 per cent of the Fund assets only may be used to acquire money market instruments which neither meet these conditions nor are traded on a regulated market.

III. Securities

Securities are defined as
a) shares and other securities equivalent to shares,
b) bonds and other forms of securitised debt,
c) any other negotiable financial instruments (e.g. subscription rights) which carry the right to acquire any financial instruments defined in the *InvFG* by subscription or exchange, with the exception of the techniques and instruments listed in section 21 *InvFG*.

For an instrument to qualify as a security, it must meet the criteria set out in section 1a par. 3 *InvFG*.

As defined in section 1a par. 4 *InvFG*, securities also include
1. units of closed-end funds constituted as investment companies or investment funds,
2. units of close-end funds constituted under the law of contract,
3. financial instruments as defined in section 1a par. 4 item 3 *InvFG*.

The investment fund management company purchases securities which are officially listed on one of the Austrian or foreign stock exchanges listed in the appendix or are traded on regulated markets listed in the appendix which operate regularly and are recognised and open to the public. New issue securities are also purchased provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange or to another regulated market and that such admission is secured within a year of issue.

Unlisted securities and other debt instruments

A total of up to 10 per cent of the fund assets may be invested in securities which are not officially listed on one of the stock exchanges or traded on one of the regulated markets listed in the Appendix.

IV. Units in investment funds as defined in section 20 par. 3 item 8b and 8c *InvFG*

1. Units in investment funds (= open-ended investment funds and investment companies) which meet the provisions of Directive 85/611/EEC (UCITS) may be purchased.
2. Units in investment funds which do not meet the provisions of Directive 85/611/EEC (UCITS) and
   - the sole object of which is the collective investment of capital raised from the public in securities and other liquid financial investments and which operate on the principle of risk-spreading, and

- the units of which are, at the request of unitholders, re-purchased or redeemed, directly or indirectly, out of the Investment Fund's assets

may be purchased, providing

a) they are authorised under laws making them subject to supervision considered by the Austrian Financial Market Authority to be equivalent to that laid down in Community law and that there is a sufficient guarantee of and provision for cooperation between authorities, and
b) the level of unitholder protection is equivalent to the level of protection for the unitholders of investment funds or other investment companies which meet the provisions of Directive 85/611/EEC (UCITS funds) and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 85/611/EEC, and
c) the business is reported in half-yearly and annual reports which allow an assessment to be made of the assets and liabilities, income and transactions over the reporting period.

An assessment of the equivalence of the level of unitholder protection in b) should be based on the criteria listed in section 3 of the *Informationen- und Gleichwertigkeitsfestlegungsverordnung* [FMA Regulation on Information and Determination of Equivalence] (IG-FestV) as last amended.

3. Units of investment funds which are directly or indirectly managed by the same investment fund management company or by any other company linked to the Investment Fund Management Company by joint management or control or by a substantial direct or indirect holding may be purchased for the Investment Fund.
4. Up to 10 per cent of the Fund assets may be invested in units in one and the same investment fund.

V. Derivative financial instruments

a. Listed and unlisted derivative financial instruments

An investment fund may invest in derivate financial instruments, including cash-settled instruments, which are officially listed on one of the stock exchanges or traded on one of the regulated markets listed in the Appendix, and derivative financial instruments which are not officially listed on a stock exchange or traded on a regulated market (OTC derivatives), provided that

1. the underlying consists of instruments covered by section 20 or financial indices, interest rates, foreign exchange rates or currencies in which the Investment Fund may invest according to the investment objectives set out in its Fund Regulations,
2. the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories officially approved by the FMA, and
3. 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 Investment Fund Management Company's initiative.

This also applies to instruments used to transfer the credit risk for the above assets.

b. Purpose

Derivative financial instruments are part of the Investment Fund's investment strategy and may also be used as securities.

c. Risk management

The investment fund management company uses a risk management procedure which allows it to monitor and measure the risk associated with its investments and its share of the total risk associated with the fund assets at all times. It shall, moreover, employ a procedure which allows a precise and independent assessment of the value of OTC derivatives at all times. The investment fund management company has an obligation to follow the procedure set by the FMA to inform the latter, after consultation with the depository bank, of the type of derivative in the fund assets for each of the Investment Funds it manages together with the risks associated with the underlyings, the investment limits and the methods used to assess the risk associated with the derivative transactions.

The total risk associated with the derivatives may not exceed the total net value of the fund. The market value of the underlyings, the counterparty risk, future market fluctuation and the time available to liquidate the positions must all be included in the risk assessment. As part of its investment strategy, an investment fund may invest in derivatives within the limits set out in the Fund Regulations and the *Investmentfondsgesetz* applicable to the underlying provided the overall underlying risk does not exceed this investment limit.

The counterparty risk associated with an investment fund management company's OTC derivatives transactions may not exceed:

1. 10 % of the fund assets if the counterparty is a financial institution as defined in Directive 2002/12/EC,
2. 5% in all other cases.

If an investment fund invests in index-based derivatives, these investments do not have to be factored in when calculating adherence to investment limits. When a security or money market instrument embeds a derivative, the latter must be taken into account for compliance with the above requirements.

d. Overall risk

Commitment approach
The total value of the derivative financial instruments not used as securities and which are to be included in limit calculations may not exceed the value of the fund assets.
The relevant value of

- financial futures contracts is equal to the contract value multiplied by the daily forward price;
- options is equal to the value of the securities or financial instruments on which the option is based (underlying)

Leverage:
The investment fund management company may use derivatives to increase the level of this Investment Fund's investments (leverage). The company may, for this Investment Fund, increase the level of investment through the use of loan capital or derivatives amounting to up to 150% of the value of the Investment Fund.

VI. Repurchase agreements

Within the investment limits, the Investment Fund Management Company has the right to buy, for and on behalf of the Investment Fund, assets which the seller undertakes to repurchase at a later date at a fixed price.
The terms affecting the Fund for the assets "bought under repurchase" may thus differ from the basic terms. The interest rate, term to maturity and sale and purchase price, for example, may differ significantly from the underlying. This eliminates the market risk.

VII. Securities lending

Within the investment limits set out in the *Investmentfondsgesetz*, the Investment Fund Management Company has the right to lend securities amounting to up to 30 per cent of the fund assets to third parties under a recognised securities lending system on condition that the third party undertakes to return the securities lent after a set period to be determined in advance.
The returns on such loans constitute part of the Fund income.

16. General valuation criteria

The value of a unit is calculated by dividing the total value of the Investment Fund including income by the number of units. The total value of the Investment Fund is to be assessed by the depository bank on the basis of the current prices of the securities, money market instruments and subscription rights in the fund plus the value of all financial investments, funds, credit, receivables and other rights held by the fund. The prices are based on the most recent available stock market prices or pricing.

Securities, money market instruments and other liquid financial investments which are neither listed on the stock exchange nor traded on other organised markets are assessed at their current market value; this is determined on the basis of a careful and realistic evaluation in the light of the global situation.
Options for which no stock market or market price is available are priced at a level which takes account of all recognisable potential and risks, is useful and realistic in economic terms and comes as close as possible to the market price.

17. Calculation of the sale or issue and redemption or repurchase price of the units, in particular

- **Method by and frequency with which these prices are calculated**
- **Information on the costs associated with sale, issue, repurchase and redemption**
- **Information on the way and place in and frequency with which these prices are published.**

Initial charge

The issue price includes an initial charge to cover the cost of issue. The initial charge to cover issue costs shall amount to up to 5 per cent of the value of a unit.
This initial charge may erode or even completely cancel out performance in the case of short-term investments. A relatively long investment term is therefore to be recommended when acquiring investment units.

Rounding issue and repurchase prices up/down

The issue price is rounded up to the nearest euro cent. The repurchase price, which is equal to the value of the unit, is rounded down to the nearest euro cent.

Publication of issue and repurchase prices

The value of a unit and its issue and repurchase price are calculated by the depository bank each trading day and published in the *Investmentfondsbeilage zum amtlichen Kursblatt der Wiener Börse* [Investment Fund Supplement to the Official Quotations List of the Vienna Stock Exchange].

Unit issue and repurchase costs

Additional costs are not charged when units are issued or repurchased by the depository bank or purchased from one of the paying or receiving agents listed in the appendix with the exception of the initial charge when unit certificates are issued. No contingent deferred sales charge is made when unit certificates are repurchased.

The extent to which additional fees are charged to the individual investors for the purchase or redemption of unit certificates in addition to the initial charge and/or contingent deferred sales charge depends on the investor's individual agreements with the depository financial institution and cannot therefore be influenced by the Investment Fund Management Company.

18. Method, amount and calculation of remuneration for the Investment Fund Management Company, the depository bank and third parties to be covered by the Investment Fund; expenses paid to the Investment Fund Management Company, the depository banks and the third parties by the Investment Fund

Management expenses

The investment fund management company receives an annual fee for its management work. The fee consists of one fixed and one variable element.
The annual fixed fee may amount to up to 1.15 per cent of the Fund assets and is calculated on the basis of the month-end figures.

The variable fee may amount to up to 10% of the growth of the Fund. This fee is calculated and charged on a monthly basis and is thus recognised as an expense each month and affects the net asset value. The overall economic performance fund is calculated and the fee paid out at the end of each calendar quarter. Depreciation is carried forward and the variable fee is only paid again once growth has cancelled out accumulated depreciation.

Other costs

In addition to the fees due to the Investment Fund management Company, the following expenses are also charged to the Investment Fund:

a) Transaction costs
These are all costs which arise in connection with the acquisition and realisation of Investment Fund assets.

b) Auditor fees
The fee paid to the auditor depends on the volume of the fund and the investment principles. It is paid on the basis of actual expense.

c) Publicity costs
Publicity costs are defined as all costs which arise in connection with producing and publishing the legally required information for unitholders in Austria and abroad. All costs charged by the supervisory authorities may be charged to the Investment Fund if changes (in particular to the Fund Regulations or Fund Prospectus) are necessary because legal provisions have changed. These costs are charged on the basis of actual expense.

d) Costs of the Investment Fund's accounts and deposits (security deposit charges)
The depository bank charges the Investment Fund Management Company the usual deposit fees, fees for coupon collection including if applicable the usual fees for the management of foreign securities abroad; the sums are calculated on a monthly basis.

e) Depository bank fee
The depository bank receives a monthly fee for the management of the Fund accounts, the daily valuation of the Investment Fund and the publication of the prices.

f) Charges for the services of external consultancy firms or investment consultants
If the Investment Fund employs the services of any external advisors or investment consultants, the costs of these services shall be set out under this item and charged to the Investment Fund.

In the latest statement of accounts, you will find the item "Other administrative expenses" under "Fund Results" in the "Profit and loss account and growth in fund assets" section. This item is the sum of the items listed under b) to f) above.

Other financial benefits

The Investment Fund Management Company shall only receive other financial benefits for its management of the Investment Fund (e.g. for broker research, financial analyses, market and price information systems) in line with the applicable quality standards for the Austrian investment sector if these are in the interests of the unitholder.

19. External consultancy firms or investment consultants

The external management company is Convertinvest Financial Services GmbH, Steckhovengasse 17, 1130 Vienna. This poses no additional costs for the investor.

20. Any investment fund results to date – this information may be either included in or enclosed with the prospectus

See Appendix “Simplified Fund Prospectus”.

21. Profile of the typical investor at which the Investment Fund is aimed

See Appendix “Simplified Fund Prospectus”.

22. Any costs or fees with the exception of the costs listed under (17) broken down by costs to be paid by unitholders and costs to be paid out of the Investment Fund assets

See Appendix “Simplified Fund Prospectus”.

SECTION III

THE DEPOSITORY BANK

1. Company; legal form; date of establishment; location of administrative headquarters if different from registered office

The depository bank is Constantia Privatbank Aktiengesellschaft, Bankgasse 2, 1010 Vienna.

2. Details of contract with the Investment Fund Management Company and amount paid to depository bank if paid out of the Investment Fund

Pursuant to the Austrian Financial Market Authority decision GZ. 25 5687/1-FMA-I/3/02 of 16 April 2002, Constantia Privatbank Aktiengesellschaft took on the function of depository bank. It is responsible for issuing and repurchasing units and managing the Fund accounts and deposits in accordance with the *Investmentfondsgesetz*. The depository bank must pay the Investment Fund Management Company the management fees it is due under the Fund Regulations and compensation for management expenses out of the accounts it manages for the Fund. The depository bank has the right to debit the Fund for the fees it is due for holding the Fund securities and managing the accounts. The depository bank may, however, only do this on the instructions of the Investment Fund Management Company.

3. Main business of the depository bank

The depository bank is a financial institution under Austrian law. Its main business is the receipt of third party money for custody or as deposits; the custody and management of securities for other parties and the clearing, deposit, credit and securities business,
The appointment and change of depository bank requires the approval of the Austrian Financial Market Authority. This may only be granted if the financial institution can be expected to fulfil the duties of a depository bank. The appointment and change of depository bank must be published; the publication must include the notice of approval.

.....
Signature of Management

SECTION IV

Simplified Prospectus

Convertinvest European Convertible & Bond Fund

(formerly called CONVERTINVEST European Convertible Bond)

A Capital Investment Fund according to Austrian Law

Miteigentumsfonds [co-ownership fund] as defined in section 20 *Investmentfondsgesetz* [Austrian Investment Fund Act]. ISIN code: AT0000674999 / AT0000674981. Approved by the Austrian Financial Market Authority in accordance with the provisions of the Austrian *Investmentfondsgesetz*.

1. Brief description of the Investment Fund

1.1 Date of the Fund's establishment

The Fund was established on 1 July 2002. It is a *Miteigentumsfonds* as defined in section 20 *Investmentfondsgesetz*.
The Fund is suitable as a target fund as defined in the *Investmentfondsgesetz*.

1.2 The Investment Fund Management Company

Convertinvest European Convertible & Bond Fund is managed by CPB Kapitalanlage GmbH, Bankgasse 2, 1010 Vienna.

CPB Kapitalanlage GmbH has delegated the following duties to third parties:

Fund management
Fund management is carried out by Convertinvest Financial Services GmbH, Steckhovengasse 12/Top 3, 1130 Vienna and Hochstrasse 35, 2500 Baden.

1.3 Depository bank

Constantia Privatbank Aktiengesellschaft, Bankgasse 2, 1010 Vienna

1.4 Auditors

Deloitte Audit Wirtschaftsprüfungs GmbH, Renngasse 1/Freyung, 1013 Vienna

1.5 Financial group offering the Investment Fund

The paying and receiving agent and contact for the Convertinvest European Convertible & Bond Fund is Constantia Privatbank Aktiengesellschaft, Bankgasse 2, 1010 Vienna.

2. Investment information

2.1 Brief definition of the Investment Fund investment objective

The investment objective of the Convertinvest European Convertible and Bond Fund is to generate continuous long-term returns whilst ensuring the greatest possible security.

2.2 Investment strategy of the Investment Fund and a brief assessment of the Fund risk profile (including the information required under section 21a and by investment category)

2.2.1 Investment Fund investment strategy

The Convertinvest European Convertible & Bond Fund invests at least two thirds of the fund assets – after withdrawal of liquid assets – primarily in convertible bonds or bonds with variability in European shares and bonds. The issuers of the Convertibles and Bonds must have their headquarters in Europe or carry out majority of their business in Europe or act as holding companies that predominantly have stakes in companies with headquarters in Europe. In this context, it is taken into account that at least 70% of these convertible bonds are issues with investment grade rating or equivalent credit rating.
Furthermore, a maximum of 10% of the Fund's assets – after withdrawal of liquid assets – may be invested in shares and other equity securities and rights.

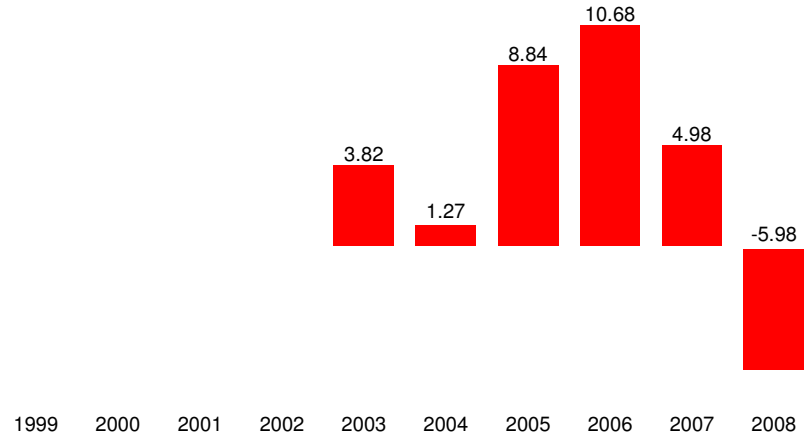
2.2.2 Brief assessment of the Fund risk profile (including the information required under section 21a and by investment category)

As most of the Investment Fund is in bonds, there is an increased interest rate risk which may have a negative effect on the value of the units. Other risks, however, may also arise, for example exchange rate risk, issuer risk and market risk. A detailed description of the individual risk types can be found in the detailed prospectus.
It should be noted that the value of the Convertinvest European Convertible and Bond Fund may rise/fall compared to the issue price. It is therefore possible that investors recover less money than they invested.
As derivative financial instruments are used largely as security for the Investment Fund assets, they do not add significantly to the risk profile of the Investment Fund.
The Investment Fund Management Company takes the commitment approach to risk assessment. Further details and information on the commitment approach can be found in Point 15 of the Detailed Fund Prospectus.

2.3 Investment fund growth to date; historic growth is no indication of future growth

2.3.1 Investment fund growth to date

Growth of the fund in % (Oesterreichische Kontrollbank AG method)



Average performance as at 30 December 2008

10 years p.a.	-
5 years p.a.	3.76
3 years p.a.	2.96

The performance assessment does not take account of the issue and repurchase costs.

2.3.2 Warning

Warning
Historic growth is not a reliable basis for predicting the future growth of an investment fund management company.

2.4 Profile of the typical investor

Recommended minimum investment term

1 year 15 years

Investor experience

Inexperienced investors Experienced investors

Investor risk tolerance

Conservative High risk tolerance

3. Business information

3.1 Applicable tax regulations

Austria: The fund itself is not subject to tax on capital or income. Dividends and equivalents paid out to private investors on or since 1 April 2004 (ordinary gains, 20% of capital gains from shares) are subject to a capital gains tax of 25% which constitutes final taxation for income and inheritance tax purposes.
Investors abroad/Non-resident for tax purposes: Taxation of Fund income in the case of sale abroad or to non-residents for tax purposes depends on the national tax legislation. We recommend investors seek the advice of a tax advisor.

3.2 Entry and exit commissions

Costs which are charged directly to the unitholder when the unit certificate is issued or repurchased

The initial charge to cover the issue costs amounts to	5,00%

3.3 Any other commissions and charges; a distinction must be made between those to be paid by the unitholder and those to be paid out of the Investment Fund assets

3.3.1 Costs which are paid out of the Fund assets

Costs which are charged at a set percentage rate of the value of the Fund assets	1,13%
Costs which are charged to the Fund assets	0,02%

3.3.2 TER (Total Expense Ratio) 1,16%*)

The Total Expense Ratio includes all costs charged to the Investment Fund with the exception of transaction and equivalent costs and is drawn up on the basis of the figures in the most recent audited statement of accounts.

Formula for calculating the TER:

$$\frac{\text{Total costs (incl. management fee - amount) x management fee in \%}}{\text{Management fee (amount)}}$$

3.3.3 PTR (Portfolio Turnover Ratio) 175,88%*)

The Portfolio Turnover Ratio sets out the relationship between the securities volume in the period under review to the average fund assets in the period under review minus the volume from unit certificate transactions. The closer the indicator thus calculated gets to 0, the closer the connection between the transactions undertaken and the issue and repurchase of unit certificates.

This indicator may only be useful up to a point as it is calculated on the basis of an approximation.

*) TER/PTR as at the last calendar year or at the time the prospectus was drafted

3.3.4 Other commissions and charges to be paid by the unitholder

It should be noted that investors may be charged deposit charges by the depository agents for custody of the Fund units.

4. Information on trade

4.1 How units are purchased

There is in principle no limit on the number of units and corresponding unit certificates which may be issued. The units may be purchased from the paying and receiving agents listed under Point 1.5. The investment fund management company reserves the right to temporarily or permanently cease to issue units.
Please see the Detailed Prospectus for details of the restrictions on the sale of the Fund to American citizens.

4.2 How units are sold

Unitholders may demand the repurchase of units at any time upon presentation of the unit certificates or submission of a repurchase form to the depository bank. The investment fund management company has an obligation to repurchase the units on behalf of the Fund at the current repurchase price equal to the value of the unit rounded up to the nearest euro cent.

4.3 Frequency with which and place and manner in which the unit prices are published/made available

Publication of the issue and repurchase prices

The issue and repurchase price are calculated by the depository bank each trading day and published in the *Investmentfondsbeilage zum amtlichen Kursblatt der Wiener Börse* [Investment Fund Supplement to the Official Quotations List of the Vienna Stock Exchange].

5. Additional information

5.1 Detailed prospectus and annual and semi-annual reports shall be provided on request free of charge either before or after conclusion of the contract

The simplified prospectus summarises the most important information about the Investment Fund. More detailed information can be found in the detailed prospectus. Potential investors are offered the current version of the simplified prospectus before conclusion of the contract/given the prospectus afterwards free of charge.

Potential investors shall also be provided with the valid detailed Fund Prospectus and the General and Specific Fund Regulations free of charge before and after conclusion of the contract. The most recent statement of accounts must be included with the detailed Fund Prospectus. If the statement of accounts dates from over eight months previously, the potential investor shall also be given a copy of the semi-annual report.

5.2 Supervisory authority responsible

Finanzmarktaufsicht [Austrian Financial Market Authority] (FMA), Praterstrasse 23, 1020 Vienna

5.3 Contact for any further information

CPB Kapitalanlage GmbH, Bankgasse 2, 1010 Vienna
E-mail: cpbinvestment fund management company@constantia.at
Tel: +43/1/536 16-0

5.4 Information for investors in Switzerland

Representative of Convertinvest European Convertible & Bond Fund in Switzerland is the FIRST INDEPENDENT FUND SERVICES, Klausstrasse 33, CH-8008 Zurich.

The bank of Convertinvest European Convertible & Bond Fund in Switzerland is NPB Neue Privat Bank AG, Limmatquai 122, PO Box, CH-8022 Zurich.

The publication body of the Fund for Switzerland, especially for the publication of modifications to the Fund prospectus, simplified prospectus and the Fund provisions, is the Schweizerische Handelsblatt and the Neue Zürcher Zeitung (NZZ).

The prospectus with the integrated Fund provisions, the integrated and simplified prospectus as well as the annual and half-yearly Fund reviews could be obtained free of charge from the representative in Switzerland.

5.5 Date of publication of the Fund prospectus

Version as of 31 March 2009 (published: 3 April 2009)

……..
Signature of the Management Board of CPB Kapitalanlage GmbH, Wien
(Investment Company)

……
Signature of the depository bank (Constantia Privatbank AG, Vienna)

……...
Signature of the representative (First Independent Fund Services, Zurich)

SECTION V

ADDITIONAL INFORMATION FOR INVESTORS IN SWITZERLAND

Representative and concerned bank in Switzerland

Representative of Convertinvest European Convertible & Bond Fund in Switzerland is the FIRST INDEPENDENT FUND SERVICES, Klausstrasse 33, CH-8008 Zurich.

The bank of Convertinvest European Convertible & Bond Fund in Switzerland is NPB Neue Privat Bank AG, Limmatquai 122, PO Box, CH-8022 Zurich.

Publications

The publication body of the Fund for Switzerland, especially for the publication of modifications to the Fund prospectus, simplified prospectus and the Fund provisions, is the Schweizerische Handelsblatt and the Neue Zürcher Zeitung (NZZ).

The net inventory value of the Fund shares including “exclusive commissions” is published daily in the Neue Zürcher Zeitung (NZZ).

The prospectus with the integrated Fund provisions, the integrated and simplified prospectus as well as the annual and half-yearly Fund reviews could be obtained free of charge from the representative in Switzerland.

Place of fulfilment and venue

Place of fulfilment and venue for shares that are offered or distributed from Switzerland are at the headquarters of the representative in Switzerland.

Place of fulfilment and venue at the headquarters of the representative continues to remain so even after the suspension of the sales approval of the Investment Fund of the company in Switzerland or in case of its insolvency.

Application of the flat administrative commission by the investment company

The investment company can make reimbursements from sales to the following institutional investors, who hold Fund shares for third parties from an economic viewpoint:

Life Insurance Corporations
Pension Funds and other provisions for old age
Investment Trusts
Swiss Fund Managements
Foreign Fund Managements and Corporations
Investment Corporations

In such a manner, the investment company can pay portfolio maintenance commissions from sales to the below-listed retailer and partners:

- Approved retailers
- Retailers who are exempted from approval
- Sales partners, who place the Fund shares exclusively with institutional investors with professional treasury
- Sales partners, who place the Fund shares exclusively with their clientele due to a written investment management order in return for payment (investment manager).

Derivative finance instruments
The risk associated with derivative finance instruments may not exceed 100% of the net Fund assets. The total risk associated with the Investment Fund can correspondingly amount up to 200% of the net Fund assets. The total risk posed by a Fund may not be increased by more than 10% upon acceptance of a temporary loan, so as to maintain the total risk below 210% of the net Fund asset under any circumstance.

Currency risk hedge
Currency risk hedge transactions relating to a share class include a possible risk that the obligations resulting from the currency risk hedge transactions could suppress the NAV (Net Asset Value) of other share classes.

APPENDIX A

1.) Managing Directors of CPB Kapitalanlage GmbH

Mag. Elisabeth Staudner
Dipl. Ing. Dr. Christoph von Bonin
Mag. Martin Schiller

2.) Supervisory Board of CPB Kapitalanlage GmbH

Dr. Klaus Pekarek
Univ. Prof. Mag. Dr. Stefan Pichler
Mag. Andreas Knie, CIIA
Dr. Robert Löw
Dr. Franz Jakob

Capital

EUR 2,300,000.00

3.) Partners

Constantia Privatbank Aktiengesellschaft, Vienna (100%)

4.) Sales agents

There are no sales agents other than the depository bank

5.) Stock exchanges and markets on which securities may be traded

See the Fund Regulations in the Appendix

6.) All Fund Regulations of the Fund to which the Fund Prospectus applies

See the Fund Regulations in the Appendix

7.) Fund type (tax class) if not mentioned in text

Subject to EU withholding tax – simplified

APPENDIX B

Schedule B

Investment Fund Information to be included in periodic reports

1.) Statement of assets and liabilities

- Securities
- Debt instruments of the type referred to in section 20 par.3(c)
- Bank balances
- Other assets
- Total assets
- Liabilities
- Net asset value

2.) Number of units in circulation

3.) Net asset value per unit

4.) Portfolio, distinguishing between

a) Securities admitted to official stock exchange listing
b) Securities traded on another regulated market
c) Securities of the type referred to in section 20 par. 3 item 2
d) Securities of the type referred to in section 20 par. 3 item 3
e) Other debt instruments equivalent to those referred to in section 20 par. 3 item 3,
   - and analysed in accordance with the most appropriate criteria in the light of the investment policy of the Investment Fund (e.g. in accordance with economic, geographical or currency criteria) as a percentage of net assets; for each of the above securities; the proportion it represents of the total assets of the Fund should be stated as should the issue currency, the nominal rate of interest (if available), the security prices and the exchange rate.
   - Statement of changes in the composition of the portfolio during the period under review.

5.) Statement of developments concerning Investment Fund assets during the period under review including the following:

- income from investments
- other income
- management charges
- depositary bank charges
- other charges and taxes
- net income
- distributions and reinvested income
- changes in capital account
- appreciation or depreciation of investments
- any other changes affecting the assets and liabilities of the Investment Fund

6.) Comparative table covering the last three financial years and including, for each financial year, at the end of the financial year:

- fund assets
- net asset value per unit
- growth in per cent
- income to date

7.) Details, by category of transaction as defined in section 21 carried out by the Investment Fund Management Company on behalf of the Investment Fund during period under review, of the sum of existing liabilities

8.) Distribution per unit

APPENDIX C

FUND REGULATIONS IN ACCORDANCE WITH section 20 *INVFG*

General Fund Regulations

The following regulates the legal relationship between the unitholders and CPB Kapitalanlage GmbH (hereafter "Investment Fund Management Company") for the Investment Funds managed by the Investment Fund Management Company which only apply in connection with the Specific Fund Regulations designed for the specific investment fund in question:

Section 1 Basis

The Investment Fund Management Company is subject to the provisions of the Austrian *Investmentfondsgesetz* [Investment Fund Act] of 1993 as last amended (hereafter "InvFG").

Section 2 *Miteigentumsanteile* [co-ownership units]

1. Ownership of the assets in the Investment Fund is divided into units of equal value.
   There is no limit on the number of units.
2. The units are represented by unit certificates (certificates) which are equivalent to securities.
   According to the Specific Fund Regulations, the units may be issued in several different forms.
   The units are issued as global certificates (section 24 *Depotgesetz*, [Austrian Securities Deposit Act] as last amended) and/or as physical certificates.
3. Each purchaser of a unit certificate acquires co-ownership rights to all fund assets in proportion to the co-ownership units the certificates represent. Each purchaser of a unit in a global certificate acquires co-ownership rights to all assets in the Investment Fund in proportion to the co-ownership units represented by the global certificate.
4. The Investment Fund Management Company may, with the consent of its supervisory board, split the co-ownership units and issue the unitholders with additional unit certificates or exchange the old unit certificates for new certificates should it consider splitting the co-ownership units to be in the interests of the co-owners in the light of the calculated unit value (section 6).

Section 3 Unit certificates and global certificates

1. Unit certificates are always bearer instruments.
2. The global certificates and physical certificates must be signed by the depository bank. Section 13 *Aktiengesetz* [Austrian Stock Corporation Act] must be applied as appropriate. The unit certificates must bear the original handwritten signature of two managing directors of the Investment Fund Management Company or one managing director and an authorised signatory.

Section 4 Management of the Investment Fund

1. The Investment Fund Management Company has the right to dispose of the assets of the Investment Fund and exercise the rights arising from these assets. In so doing, it acts in its own name on behalf of the unitholders. It must protect the interests of the unitholders and the integrity of the market, apply the care of a professional and conscientious manager as defined in section 84 par. 1 *Aktiengesetz* and adhere to both the provisions of the *InvFG* and the Fund Regulations.
   The Investment Fund Management Company may employ the services of thirds parties in the management of the Investment Fund and may also grant the said third parties the right to dispose of the assets on behalf of the Investment Fund Management Company or on own account on behalf of the uniholders.
2. The Investment Fund Management Company may neither grant monetary loans nor enter into commitments on the basis of a security or guarantee agreement on behalf of an investment fund.

3. Assets from the Investment Fund may not be pledged or otherwise encumbered or transferred or assigned as securities other than in the circumstances set out in the Fund Regulations.
4. The Investment Fund Management Company may not sell securities, money market instruments or other financial investments listed in section 20 *InvFG* on behalf of an investment fund which are not part of the fund assets at the time the transaction is concluded. This does not affect the provision of section 21 *InvFG*.

Section 5 Depository bank

The depository bank (section 13) appointed in accordance with section 23 *InvFG* manages the deposits and accounts of the Investment Fund and exercises all other functions incumbent upon it under the *InvFG* and the Fund Regulations.

Section 6 Issue and unit value

1. The depository bank shall calculate the value of a unit (unit value) for each type of unit and publish the issue price and repurchase price (section 7) each time units are issued or repurchased and at least twice a month.
   The value of a unit is calculated by dividing the total value of the Investment Fund including income by the number of units. The total value of the Investment Fund is to be assessed by the depository bank on the basis of the current prices of the securities, money market instruments and subscription rights in the Investment Fund plus the value of all money market instruments and financial investments, funds, credit, receivables and other rights held by the Investment Fund.
   The prices are based on the most recently available stock market prices or pricing in accordance with section 7 (1) *InvFG*.
2. The issue price is equal to the unit value plus an initial charge per unit to cover the issue costs incurred by the company. The price thus calculated is rounded up. The initial charge and the amount to which it may be rounded up are detailed in the Specific Fund Regulations (section 23).
3. The issue price and repurchase price for each type of unit are published in the *Investmentfondsbeilage zum Kursblatt der Wiener Börse* and/or in a business or daily paper in sufficiently wide circulation in Austria.

Section 7 Repurchase

1. At the unitholder's request, the unitholder must be paid his share of the Investment Fund at the current repurchase price, if applicable upon return of the unit certificate, coupons which have not yet reached maturity and the renewal coupon.
2. The repurchase price is equal to the value of a unit minus a contingent deferred sales charge and/or rounded down insofar as this is provided for in the Fund Regulations (section 23). The payment of the repurchase price and the calculation and publication of the repurchase price in accordance with section 6 may be temporarily suspended upon notification of the Austrian Financial Market Authority and publication of the same pursuant to section 10 and payment, calculation and publication of the repurchase price be made conditional upon the sale of Investment Fund assets should there be exceptional circumstances which make such actions appear necessary and in the legitimate interests of the unitholders. The investor must equally be notified of the recommencement of unit certificate repurchasing in accordance with section 10.
   Such exceptional circumstances occur in particular when the Investment Fund has invested 5 per cent or more in assets whose valuation prices clearly and not only in isolated cases do not reflect their actual value, and this as a result of the political or economic situation.

Section 8 Accounting

1. The Investment Fund Management Company shall publish a statement of accounts drawn up in accordance with section 12 *InvFG* within four months of the end of the Investment Fund accounting year.

2. The Investment Fund Management Company shall publish a semi-annual report drawn up in accordance with section 12 *InvFG* within two months of the end of the first six months of the Investment Fund accounting year.
3. The statement of accounts and the semi-annual report shall be available at the premises of the Investment Fund Management Company and at the depository bank.

Section 9 Validity of coupons
The unitholder's right to coupon redemption after five years. Once this deadline passes, such income is to be treated as the income of the Investment Fund.

Section 10 Publication
Section 10 par. 3 and par. 4 *KMG* [Austrian Capital Market Act] apply to all publications relating to the units excepting the announcement of the values calculated according to section 6.
Publication may take one of the following forms:

- printed publication in the *Amtsblatt zur Wiener Zeitung* or
- a reasonable number of copies of the publication provided free of charge at the premises of the Investment Fund Management Company and paying agents, and the date of publication and collection points announced in the *Amtsblatt zur Wiener Zeitung*, or
- electronic, on the website of the issuing Investment Fund Management Company in accordance with section 10 par. 3 (3) *KMG*.

Notification pursuant to section 10 par. 4 *KMG* shall be given in the *Amtsblatt zur Wiener Zeitung* or in a newspaper distributed across Austria.
Notification pursuant to section 10 par. 4 *KMG* of amendment to the prospectus pursuant to section 6 par. 2 *InvFG* may also be given in electronic form only on the website of the issuing Investment Fund Management Company.

Section 11 Changes to the Fund Regulations
The Investment Fund Management Company may, with the consent of the supervisory board and the depository bank, change the Fund Regulations. Changes also require the approval of the Austrian Financial Market Authority. Changes must be published and shall take effect on the date given in the announcement but three months after publication at the earliest.

Section 12 Termination and liquidation
1. The Investment Fund Management Company may wind up the Investment Fund (section 14 par. 2 *InvFG*) with the prior consent of the Austrian Financial Market Authority, and with at least six months' notice (section 14 par. 1 *InvFG*) or without notice and by means of a public announcement (section 10) if the fund assets drop below EUR 1,150,000.00. Notice of termination in accordance with section 14 par. 2 *InvFG* is not possible following notice of termination in accordance with section 14 par. 1 *InvFG*.
2. Should the right of the Investment Fund Management Company to manage the Investment Fund expire, management or liquidation shall follow the relevant provisions of the *InvFG*.

Section 12a Merger or transfer of Fund assets
In accordance with the provisions of section 3 par. 2 or section 14 par. 4 *InvFG*, the Investment Fund Management Company may merge the Fund assets with those of other investment funds or transfer the Investment Fund assets to other investment funds or add the assets of other investment funds to the Investment Fund assets.

Specific Fund Regulations

For the **Convertinvest European Convertible & Bond Fund, a** *Miteigentumsfonds* [co-ownership fund] as defined in section 20 *InvFG* (hereafter "Investment Fund").

The Investment Fund complies with Directive 85/611/EEC.

Section 13 Depository Bank
The depository bank is Constantia Privatbank Aktiengesellschaft, Vienna.

Section 14 Paying and receiving agents, unit certificates

1. The paying and receiving agent for unit certificates and coupons is Constantia Privatbank Aktiengesellschaft, Vienna.
2. Both income unit certificates and accumulation unit certificates with capital gains tax deduction in the Investment Funds are issued for units or fractions of the Fund.
   The Investment Fund Management Company reserves the right to issue accumulation unit certificates without capital gains withholding tax for units or shares of the Fund.
   The unit certificates may be represented by global certificates and also physical certificates at the discretion of the Investment Fund Management Company.
3. Should the units be represented by global certificates, dividend equivalents in accordance with section 26 shall be credited or dividends in accordance with section 27 paid by the unitholder's depository financial institution.

Section 15 Investment instruments and principles

1. Pursuant to sections 4, 20 and 21 *InvFG* and sections 16ff of the Fund Regulations, all types of securities, money market instruments and other liquid financial investments may be acquired for the Investment Fund provided this is consistent with the principle of risk distribution and does not damage the legitimate interests of the unitholder.
2. The various asset types are selected for the Investment Fund following the assessment criteria below:

- **Securities** (including securities with embedded derivative instruments)

Most assets in the Investment Fund are European convertible bonds.
Convertinvest European Convertible & Bond Fund invests at least two thirds of the fund assets after deduction of cash and cash equivalents in European convertible bonds. Issuers of the convertibles and bonds must be based in Europe or carry out most of their business in Europe or, if they are holding companies, hold the majority of their interests in companies based in Europe.
Structured financial instruments including ABS with no embedded derivatives may be acquired even if the underlying is not one of the instruments listed under (1).

- **Money market instruments**

A maximum of one third of the Investment Fund assets after deduction of cash and cash equivalents may also be invested in deposit certificates and other money market instruments subject to the restrictions set out under "Securities" above.

- **Units in investment funds**

In accordance with section 17 of these Fund Regulations, up to 10 per cent of the Investment Fund assets may be invested in units in other investment funds which are directly or indirectly invested largely in European convertibles bonds subject to the provisions under "Securities" and "Money market instruments" above.

- **Deposits repayable on demand/with the right to be withdrawn**

As part of Fund portfolio restructuring or in order to combat the effect of possible drops in securities prices, the Investment Fund may invest up to 100 per cent of the Fund assets in deposits repayable on demand or which have the right to be withdrawn and maturing in no more than 12 months.

- **Derivative instruments** (including swaps and other OTC derivatives)

Derivative instruments are used as part of the investment strategy:

a) to secure income and/or
b) as securities for shares and other securities equivalent to shares in Austrian and foreign companies, bonds or other forms of securitised debt and money market instruments subject to the provisions of "Securities" and "Money market instruments" above, and/or
c) to increase income.

3. The Investment Fund Management Company must take account of any securities and money market instruments with embedded derivatives purchased for the Investment Fund for the purposes of compliance with sections 19 and 19a. The investment limits set out in section 20 par. 3 items 5, 6, 7 and 8d *InvFG* do not factor in investment fund investments in index-based derivatives.
4. Up to 10 per cent of the Fund assets may be used to acquire shares or money market instruments which have not been paid in full and subscription rights for such instruments or other financial instruments which have not been paid in full.
5. Over 35 per cent of the Fund assets may be used to acquire securities or money market instruments which have been issued or guaranteed by a Member State or one of its local authorities, by a non-member state or a public international body to which one or more Member States belong provided the Fund assets are invested in at least six different issues and no more than 30 per cent of the Fund assets are invested in any one issue.
6. The investment decisions of the Investment Fund Management Company are not subject to any other restrictions; there are, in particular, no restrictions on the sectors, regions, currencies or issuers or on the instruments permitted under these Fund Regulations.

Section 15a Securities and money market instruments

Securities are

a) shares and other securities equivalent to shares,
b) bonds and other forms of securitised debt,
c) any other negotiable financial instruments (e.g. subscription rights) which carry the right to acquire financial instruments as defined in the *InvFG* by subscription or exchange with the exception of the techniques and instruments stated in section 21 *InvFG*.

To qualify as a security, an instrument must meet the criteria set out in section 1a par. 3 *InvFG*.

Pursuant to section 1a par. 4 *InvFG*, securities also include

1. units in closed-end funds constituted as investment companies or investment funds,
2. units in closed-end funds constituted under the law of contract,
3. financial instruments as defined in section 1a par. 4 item 3 *InvFG*.

Money market instruments are instruments which are usually traded on the money market, liquid, whose value can be accurately determined at all times and which fulfil the requirements set out in section 1a par. 5 to 7 *InvFG*.

Section 16 Stock exchanges and organised markets

1. Securities and money market instruments may be acquired if they
   - are listed or traded on a regulated market as defined in section 2 item 37 *BWG* or
   - are traded on another securities market in a Member State which operates regularly and is regulated and open to the public, or
   - are officially listed on one of the stock exchanges listed in the Appendix or
   - are traded on one of the recognised, regulated, regularly operating securities markets open to the public listed in the Appendix in a non-member state or
   - the terms of issue include an undertaking that application will be made for admission to official listing or trading on one of the aforementioned stock exchanges or for trading on one of the other aforementioned markets and such admission is secured within a year of the security being issued.
2. Other freely transferrable money market instruments which are not traded on regulated markets which are usually traded on the money market, liquid and whose value can be accurately determined at all times and for which sufficient information is available including information allowing a reasonable assessment of the credit risks associated with investments in such instruments may also be acquired for the Investment Fund provided the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are either

- issued or guaranteed by a central, regional or local authority or central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non-Member State or, in the case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong, or
- issued by an undertaking, the securities of which are officially traded on one of the regulated markets listed in item 1 – excepting new issues - or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community law, or by an establishment which is subject to and complies with prudential rules considered by the FMA to be at least as stringent as those laid down by Community law; or
- issued by other issuers belonging to the categories approved by the Austrian Financial Market Authority provided that investments in such instruments are subject to equivalent investor protection and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, or is an entity which, within a group of companies which includes one or more listed companies, is responsible for the financing of the group or is an entity which, whether in corporate, trust or contractual form, is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line; the credit line must be secured by a financial institution which itself fulfils the criteria item 2 point 3.

3. A maximum total of 10 per cent of the Fund assets only may be used to acquire securities and money market instruments which do not meet the conditions in items 1 and 2.

Section 17 Units in investment funds

1. Units in investment funds (= open-ended investment funds and investment companies) which meet the provisions of Directive 85/611/EEC (UCITS) may be acquired provided they in turn do not invest more than 10 per cent of the Fund assets in units in other investment funds.
2. Units in investment funds which do not meet the provisions of Directive 85/611/EEC (UCITS) and
   - the object of which is the collective investment in securities and other liquid financial investments of capital raised from the public and which operate on the principle of risk-spreading, and
   - the units of which can, at the request of unitholders, be re-purchased or redeemed, directly or indirectly, out of the Investment Fund's assets,

may be purchased, providing

   a) they in turn do not invest more than 10 per cent of the Fund assets in units in other investment funds and
   b) they are authorised under laws making them subject to supervision considered by the Austrian Financial Market Authority to be equivalent to that laid down in Community law and that there is a sufficient guarantee of and provision for cooperation between authorities, and
   c) the level of unitholder protection is equivalent to the level of protection for the unitholders of investment funds which meet the provisions of Directive 85/611/EEC (UCITS), and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 85/611/EEC, and
   d) the business is reported in half-yearly and annual reports which allow an assessment to be made of the assets and liabilities, income and transactions over the reporting period.

An assessment of the equivalence of the level of unitholder protection in c) should be based on the criteria listed in section 3 of the *Informationen- und Gleichwertigkeitsfestlegungsverordnung* [FMA Regulation on Information and Determination of Equivalence] (IG-FestV) as last amended.

3. Units in investment funds which are directly or indirectly managed by the same investment company or by any other company linked to the investment company by joint management or control or by a substantial direct or indirect holding may also be purchased for the Investment Fund. The Investment Fund Management Company may not charge unit issue or repurchase commissions or administrative fees for the investments set out in this article.
4. Up to 10 per cent of the Fund assets may be invested in units in one and the same investment fund.

Section 18 Deposits repayable on demand/with the right to be withdrawn
The Investment Fund may invest in bank deposits with a period to maturity of a maximum of 12 months in the form of deposits repayable on demand or with the right to be withdrawn. There is no minimum or maximum balance.

Section 19 Derivatives
1. Derivative financial instruments including cash-settled instruments which are officially traded on one of the regulated markets listed in section 16 may also be acquired for the Investment Fund provided the underlying consists of instruments covered in section 15a, or financial indices, interest rates, exchange rates or currencies in which the Investment Fund may invest according to its investment principles (section 15). This also applies to instruments used to transfer the credit risk for the above assets.
2. The overall risk associated with the derivatives may not exceed the total net value of the Fund assets. The market value of the underlyings, the counterparty risk, future market fluctuation and the time available to liquidate the positions must all be included in the risk assessment.
3. As part of its investment strategy, the Investment Fund may invest in derivatives within the limits set out in section 20 par. 3 items 5, 6, 7, 8a and 8d *InvFG* provided the overall underlying exposure does not exceed this investment limit.

Section 19a OTC Derivatives
1. The Investment Fund may invest in financial instruments which are not traded on a stock exchange (OTC derivatives) provided
   a) the underlyings are among those set out in section 19 item 1,
   b) the counterparties are institutions subject to prudential supervision, and belonging to the categories officially approved by the Austrian Financial Market Authority,
   c) 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 investment company's initiative and
   d) they are within the limits set in section 20 par. 3 items 5, 6, 7, 8a and 8d *InvFG* and the overall risk of the underlyings does not exceed this investment limit
2. The counterparty risk for an Investment Fund's OTC derivatives transactions may not exceed the following levels:
   a) 10 per cent of the Fund assets if the counterparty is a financial institution,
   b) 5 per cent of the Fund assets in all other cases.

Section 19b Value at Risk
Not applicable

Section 20 Borrowing
The Investment Fund Management Company may take out short-term loans on behalf of the Investment Fund amounting to up to 10 per cent of the Fund Assets.

Section 21 Repurchase agreements
Within the investment limits set out in the *InvFG*, the Investment Fund Management Company has the right to acquire, for and on behalf of the Investment Fund, assets which the seller undertakes to repurchase at a later date at a fixed price.

Section 22 Securities lending
Within the investment limits set out in the *InvFG*, the investment company has the right to lend securities amounting to up to 30 per cent of the fund assets to third parties under a recognised securities lending system on condition that the third party undertake to return the securities lent after a set period to be determined in advance.

Section 23 Issue and repurchase
The calculation of the unit value pursuant to section 6 is in EUR.
The initial charge to cover issue costs incurred by the company shall amount to up to 5 per cent of the unit value. The issue price is the unit value plus initial charge rounded up to the nearest euro cent.

There is in principle no limit on the number of units issued; however, the Investment Fund Management Company reserves the right to temporarily or permanently cease to issue unit certificates.

Section 24 Accounting year
The Investment Fund's accounting year runs from 1 April to 31 March of the following calendar year.

Section 25 Management fee, payment of expenses
The Investment Fund Management Company shall receive an annual fee for its management work.
The fee has both a fixed and a variable element.
The annual fixed fee may amount to up to 1.15 per cent of the fund assets and is calculated on the basis of the month-end figures.
The variable fee may amount to up to 10% of the growth of the fund. This fee is calculated and charged on a monthly basis and is thus recognised as an expense each month and affects the net asset value. The overall economic performance of the fund is calculated and the fee paid out at the end of each calendar quarter. Depreciation is carried forward and the variable fee shall only be paid again once growth has cancelled out accumulated depreciation.
The Investment Fund Management Company may also claim expenses for all the costs incurred in the course of management, in particular the costs of mandatory publications, deposit charges, auditing, consulting and closing costs.

Section 26 Disposal of income (income units)
The income earned during the accounting year (interest and dividends) may, once costs have been covered, be distributed at the discretion of the Investment Fund Management Company. Income from the realisation of assets held by the Investment Fund including subscription rights shall also be distributed at the discretion of the Investment Fund Management Company. Fund capital may be distributed. Distribution should never cause the value of the fund assets to fall below EUR 1,150,000.00. The sums shall be distributed to the holders of income units from 15 May of the following accounting year; the remainder shall be carried forward.
The sum calculated in accordance with section 13 clause 3 *InvFG* must be paid out as of 15 May; this sum shall if necessary be used to cover any capital gains tax due on the unit dividend equivalent.
Interim distribution is possible.

Section 27 Disposal of income (accumulation units with capital gains withholding tax)
(accumulation funds)
The income generated during the accounting year minus the sum required to cover costs is not distributed. In the case of accumulation units, a sum calculated according to section 13 clause 3 of the *Investmentfondsgesetz* must be paid out as of 15 May of the following accounting year; this sum shall if necessary be used to cover any capital gains tax due on the unit dividend equivalent.

Section 27a Disposal of income (accumulation units without capital gains withholding tax)
(accumulation fund with complete reinvestment [*Vollthesaurierer*], Austrian and foreign tranche)
The income generated during the accounting year minus the sum required to cover costs is not distributed. There is no distribution as set out in section 13 clause 3 *InvFG*. An assessment of whether capital gains tax is due on the annual income as set out in section 13 clause 3 *InvFG* is made as at 4 months from the end of the accounting year.
The investment fund management company obtains the necessary documents from depository agents to ensure that, at the time the sum is credited, the units can only be held by unitholders which are either not subject to Austrian income or corporation tax or which meet the conditions for exemption from such taxes set out in section 94 *Einkommensteuergesetz* [Austrian Income Tax Act].
Should these conditions not be fulfilled at the time the sum is credited, the sum calculated in accordance with section13 clause 3 *InvFG* must be paid out by means of a voucher from the depository financial institution.

Section 27b Disposal of income (accumulation units without capital gains withholding tax)

(accumulation fund with complete reinvestment, foreign tranche)

The income generated during the accounting year minus the sum required to cover costs is not distributed. There is no distribution as set out in section 13 clause 3 *InvFG*.

The investment fund management company obtains the necessary documents from the depository agents to ensure that, at the time the sum is credited, the units can only be held by unitholders which are either not subject to Austrian income or corporation tax or which meet the conditions for exemption from such taxes set out in section 94 *Einkommensteuergesetz* or for exemption from capital gains tax.

Section 28 Settlement

The depository bank receives a fee from the net distribution proceeds amounting to 0.5 per cent of the Fund Assets.

Appendix to Section 16

List of organised markets and official stock exchanges

1. Official stock exchanges and organised markets in the Member States of the EEC

Under Article 16 of Directive 93/22/EEC (Investment Services Directive), every Member State must keep an up-to-date record of the markets it has authorised. The other Member States and the Commission must have access to this record.
Under the same provision, the Commission is required to publish an annual list of the regulated markets of which it has been notified.
As a result of reduced entry barriers and specialisation in trading segments, the list of "regulated markets" is now subject to greater turnover. The Commission is therefore to maintain an updated version of this list on its official website in addition to the annual publication of a list in the Official Journal of the European Union.

The current list of regulated markets can be found at

http://www.fma.gv.at/cms/site//attachments/2/0/2/CH0230/CMS1140105592256/listegeregmaerkte.pdf[1]

in the "Verzeichnis der Geregelten Märkte (pdf)" ["List of Regulated Markets"]

1.2 The following stock exchanges are part of the register of *Regulated Markets*:

1.2.1	Finland	OMX Nordic Exchange Helsinki
1.2.2	Sweden	OMX Nordic Exchange Stockholm AB
1.2.3	Luxembourg	Euro MTF Luxemburg

1.3 *Recognised markets* in the EU according to section 20 par. 3 (1)(b) *InvFG*

1.3.1.	United Kingdom	London Stock Exchange Alternative Investment Market (AIM)

2. Stock exchanges in European countries outside the EEA

2.1	Bosnia Herzegovina:	Sarajevo, Banja Luka
2.2	Croatia:	Zagreb Stock Exchange
2.3	Switzerland:	SWX Swiss-Exchange
2.4	Serbia and Montenegro:	Belgrade
2.5	Turkey:	Istanbul (Stock Market simply "National Market")
2.6	Russia:	Moscow (RTS Stock Exchange)

3. Stock exchanges in non-European countries

3.1	Australia:	Sydney, Hobart, Melbourne, Perth
3.2	Argentina:	Buenos Aires
3.3	Brazil:	Rio de Janeiro, Sao Paulo
3.4	Chile:	Santiago
3.5	China:	Shanghai Stock Exchange, Shenzhen Stock Exchange
3.6	Hong Kong:	Hong Kong Stock Exchange
3.7	India:	Bombay
3.8	Indonesia:	Jakarta
3.9.	Israel:	Tel Aviv
3.10	Japan:	Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima
3.11	Canada:	Toronto, Vancouver, Montreal
3.12	Korea:	Seoul
3.13	Malaysia:	Kuala Lumpur
3.14	Mexico:	Mexico City
3.15	New Zealand:	Wellington, Christchurch/Invercargill, Auckland

[1] The link may be changed by the Austrian *Finanzmarktaufsicht* [Financial Supervisory Authority] [(FMA). The latest link can be found on the FMA homepage at www.fma.gv.at, *Anbieter, „Informationen zu Anbietern am österreichischen Finanzmarkt", Börse, Übersicht, Downloads, Verzeichnis der Geregelten Märkte*.

3.16	Philippines:	Manila
3.17	Singapore:	Singapore Stock Exchange
3.18	South Africa:	Johannesburg
3.19	Taiwan:	Taipei
3.20	Thailand:	Bangkok
3.21	USA:	New York, American Stock Exchange (AMEX), New York Stock Exchange (NYSE), Los Angeles/Pacific Stock Exchange, San Francisco/Pacific Stock Exchange, Philadelphia, Chicago, Boston, Cincinnati
3.22	Venezuela:	Caracas
3.23	United Arab Emirates	Abu Dhabi Securities Exchange (ADX)

4. Organised markets in countries outside the European Community

4.1	Japan:	Over the Counter Market
4.2	Canada:	Over the Counter Market
4.3	Korea:	Over the Counter Market
4.4	Switzerland:	SWX-Swiss Exchange, BX Berne eXchange; Over the Counter Market of the members of the International Securities Market Association (ISMA), Zurich
4.5	USA	Over the Counter Market in the NASDAQ-System, Over the Counter Market (markets organised by NASD such as Over-the-Counter Equity Market, Municipal Bond Market, Government Securities Market, Corporate Bonds and Public Direct Participation Programs) Over-the-Counter-Market for Agency Mortgage-Backed Securities

5. Stock exchanges with futures and options markets

5.1	Argentina:	Bolsa de Comercio de Buenos Aires
5.2	Australia:	Australian Options Market, Australian Securities Exchange (ASX)
5.3	Brazil:	Bolsa Brasiliera de Futuros, Bolsa de Mercadorias & Futuros, Rio de Janeiro Stock Exchange, Sao Paulo Stock Exchange
5.4	Hong Kong:	Hong Kong Futures Exchange Ltd.
5.5	Japan:	Osaka Securities Exchange, Tokyo International Financial Futures Exchange, Tokyo Stock Exchange
5.6	Canada	Montreal Exchange, Toronto Futures Exchange
5.7	Korea	Korea Futures Exchange
5.8	Mexico:	Mercado Mexicano de Derivados
5.9	New Zealand:	New Zealand Futures & Options Exchange
5.10	Philippines:	Manila International Futures Exchange
5.11	Singapore:	Singapore International Monetary Exchange
5.12	Slovakia:	RM-System Slovakia
5.13	South Africa:	Johannesburg Stock Exchange (JSE), South African Futures Exchange (SAFEX)
5.14	Switzerland:	EUREX
5.15	Turkey:	TurkDEX
5.16	USA:	American Stock Exchange, Chicago Board Options Exchange, Chicago Board of Trade, Chicago Mercantile Exchange, Comex, FINEX, Mid America Commodity Exchange, New York Futures Exchange, Pacific Stock Exchange, Philadelphia Stock Exchange, New York Stock Exchange, Boston Options Exchange (BOX)