Lupus alpha Smaller Pan European Champions

A UCITS fund governed by German law

PROSPECTUS

including investment terms and conditions

18 September 2026

THIS TRANSLATION IS INTENDED FOR CONVENIENCE PURPOSES ONLY AND SOLELY THE GERMAN VERSION IS BINDING

Lupus alpha Investment GmbH
Speicherstraße 49–51
D–60327 Frankfurt am Main

SALE RESTRICTIONS

Lupus alpha Investment GmbH is not, and will not be, registered under the United States Investment Company Act of 1940, as amended. The units of the special fund are not, and will not be, registered under the United States Securities Act of 1933, as amended, or under the securities laws of any state of the United States of America. Units in this special fund may not be offered or sold in the United States, to a US person or on their behalf. Persons interested in acquiring units may be required to demonstrate that they are not US persons and that they are neither acquiring units on behalf of US persons nor reselling them to US persons. US persons include natural persons if they are resident in the United States. US persons may also include partnerships or companies if they are incorporated, for example, under the laws of the US or of a US state, territory or possession.

NOTE ON THE PROSPECTUS

The purchase and sale of units in this special fund is governed by the prospectus, the key investor information document and the General Terms and Conditions of Investment in conjunction with the Special Terms and Conditions of Investment, as amended from time to time. The General Terms and Conditions of Investment and the Special Terms and Conditions of Investment are set out following this prospectus.

The prospectus must be made available free of charge, upon request, to any person interested in acquiring a unit in this special fund, as well as to every investor in the special fund, together with the most recently published annual report and, where applicable, the half-yearly report published following the annual report. In addition, the key investor information document must be made available free of charge to any person interested in acquiring a unit in this fund in good time before the conclusion of the contract.

No information or statements deviating from the prospectus may be provided. Any purchase of units based on information or statements not contained in the prospectus or the key investor information document is made solely at the purchaser's own risk.

The prospectus is supplemented by the most recent annual report and, where applicable, the half-yearly report published following the annual report.

DISTRIBUTION RESTRICTIONS

The Fund's units may only be offered for sale or sold in countries where such an offer or sale is permitted. This generally requires a corresponding marketing authorisation from the competent supervisory authority.

Key Legal Implications of the Contractual Relationship

By acquiring the units, the investor becomes a co-owner of the assets held by this special fund on a fractional basis. The investor may not dispose of the assets. No voting rights are attached to the units.

All publications and promotional material must be written in German or accompanied by a German translation. Lupus alpha Investment GmbH will also conduct all communication with its investors in German.

Enforcement of rights

The legal relationship between Lupus alpha Investment GmbH (the 'Management Company') and the investor, as well as any pre-contractual relations, are governed by German law. The registered office of Lupus alpha Investment GmbH is the place of jurisdiction for any claims brought by the investor against the Management Company arising from the contractual relationship. Investors who are consumers (see the definition below) and who are resident in another EU Member State may also bring an action before a competent court at their place of residence. The enforcement of court judgements is governed by the Code of Civil Procedure, or, where applicable, the Act on Compulsory Auction and Compulsory Administration or the Insolvency Code. As Lupus alpha Investment GmbH is subject to domestic law, there is no need for domestic judgements to be recognised prior to their enforcement.

To enforce their rights, investors may bring legal proceedings before the ordinary courts or, where available, initiate alternative dispute resolution proceedings.

The company undertakes to participate in dispute resolution proceedings before a consumer arbitration board. In the event of disputes involving consumers, the parties concerned may contact the official consumer arbitration board at the Federal Financial Supervisory Authority (BaFin) (Arbitration Board at BaFin, Marie-Curie-Straße 24–28, 60439 Frankfurt am Main, www.bafin.de/schlichtungsstelle).

In the case of disputes arising from the application of the provisions of the German Civil Code (BGB) concerning distance contracts for financial services, the competent body is the Conciliation Board at the Deutsche Bundesbank. The contact details are as follows:

Deutsche Bundesbank
Arbitration Board
PO Box 10 06 02
60006 Frankfurt
https://www.bundesbank.de/de/service/schlichtungsstelle

The right to bring proceedings before the courts remains unaffected by this.

Brief details of the capital management company, the custodian, the auditor and the UCITS sub-fund

Asset Management Company

Lupus alpha Investment GmbH
Speicherstraße 49–51
D-60327 Frankfurt am Main

Tel.: +49 69 365058-7000
Fax: +49 69 365058-8700
www.lupusalpha.de

Frankfurt am Main Commercial Register
HRB No. 52705

Investor Information Contact Point
Service Centre
Tel.: +49 69 365058-7000
Email: info@lupusalpha.de

Equity as at 31 December 2025

Subscribed and paid-up capital: EUR 2.56 million

Shareholders

Lupus alpha Asset Management AG (100 per cent)

Supervisory Board

Chairman
Dr Oleg de Lousanoff, solicitor and notary

Deputy Chairman
Dietrich Twietmeyer, Graduate Agricultural Engineer

Dr Helmut Wölfel, solicitor

Management

Dr Götz Albert
Michael Frick
Ralf Lochmüller
Dr Markus Zuber

Directors' appointments

Dr Götz Albert

Member of the Executive Board of Lupus alpha Asset Management AG, Frankfurt am Main

Michael Frick

Member of the Executive Board of Lupus alpha Asset Management AG, Frankfurt am Main

Ralf Lochmüller

Spokesperson for the Board of Directors of Lupus alpha Asset Management AG, Frankfurt am Main
Managing Director of Lupus alpha Holding GmbH, Frankfurt am Main

Dr Markus Zuber

Member of the Executive Board of Lupus alpha Asset Management AG, Frankfurt am Main

Custodian

Kreissparkasse Köln
Neumarkt 18–24
D-50667 Cologne

Liable equity as at 31 December 2025
EUR 1,944 million

Auditors for the UCITS sub-fund

KPMG AG, a firm of auditors
The Squaire
At the Airport
D–60549 Frankfurt am Main

Auditor for the fund management company

PricewaterhouseCoopers GmbH
Audit firm
Friedrich-Ebert-Anlage 35–37
60327 Frankfurt am Main

The information set out above is updated in the and half-yearly reports.

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1. BASIC PRINCIPLES

1st1st The Special Fund (the Fund)

The Lupus alpha Smaller Pan European Champions special fund (hereinafter the "Fund") is an undertaking for collective investment which raises capital from a number of investors in order to invest it in accordance with a defined investment strategy for the benefit of those investors (hereinafter the "Investment Fund"). The Fund is an investment fund within the meaning of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (hereinafter "UCITS") as defined in the German Capital Investment Code (hereinafter "KAGB"). It is managed by Lupus alpha Investment GmbH (hereinafter "the Company").

The Company invests the capital entrusted to it in its own name, for the joint account of the investors, in accordance with the principle of risk diversification, in assets authorised under the KAGB, separately from its own assets, in the form of special funds. The fund's business purpose is limited to capital investment in accordance with a defined investment strategy within the framework of collective asset management using the funds invested in it; operational activities and active entrepreneurial management of the assets held are excluded.

The types of assets in which the company is permitted to invest investors' funds, and the provisions it must observe in doing so, are set out in the KAGB, the associated regulations, the Investment Tax Act (hereinafter 'InvStG') and the investment terms and conditions governing the legal relationship between the investors and the company. The investment terms comprise a General Part and a Special Part ('General Investment Terms' and 'Special Investment Terms'). Investment terms for a public investment fund must be approved by the Federal Financial Supervisory Authority ('BaFin') prior to their use. The fund does not form part of the company's insolvency estate.

1st2nd Marketing documents and disclosure of information

The prospectus, the key investor information document, the investment terms and conditions, and the latest annual and half-yearly reports are available free of charge from the company or online at www.lupusalpha.de or www.fundinfo.com.

Further information on this fund's risk management investment limits, risk management methods and recent developments in the risks and returns of the main asset classes is available from the Company on request, either in electronic or written form.
Where the Company provides individual investors with further information on the composition of the fund's portfolio or its performance, it will make this information available to all investors in the fund at the same time. Investors may request electronic access to this data at www.lupusalpha.de under the heading 'Downloads – Mandatory Disclosures – Investor Information for Unit Holders'. This is subject, amongst other things, to the signing of a confidentiality agreement.

1st3rd Investment Terms and Conditions and Amendments Thereto

The investment terms and conditions are set out in this document following this prospectus. The investment terms and conditions may be amended by the Company. Amendments to the investment terms and conditions are subject to approval by BaFin. Amendments to the fund's investment principles are only permitted on condition that the Company offers investors the option either to redeem their units at no further cost before the amendments come into force, or to exchange their units free of charge for units in investment funds with comparable investment principles, provided that such investment funds are managed by the Company or another entity within its group.

The proposed amendments will be published in the Federal Gazette and, in addition, on the electronic information platform www.fundinfo.com or on the company's website at www.lupusalpha.de. If the amendments relate to remuneration and expense reimbursements that may be withdrawn from the fund, or to the fund's investment principles or material investor rights, investors will also be informed via their custodians through a medium on which information is stored, accessible and reproduced unchanged for a period appropriate to the purposes of the information, for example in paper form or electronic form (a so-called durable medium). This information shall include the key details of the proposed amendments, the reasons behind them, the investors' rights in connection with the amendment, and a reference to where and how further information can be obtained.

The amendments shall come into force no earlier than the day following their publication. Amendments to regulations concerning remuneration and reimbursement of expenses shall come into force no earlier than four weeks after their publication, unless an earlier date has been determined with the consent of BaFin. Amendments to the Fund's existing investment principles shall likewise come into force no earlier than four weeks after publication.

2. MANAGEMENT COMPANY

2nd1st Company name, legal form and registered office

The Fund is managed by Lupus alpha Investment GmbH (formerly Lupus alpha Kapitalanlagegesellschaft mbH), which was established on 15 July 2001 and has its registered office at Speicherstraße 49–51, D-60327 Frankfurt am Main.
The company, which has the legal form of a limited liability company (GmbH), is authorised as a capital management company under the German Capital Investment Code (KAGB).

Since 2001, the company has been authorised to manage not only securities sub-funds but also money market sub-funds and investment fund unit sub-funds. Following

alignment with the Investment Act, the company has been authorised since March 2004 to manage directive-compliant special funds, specialised and mixed special funds, and special funds with additional risks. Since July 2009, the company has been authorised to manage directive-compliant special funds, specialised and mixed special funds, other special funds and special funds with additional risks.

Following the alignment with the German Capital Investment Code, the company has been authorised since July 2013 to manage UCITS sub-funds in accordance with the UCITS Directive.

Furthermore, since July 2014, the company has been authorised to manage the following investment funds in accordance with the provisions of the German Capital Investment Code:

- Mixed investment funds (Sections 218 et seq. of the German Capital Investment Code (KAGB));

- Other investment funds (Sections 220 et seq. of the German Capital Investment Code);

- Closed-ended domestic public AIFs pursuant to Sections 261 et seq. of the German Capital Investment Code (KAGB) and closed-ended domestic special-purpose AIFs pursuant to Sections 285 et seq. of the German Capital Investment Code (KAGB), which invest in the following assets:

    - the assets referred to in Section 261(1)(4) to (6) of the KAGB,

    - securities as defined in Section 193 of the KAGB,

    - money market instruments as defined in Section 194 of the KAGB

    and

    - bank deposits as defined in Section 195 of the KAGB.

- Open-ended domestic special AIFs with fixed investment conditions pursuant to Section 284 of the KAGB, which invest in the following assets: the assets specified in Section 284(1) and (2) of the KAGB, with the exception of the assets specified in Section 284(2)(2)(e), (f) and (h).

- General open-ended domestic special AIFs pursuant to Section 282 of the KAGB – including hedge funds pursuant to Section 283 of the KAGB – which invest in the following assets: The assets referred to in Section 284(1) and (2), with the exception of the assets referred to in Section 284(2)(2)(e), (f) and (h).

- EU UCITS, EU AIFs and foreign AIFs whose permissible assets correspond to those of domestic investment funds.

2.2. Executive Board/Management and Super

Further details regarding the management and the composition of the Supervisory Board can be found at the beginning of the prospectus in the section 'Brief information on the fund management company, the custodian and the auditor' and then under 'Fund management company'.

2.3. Equity and additional own funds

Further details regarding the company's subscribed capital and liable equity can be found at the beginning of the prospectus in the section 'Brief information on the capital management company, the custodian and the auditor' and then under 'Capital management company'.

The company has covered the professional liability risks arising from the management of investment funds that do not comply with the UCITS Directive, known as alternative investment funds (hereinafter: 'AIFs'), and which are attributable to professional negligence on the part of its governing bodies or employees, covered by own funds amounting to at least 0.01 per cent of the value of the portfolios of all AIFs under management, with this amount being reviewed and adjusted annually. These own funds are included in the stated liable equity capital.

3. DEPOSITARY

3.1. Identity of the Depositary

The credit institution Kreissparkasse Köln, with its registered office at Neumarkt 18–24, D-50667 Cologne, has assumed the role of depositary for the Fund. The depositary is a credit institution under German law. Its main activities comprise current account, deposit and lending business, as well as securities trading.

3.2. Duties of the custodian

The KAGB provides for the separation of the management and custody of special funds. The custodian holds the assets in blocked custody accounts or blocked bank accounts. In the case of assets that cannot be held in custody, the custodian checks whether the management company has acquired ownership of these assets. It monitors whether the management company's disposal of the assets complies with the provisions of the KAGB and the investment conditions. Investments in bank deposits with another credit institution, as well as the disposal of such bank deposits, are only permitted with the consent of the custodian. The custodian must grant its consent if the investment or disposal is compatible with the investment conditions and the provisions of the KAGB.

In addition, the custodian has the following duties in particular:

- Issuing and redeeming units of the fund,

- ensuring that the issue and redemption of fund units, as well as the calculation of unit values, comply with the provisions of the KAGB and the fund's investment conditions,

- ensuring that, in the case of transactions carried out for the joint account of the investors, the consideration is placed in its custody within the usual time limits,

- to ensure that the Fund's income is applied in accordance with the provisions of the KAGB and the Fund's investment conditions,

- Monitoring the raising of loans by the Company on behalf of the Fund and, where applicable, approving the raising of loans,

- To ensure that collateral for securities lending is validly provided and remains available at all times.

3.3. Conflicts of interest

The following conflicts of interest could arise from the depositary performing its functions for the Fund:

The Company may instruct the custodian to perform additional tasks, such as the execution of securities transactions or foreign exchange conversions. The conflict arises from the resulting dual role of the custodian.

The Company's approach to conflicts of interest is set out in the section 'Conflicts of Interest'.

3.4. Sub-custody

The custodian has delegated custody tasks to other companies (sub-custodians). The sub-custodians appointed by the custodian are listed at the end of this prospectus.

The Company has received the list of sub-custodians from the custodian. The Company has checked this information for plausibility. However, it is reliant on the custodian to provide this information and cannot verify its accuracy and completeness in detail. The list of sub-custodians may, however, change at any time. As a rule, not all of these sub-custodians are used for the fund.

3.5. Liability of the custodian

The custodian is, in principle, responsible for all assets held in custody by it or, with its consent, by another party. In the event of the loss of such an asset, the custodian is liable to the fund and its investors, unless the loss is attributable to events beyond the custodian's control. In respect of damages other than the loss of an asset, the custodian is, in principle, liable only if it has failed to fulfil its obligations under the provisions of the KAGB through at least negligence.

3.6. Additional information

Upon request, the Company shall provide investors with up-to-date information on the depositary and its duties, on the sub-custodians, and on any potential conflicts of interest arising in connection with the activities of the depositary or the sub-custodians.

4. RISK DISCLOSURES

Before deciding to purchase units in the Fund, investors should carefully read the following risk disclosures together with the other information contained in this prospectus and take them into account when making their investment decision. The occurrence of one or more of these risks, either on its own or in conjunction with other circumstances, may adversely affect the performance of the Fund or the assets held by the Fund and may therefore also have an adverse effect on the unit price.

If an investor sells units in the Fund at a time when the prices of the assets held by the Fund have fallen compared with the time of their purchase, they will not recover the capital they invested in the Fund, or will not recover it in full. The investor could lose some or [in individual cases] even all of the capital invested in the Fund. Capital appreciation cannot be guaranteed. The investor's risk is limited to the amount invested. There is no obligation to make further contributions beyond the capital invested by the investor.
In addition to the risks and uncertainties described below or elsewhere in the prospectus, the fund's performance may be adversely affected by various other risks and uncertainties that are not currently known. The order in which the following risks are listed does not imply any statement regarding the likelihood of their occurrence, nor regarding the extent or significance of individual risks should they occur.

4.1. Risks associated with fund investment

The following sets out the risks typically associated with an investment in a UCITS. These risks may have an adverse effect on the unit price, on the capital invested by the investor and on the investor's planned holding period for the fund investment.

4th1st1 Fluctuations in the fund unit price

The fund unit value is calculated by dividing the value of the fund by the number of units in circulation. The value of the fund corresponds to the sum of the market values of all assets in the fund's portfolio, less the sum of the market values of all the fund's liabilities. The fund unit value is therefore ely dependent on the value of the assets held in the fund and the amount of the fund's liabilities. If the value of these assets falls or the value of the liabilities rises, the fund unit value falls.

4th1st2 Reduction in the fund unit value due to transfers from the special fund

Transfers from the special fund increase the fund's assets beyond the interest, dividends and income from investment units, fees from lending and repurchase agreements, as well as realised capital gains and other income accrued during the financial year on behalf of the fund and not used to cover costs. Distributions may therefore be made even if no profits are generated.

4th1st3 Differing performance of the share classes

Differences in the financial performance of share classes may arise from the different legal structures of the shares

in different share classes. These include, for example, distribution, capitalisation or varying levels of management fees. In the case of varying management fees, for instance, payments are regularly made from the fund's assets, which reduce the value of the respective shares to varying degrees.

4th1st4 Impact of tax considerations on individual returns

The tax treatment of investment income depends on the individual circumstances of the respective investor and may be subject to change in the future. For specific queries – particularly with regard to their individual tax situation – investors should consult their personal tax adviser.

4th1st5 Changes to the investment policy or the terms and conditions of investment

The Company may amend the investment terms and conditions with the approval of BaFin. This may also affect the investor's rights. For example, the Company may change the fund's investment policy by amending the investment terms and conditions, or it may increase the costs to be charged to the fund. The Company may also amend the investment policy within the scope of investments permitted by law and under the contract, and thus without amending the investment conditions or obtaining BaFin's approval. This may alter the risk associated with the fund.

4th1st6 Suspension of the issue and redemption of units

The Company may temporarily suspend the issue and redemption of units where exceptional circumstances exist which, having regard to the interests of investors, render such a suspension necessary. Exceptional circumstances in this context may include, for example: difficulties in valuing assets; serious liquidity problems (e.g. margin calls in securities trading, substantial redemptions by investors), where the sale of the Fund's assets must be carried out and which could lead to liquidity problems for the Fund (e.g. significant discounts on the sale of assets, substantial dilution effects); a critical cyber incident affecting the fund, the company and/or the operational capability of one of the company's service providers; unforeseen market closures; trading restrictions; closure of trading venues; a severe financial and/or political crisis; the discovery of significant criminal activity; a natural disaster. In addition, following consultation with the Company, BaFin may order the Company to suspend the issue and redemption of units if there are risks to investor protection or financial stability which, upon reasonable and balanced consideration, necessitate a suspension or resumption of issues and redemptions. Investors cannot redeem their units during this period. New investors cannot acquire units during this period. Even in the event of a suspension of unit redemptions, the unit value may fall; for example, if the company is forced to sell assets below market value during the suspension. The unit value following the resumption of unit issue and redemption may be lower than it was prior to the suspension. A suspension may be followed directly by the liquidation of the fund without the issue and redemption of units being resumed, e.g. if the company terminates the management of the fund with a view to subsequently liquidating it. Investors therefore face the risk that they will be unable to maintain their planned holding period and that significant portions of their invested capital will be unavailable to them for an indefinite period or lost entirely.

4.1.7 Winding up of the fund

The Company is entitled to terminate the management of the fund by giving notice in the Federal Gazette and, in addition, in the annual or half-yearly report. Upon publication of the notice of termination, the Company is obliged to wind up the Fund and to distribute the proceeds from the sale of the Fund's assets to investors in proportion to their holdings. Furthermore, the Company's management rights cease, for example, if insolvency proceedings are opened in respect of its assets. In such cases, the custodian wind up and distribute the Fund's assets. Investors therefore face the risk that they will be unable to maintain their holdings for the period they had planned. If the fund units are written off from the investor's custody account following the completion of the liquidation proceedings, the investor may be liable for income tax.

4th1st8 Transfer of all the Fund's assets to another open-ended collective investment scheme (merger)

The Company may transfer all the Fund's assets to another UCITS. In this case, the investor may (i) redeem their units, (ii) or retain them, in which case they will become an investor in the receiving UCITS, (iii) or exchange them for units in an open-ended public investment fund with comparable investment principles, provided that the Company or an affiliated undertaking manages such an investment fund with comparable investment principles. This applies equally where the Company transfers all the assets of another open-ended public investment fund to the Fund. The investor must therefore make a new investment decision ahead of schedule as part of the transfer. Income tax may be payable upon redemption of the units. If the units are swapped for units in an investment fund with comparable investment principles, the investor may be liable for tax, for example if the value of the units received is higher than the value of the old units at the time of acquisition.

4th1st9 Profitability and achievement of the investor's investment objectives

There is no guarantee that the investor will achieve their desired investment return. The net asset value of the fund may fall, resulting in losses for the investor. There are no guarantees from the Company or third parties regarding a specific minimum redemption amount or a specific investment return for the fund. Investors may therefore receive less than the amount originally invested. An initial charge paid on the purchase of units or a redemption fee paid on the sale of units may also reduce or even erode the return on an investment, particularly if the investment period is short.

4th2nd Risks of negative performance of the fund (market risk)

The risks associated with the Fund's investment in individual assets are set out below. These risks may adversely affect the performance of the Fund or the assets held by

the Fund and may therefore have a negative impact on the unit price and on the capital invested by the investor.

4.2.1 Value fluctuation risks

The assets in which the Company invests on behalf of the Fund are subject to risks. Losses in value may occur if the market value of the assets falls below the cost price or if spot and forward prices move in different directions.

4.2.2 Capital market risk

The price or market value performance of financial products depends in particular on the performance of the capital markets, which in turn is influenced by the general state of the global economy and the economic and political conditions in the respective countries. Irrational factors such as sentiment, opinions and rumours may also affect general price movements, particularly on a stock exchange. Fluctuations in prices and market values may also be attributable to changes in interest rates, exchange rates or an issuer's creditworthiness.

4.2.3 Price fluctuation risk of shares

Experience shows that shares are subject to significant price fluctuations and are therefore also exposed to the risk of price falls. These price fluctuations are influenced in particular by the earnings performance of the issuing company, as well as by developments within the sector and the broader economic environment. Market participants' confidence in the company in question can also influence share price movements. This applies in particular to companies whose shares have only recently been admitted to trading on a stock exchange or another organised market; in such cases, even minor changes to forecasts can lead to significant price movements. If the proportion of freely tradable shares held by many shareholders (known as the 'free float') is low, even small buy and sell orders can have a significant impact on the market price and thus lead to greater price volatility.

4.2.4 Interest rate risk

Investing in fixed-income securities carries the risk that market interest rates may change from the level prevailing at the time of a security's issue. If market interest rates rise compared with the rates at the time of issue, the prices of fixed-income securities generally fall. Conversely, if market interest rates fall, the prices of fixed-income securities rise. This price movement results in the current yield of the fixed-income security roughly corresponding to the current market interest rate. However, the extent of these price fluctuations varies depending on the (remaining) maturity of the fixed-income securities. Fixed-income securities with shorter maturities carry lower price risks than those with longer maturities. Conversely, fixed-income securities with shorter maturities generally offer lower yields than those with longer maturities. Money market instruments tend to carry lower price risks due to their short maturity of up to 397 days. In addition, the interest rates of various interest-bearing financial instruments denominated in the same currency and with comparable remaining maturities may develop differently.

4.2.5 Risk of negative interest rates

The Company invests the Fund's liquid assets with the custodian or other banks on behalf of the Fund. For some of these bank deposits, an interest rate has been agreed that corresponds to the European Interbank Offered Rate (Euribor) minus a specific margin. If the Euribor falls below the agreed margin, this results in negative interest on the relevant account. Depending on the development of the European Central Bank's interest rate policy, short-, medium- and long-term bank balances may all incur negative interest.

4th2nd6 Price fluctuation risk of convertible and warrant bonds

Convertible and option bonds confer the right to convert the bond into shares or to acquire shares. The performance of convertible and option bonds therefore depends on the price performance of the underlying share. The risks associated with the performance of the underlying shares may therefore also affect the performance of the convertible and option bonds. Option bonds which grant the issuer the right to offer the investor a predetermined number of shares instead of repaying a nominal amount (reverse convertibles) are even more heavily dependent on the relevant share price.

4.2.7 Risks associated with derivative transactions

The Company may enter into derivative transactions on behalf of the Fund. The purchase and sale of options, as well as the conclusion of forward contracts or swaps, involve the following risks:

- The use of derivatives may result in losses that are unforeseeable and may even exceed the amounts invested in the derivative transaction.

- Changes in the price of the underlying asset may reduce the value of an option or a forward contract. If the value decreases and the derivative thereby becomes worthless, the Company may be forced to allow the acquired rights to lapse. The Fund may also suffer losses as a result of changes in the value of the asset underlying a swap.

- There may be no liquid secondary market for a particular instrument at a given time. Under such circumstances, it may not be possible to offset (close out) a position in derivatives in an economically viable manner.

- Due to the leverage effect of options, the value of the fund's assets may be affected to a greater extent than would be the case with the direct purchase of the underlying assets. The risk of loss may not be determinable at the time the transaction is concluded.

- The purchase of options carries the risk that the option will not be exercised because the prices of the underlying assets do not develop as expected, meaning that the option premium paid by the fund is forfeited. When selling options, there is a risk that the fund will be obliged to accept assets at a price higher than the current market price, or to deliver assets at

a price lower than the current market price. The fund will then incur a loss equal to the price difference minus the option premium received.

- In the case of forward contracts, there is a risk that the company, on behalf of the fund, will be obliged to bear the difference between the price used as the basis at the time of conclusion and the market price at the time of settlement or maturity of the transaction. This would result in the fund incurring losses. The risk of loss cannot be determined at the time the forward contract is concluded.

- The conclusion of an offsetting transaction (closing out), should this be necessary, involves costs.
- The forecasts made by the company regarding the future performance of underlying assets, interest rates, prices and foreign exchange markets may prove to be incorrect in retrospect.

- The assets underlying the derivatives may not be bought or sold at what would otherwise be a favourable time, or may have to be bought or sold at an unfavourable time.

- The underlying assets of the derivatives may not be bought or sold at what would otherwise be a favourable time, or may have to be bought or sold at an unfavourable time.

In the case of over-the-counter (OTC) transactions, the following risks may arise:

- There may be no organised market, meaning that the company may find it difficult or impossible to sell the financial instruments acquired on the OTC market on behalf of the fund.

- Entering into an offsetting transaction (closing out the position) may be difficult, impossible or involve significant costs due to the terms of the individual agreement.

4th2nd8 Risks associated with the receipt of collateral

The Company receives collateral for derivative transactions. Derivatives may increase in value. The collateral received may then no longer be sufficient to cover the full amount of the Company's claim for delivery or retransfer against the counterparty.

The Company may invest cash collateral in blocked accounts, in high-quality government bonds or in money market funds with a short maturity profile. However, the credit institution with which the bank balances are held may default. Government bonds and money market funds may perform poorly. Upon termination of the transaction, the collateral invested may no longer be available in full, even though the company must return it to the fund in the amount originally provided. In that case, the fund would have to bear the losses incurred on the collateral.

4th2nd9 Risk associated with securitisation positions without a retention

The fund may only acquire securities that securitise receivables (securitisation positions) and were issued after 1 January 2011 if the debtor retains at least 5 per cent of the securitisation's volume as a so-called retention and complies with further requirements. The Company is therefore obliged, in the interests of investors, to take remedial action if the fund's assets include securitisations that do not comply with these EU standards. As part of these remedial measures, the Company may be forced to dispose of such securitisation positions. Owing to legal requirements applicable to banks, fund management companies and insurance companies, there is a risk that the Company will be unable to sell such securitisation positions, or will only be able to do so at a significant discount or after a considerable delay.

4.2.10 Inflation risk

Inflation entails a risk of depreciation for all assets. This also applies to the assets held in the fund. The rate of inflation may exceed the fund's rate of return.

4.2.11 Currency risk

The Fund's assets may be invested in a currency other than the Fund's currency. The Fund receives income, repayments and proceeds from such investments in that other currency. If the value of that currency falls against the Fund's currency, the value of such investments – and consequently the value of the Fund's assets – will decrease.

4.2.12 Concentration risk

If investments are concentrated in specific assets or markets, the fund is particularly dependent on the performance of those assets or markets.

4th2nd13 Risks associated with investing in investment fund units

The risks associated with units in other investment funds acquired on behalf of the Fund (so-called 'target funds') are closely linked to the risks of the assets held in these target funds or the investment strategies pursued by them. However, as the managers of the individual target funds act independently of one another, it may also happen that several target funds pursue the same or opposing investment strategies. This may cause existing risks to accumulate, and potential opportunities may cancel each other out. As a rule, the Company is not in a position to control the management of the target funds. Their investment decisions do not necessarily have to correspond to the Company's assumptions or expectations. The Company will often not be aware of the current composition of the target funds in a timely manner. If the composition does not correspond to its assumptions or expectations, it may, where necessary, only be able to react after a significant delay by redeeming units in the target funds.

Open-ended investment funds in which the Fund acquires units may also temporarily suspend redemptions. In such cases, the Company is prevented from disposing of the units in the target fund by returning them to the target fund's management company or custodian in exchange for payment of the redemption price.

4th2nd14 Risks arising from the investment universe

Subject to the investment principles and limits prescribed by law and the investment conditions – which provide the Fund with a very broad framework – the actual investment policy may also be geared towards acquiring assets primarily from, for example, only a limited number of sectors, markets or regions/countries. This concentration on a few specific investment sectors may entail risks (e.g. market narrowness, high volatility within certain economic cycles). The annual report provides retrospective information on the content of the investment policy for the past financial year.

4.3. Sustainability risks

The Company analyses, identifies and integrates sustainability risks as part of the investment decision-making process and the risk management process, as it believes that this integration could help to enhance long-term risk-adjusted returns for investors in line with the Fund's investment objective. Sustainability risks refer to events or conditions in the environmental, social or governance spheres, the occurrence of which could, in fact or potentially, have a material adverse effect on the value of the investment fund's assets. Sustainability risks may either constitute a risk in their own right or have an impact on other risks, and may contribute significantly to risks such as market risks, operational risks, liquidity risks or counterparty risks. The assessment of sustainability risks is complex and may be based on environmental, social or governance data that is difficult to obtain and may be incomplete, estimated, out of date or otherwise materially inaccurate. Even where such risks are identified, there is no guarantee that this data will be assessed correctly.

4th4th Risks relating to the fund's restricted or increased liquidity and risks associated with increased subscriptions or redemptions (liquidity risk)

The risks that may affect the Fund's liquidity are set out below. Such liquidity risks may result in the Company implementing procedures designed to reduce the risk of dilution for investors remaining in the Fund when units are issued or redeemed, or may result in the Fund being temporarily or permanently unable to meet its payment obligations, or in the Company being temporarily or permanently unable to honour investors' redemption requests. Investors may, where applicable, only be able to purchase units at an increased issue price or, upon redemption of units, may only receive a reduced redemption price. Furthermore, investors may, under certain circumstances, be unable to maintain their intended holding period, and the capital invested – or parts thereof – may be unavailable to them for an indefinite period. Furthermore, the materialisation of liquidity risks could cause the value of the fund's assets – and thus the unit price – to fall, for example if the Company is forced, to the extent permitted by law, to sell assets on behalf of the fund at below market value. If the Company is unable to meet investors' redemption requests, this may also lead to an extension of the redemption period, or the suspension of the issue and redemption of units, or an extension of the redemption period, and, in extreme cases, to the subsequent liquidation of the fund.

4th4th1 Restriction on the redemption of units

The Company may temporarily and partially restrict the redemption of units if, on a settlement date, investors' redemption requests exceed a pre-determined threshold, beyond which the redemption requests can no longer be honoured in the interests of the investors as a whole due to the Fund's liquidity situation. If the threshold is exceeded, the Company shall decide, in accordance with its duty of care, whether to restrict redemptions on that settlement date. If it decides to restrict redemptions, it will redeem units only on a pro rata basis at the redemption price applicable on the settlement date; otherwise, the obligation to redeem lapses. This means that each redemption request will be executed only on a pro rata basis according to a ratio determined by the Company. The unexecuted portion of the order will not be executed at a later date but will lapse. Investors therefore face the risk that their order to redeem units will only be executed on a pro rata basis and that they will have to place the outstanding portion of the order again. This measure serves to protect investors and is to be regarded as a less severe measure compared with the suspension of the issue and redemption of units.

4th4th2 Risk arising from investment in assets

The Fund may also acquire assets that are not admitted to trading on a stock exchange or on any other organised market, or included in such a market. Depending on the circumstances, these assets may only be resold at significant price discounts, with a time delay, or not at all. Even assets admitted to trading on a stock exchange may, depending on market conditions, volume, the timeframe and the anticipated costs, be impossible to sell or only be sold at a significant discount. Although the Fund may only acquire assets that can, in principle, be liquidated at any time, it cannot be ruled out that, at times or permanently, these assets may only be sold at a loss.

4.4.3 Risk arising from borrowing

The Company may raise loans on behalf of the Fund. Loans with variable interest rates may have a negative impact on the Fund's assets if interest rates rise. If the Company is required to repay a loan and is unable to settle it through follow-on financing or liquidity available within the Fund, it may be forced to sell assets prematurely or on less favourable terms than planned.

4th4th4 Risks arising from increased redemptions or subscriptions

Purchase and sale orders from investors result in liquidity flowing into or out of the Fund's assets. After netting, these inflows and outflows may lead to a net inflow or outflow of the Fund's liquid assets. This net inflow or outflow may prompt the fund manager to buy or sell assets, thereby incurring transaction costs. This applies in particular where the inflows or outflows cause the fund's cash holdings to exceed or fall below a target level set by the Company for the fund. The resulting transaction costs are charged to the fund and may adversely affect the fund's performance. In the case of inflows, increased fund liquidity may have a negative impact on the fund's performance

if the Company is unable to invest the funds, or is unable to do so promptly, on reasonable terms.

To manage these risks, the Company may employ procedures whereby the costs arising from unit redemptions (e.g. transaction costs resulting from the necessary sale or purchase of fund assets) are allocated to the redeeming investors on a 'polluter pays' basis, thereby reducing the risk of dilution for the investors remaining in the fund. For investors redeeming units, there is a risk that, where these procedures are applied, the unit value may be adjusted by a factor or a fee may be deducted from the unit value, thereby reducing the redemption price accordingly. For new investors, there is also a risk that, where these procedures are applied, the unit value may be adjusted by a factor or the unit value may be increased by a fee, thereby increasing the issue price accordingly.

4th4th5 Risk associated with public holidays in certain regions/countries

In accordance with the investment strategy, investments for the fund are to be made primarily in specific regions/countries. Due to local public holidays in these regions/countries, there may be discrepancies between trading days on the stock exchanges in these regions/countries and the fund's valuation days. The Fund may be unable to react on the same day to market developments in the regions/countries on a day that is not a valuation day, or may be unable to trade on the local market on a valuation day that is not a trading day in those regions/countries. This may prevent the Fund from selling assets within the required timeframe. This may adversely affect the Fund's ability to meet redemption requests or other payment obligations.

4th5th Counterparty risk, including credit and receivables risk

The risks that may arise for the Fund in the context of a business relationship with another party (a so-called counterparty) are set out below. There is a risk that the counterparty may no longer be able to fulfil its agreed obligations. This may adversely affect the Fund's performance and thus also have a negative impact on the unit price and the capital invested by the investor.

4th5th1 Default risk / counterparty risks (excluding central counterparties)

The default of an issuer (hereinafter 'issuer') or a contractual partner (hereinafter 'counterparty') against whom the Fund has claims may result in losses for the Fund. Issuer risk describes the impact of specific developments relating to the respective issuer which, in addition to general trends in the capital markets, affect the price of a security. Even with careful selection of securities, it cannot be ruled out that losses may occur as a result of a decline in the financial standing of issuers. A party to a contract entered into on behalf of the Fund may default in part or in full (counterparty risk). This applies to all contracts entered into on behalf of the Fund.

4.5.2 Risk arising from central counterparties

A central counterparty (CCP) acts as an intermediary in certain transactions on behalf of the fund, in particular in transactions involving derivative financial instruments. In such cases, it acts as the buyer vis-à-vis the seller and as the seller vis-à-vis the buyer. A CCP hedges its counterparty default risks through a series of protective mechanisms that enable it, at any time, to offset losses arising from the transactions entered into, for example through so-called margin payments (e.g. collateral). Despite these safeguards, it cannot be ruled out that a CCP may default, which may also affect the Company's claims on behalf of the Fund. This may result in losses for the Fund that are not hedged.

4th6th Operational and other risks of the Fund

The following section outlines risks that may arise, for example, from inadequate internal processes, as well as from human error or system failure at the Company or among external third parties. These risks may adversely affect the Fund's performance and thus also have a negative impact on the unit price and on the capital invested by the investor.

4th6th1 Risks arising from criminal acts, malpractice or natural disasters

The fund may fall victim to fraud or other criminal acts. It may suffer losses due to errors made by the company's staff or external third parties, or be adversely affected by external events, such as natural disasters or pandemics.

4.6.2 Country or transfer risk

There is a risk that a foreign debtor, despite being solvent, may be unable to make payments on time, at all, or only in a different currency, due to the currency being non-transferable, a lack of willingness on the part of the debtor's country of residence to facilitate transfers, or for similar reasons. For example, payments to which the company is entitled on behalf of the fund may not be made, may be made in a currency that is no longer convertible due to foreign exchange restrictions, or may be made in a different currency. If the debtor pays in a different currency, this position is subject to the currency risk described above.

4.6.3 Legal and political risks

The Fund may invest in jurisdictions where German law does not apply or, in the event of legal disputes, where the place of jurisdiction is outside Germany. The resulting rights and obligations of the Company on behalf of the Fund may differ from those in Germany to the detriment of the Fund or the investor. Political or legal developments, including changes to the legal framework in these jurisdictions, may not be identified by the Company, or may be identified too late, or may lead to restrictions regarding assets that can be acquired or have already been acquired. These consequences may also arise if the legal framework for the Company and/or the management of the Fund in Germany changes.

4th6th4 Changes to the tax framework, tax risk

The tax-related information in this prospectus is based on the legal situation as currently known. The brief details regarding tax regulations are intended for persons subject to unlimited income tax liability or unlimited corporation tax liability in Germany. However, no assurance can be

given that the tax assessment will not change as a result of legislation, case law or decrees issued by the tax authorities.

4.6.5 Key personnel risk

If the fund's investment performance is very positive over a given period, this success may also depend on the suitability of the individuals involved and, consequently, on the management's ability to make the right decisions. However, the composition of the fund's management team may change. New decision-makers may then prove less successful.

4.6.6 Custodian risk

The custody of assets, particularly abroad, involves a risk of loss which may result from the custodian's insolvency or breaches of their duty of care, or from force majeure.

4th6th7 Risks arising from trading and clearing mechanisms (settlement risk)

When settling securities transactions, there is a risk that one of the contracting parties may delay payment or fail to pay as agreed, or may fail to deliver the securities on time. This settlement risk also applies, accordingly, to trading in other assets on behalf of the fund.

5th Explanation of the Fund's risk profile

The risk profile may vary depending on market conditions and the type of asset, and may change over time. Furthermore, prospective investors may refer to the risk indicator in the key investor information document to assess the risk profile (to be found under 'What risks are involved and what could I get in return?' in the relevant key investor information document for the fund). The key investor information document is available free of charge on the website www.lupusalpha.de or www.fundinfo.com, or can be obtained free of charge from the Company on request.

6. INCREASED VOLATILITY

Due to its composition and the use of derivative techniques, the fund may exhibit increased volatility; in other words, unit prices may be subject to significant fluctuations, both upwards and downwards, even over short periods.

7. PROFILE OF THE TYPICAL INVESTOR

Investment in the fund is suitable for investors who have already acquired a basic understanding of and experience with financial products and who are seeking to build or optimise their wealth. The investor must be willing and able to bear a significant loss of capital, up to and including the complete loss of the capital invested, and does not place any value on capital protection. The investment horizon should be medium to long term.

8th INVESTMENT OBJECTIVES, STRATEGY, PRINCIPLES AND LIMITS

8.1. Investment Objective and Strategy

The fund management aims to achieve medium- to long-term capital growth through positive performance of the assets held in the fund. The fund management invests in small and medium-sized companies in Europe. The focus is on high-quality companies characterised by an attractive market position, a sound balance sheet and a stable business model.

The fund promotes environmental and/or social characteristics as part of its investment strategy within the meaning of Article 8 of the Disclosure Regulation, but does not aim to make sustainable investments as an objective. **Information on the environmental and/or social characteristics promoted by this fund can be found in the appendix 'Appendix to the Disclosure and Taxonomy Regulation' to this prospectus.** Further information can be found on the Company's website at the following link, under the 'Funds' section, select the fund's name, then 'More Information', and finally the document titled 'ESG Methodology': https://www.lupusalpha.de/fonds

Based on the sustainability risk assessment carried out, it is likely that the sustainability risks to which the fund may be exposed will have a lower impact on the value of the fund's investments in the medium to long term, owing to the application of the sustainability principles outlined above.

Securities are actively selected through a comprehensive analysis of individual companies based on qualitative and quantitative criteria (with 'stock picking' as the key tool). This is supported by face-to-face discussions with the companies' management.

The fund does not track any securities index. The company uses the STOXX®Europe TMI Small Net Return EUR Index as a benchmark for the fund. The STOXX®Europe TMI Small Net Return EUR Index is not tracked. The fund management actively decides on the selection of assets at its own discretion, taking into account the investment strategy set out above. It aims to outperform the benchmark. The composition of the fund and its performance may deviate significantly or entirely from the benchmark over the long term – either positively or negatively.

A comparison of the fund's performance with that of the benchmark can be found in this prospectus under section 14.1, 'Performance'.

The investments underlying this fund do not take into account the EU criteria for environmentally sustainable economic activities.

The risks associated with this investment policy are set out in detail in Section 6 'Risk Disclosures' and in Section 7 'Explanation of the Fund's Risk Profile'.

NO ASSURANCE CAN BE GIVEN THAT THE OBJECTIVES OF THE INVESTMENT POLICY WILL ACTUALLY BE ACHIEVED.

8.2. Assets

The Company may acquire the following assets on behalf of the Fund:

- securities in accordance with Section 193 of the KAGB,
- money market instruments in accordance with Section 194 of the KAGB,
- bank deposits in accordance with Section 195 of the KAGB,
- investment fund units in accordance with Section 196 of the KAGB,
- derivatives in accordance with Section 197 of the KAGB,
- So-called 'other investment instruments' as defined in Section 198 of the KAGB.

The Company may acquire these assets within the investment limits set out in particular in the sections entitled 'Investment limits for securities and money market instruments, including the use of derivatives, and bank deposits'. Details of these assets and the applicable investment limits are set out below.

8.3. Securities

The Company may, on behalf of the Fund, acquire securities issued by domestic and foreign issuers,

1. provided they are admitted to trading on a stock exchange in a Member State of the European Union ('EU') or in another State party to the Agreement on the European Economic Area ('EEA'), or are admitted to trading on, or included in, another organised market in one of these States,

2. if they are admitted to trading exclusively on a stock exchange outside the Member States of the EU or outside the other contracting states to the Agreement on the European Economic Area, or are admitted to or included in another organised market in one of these states, provided that BaFin has approved the selection of that stock exchange or organised market.

Securities from new issues may be acquired if, under their terms of issue, an application must be made for admission to or inclusion in one of the stock exchanges or organised markets referred to in points 1 and 2, and such admission or inclusion takes place within one year of issue.

Securities within this meaning also include

- units in closed-end investment funds in the form of a contract or a company that are subject to control by the unit-holders (so-called 'corporate control'), i.e. the unit-holders must have voting rights in relation to material decisions, as well as the right to control the investment policy by means of appropriate mechanisms. The investment fund must also be managed by a legal entity subject to investor protection regulations, unless the investment fund is established as a company and the asset management activities are not carried out by another legal entity.
- Financial instruments that are secured by other assets or linked to the performance of other assets. Where such financial instruments contain embedded derivative components, further requirements apply in order for the company to be permitted to acquire them as securities.

The securities may only be acquired subject to the following conditions:

- The potential loss that the fund may incur must not exceed the purchase price of the security. There must be no margin call obligation.

- A lack of liquidity in the security acquired by the fund must not result in the fund being unable to comply with the statutory requirements regarding the redemption of units. This applies subject to the statutory provision allowing the suspension of unit redemptions in exceptional cases (see Section 11.1 'Issue and Redemption of Units')

- A reliable valuation of the security must be available based on accurate, reliable and widely recognised prices; these must either be market prices or be provided by a valuation system that is independent of the issuer of the security.

- Adequate information must be available regarding the security, either in the form of regular, accurate and comprehensive market information on the security or, where applicable, in the form of an associated portfolio.

- The security must be tradable.

- The acquisition of the security is consistent with the fund's investment objectives or investment strategy.

- The risks associated with the security are adequately captured by the fund's risk management.

Securities may also be acquired in the following form:

- shares to which the fund is entitled in the event of a capital increase from company funds,

- securities acquired through the exercise of subscription rights held by the fund,

Subscription rights may also be acquired for the Fund as securities in this sense, provided that the securities from which the subscription rights arise may be held by the Fund.

8.4. Money market instruments

The Company may, on behalf of the Fund, invest in money market instruments that are customarily traded on the money market, as well as in interest-bearing securities which, alternatively,

- at the time of their acquisition, have a term or remaining term of no more than 397 days for the Fund.

- at the time of their acquisition, have a maturity or residual maturity for the Fund of more than 397 days, but where the interest rate must be adjusted regularly, at least once every 397 days, in line with market conditions, in accordance with the terms of issue.

- whose risk profile corresponds to that of securities which meet the criterion of remaining maturity or that of interest rate adjustment.

Money market instruments may be acquired for the Fund if they

1. are admitted to trading on a stock exchange in an EU Member State or in another State party to the EEA Agreement, or are admitted to or included in another organised market in one of these States,
2. are admitted to trading exclusively on a stock exchange outside the EU Member States or in another contracting state to the EEA Agreement, or are admitted to or included in an organised market in one of these states, provided that BaFin has authorised the selection of that stock exchange or market,

3. by the EU, the Federal Government, a special fund of the Federal Government, a Land, another Member State or another central, regional or local authority, or the central bank of an EU Member State, the European Central Bank or the European Investment Bank, a third country or, where that country is a federal state, a constituent state of that federal state, or by an international public-law body to which at least one EU Member State belongs,

4. issued by an undertaking whose securities are traded on the markets referred to in points 1 and 2,

5. issued or guaranteed by a credit institution subject to supervision in accordance with criteria laid down under EU law, or by a credit institution which is subject to and complies with supervisory provisions that, in the opinion of BaFin, are equivalent to those of Community law,

6. are issued by other issuers, where the relevant issuer

   a) is a company with equity capital of at least 10 million euros which prepares and publishes its annual accounts in accordance with the European Directive on the annual accounts of limited liability companies, or

   b) is a legal entity responsible, within a group of companies comprising one or more listed companies, for the financing of that group, or

   c) a legal entity that issues money market instruments backed by liabilities through the use of a credit facility granted by a bank. These are products in which banks' credit claims are securitised in the form of securities (so-called asset-backed securities).

All the money market instruments mentioned may only be acquired if they are liquid and their value can be precisely determined at any time. Money market instruments are considered liquid if they can be sold within a reasonably short period of time at limited cost. In this context, account must be taken of the Company's obligation to redeem units in the fund at the request of investors and to be in a position to sell such money market instruments at short notice. Furthermore, there must be an accurate and reliable valuation system for the money market instruments, which enables the net asset value of the money market instrument to be determined and is based on market data or valuation models (including systems based on amortised cost). The liquidity criterion is deemed to be met for money market instruments if they are admitted to, or included in, an organised market within the EEA, or are admitted to, or included in, an organised market outside the EEA, provided that BaFin has approved the selection of that market. This does not apply if the Company has information suggesting that the money market instruments lack sufficient liquidity.

For money market instruments that are not listed on a stock exchange or admitted to trading on a regulated market (see points 3 to 6 above), the issue or the issuer of these instruments must also be subject to regulations governing deposit and investor protection. Thus, adequate information must be available for these money market instruments to enable a proper assessment of the credit risks associated with them, and the money market instruments must be freely transferable. The credit risks may, for example, be assessed by means of a credit rating from a rating agency.
The following requirements also apply to these money market instruments, unless they have been issued or guaranteed by the European Central Bank or the central bank of an EU Member State:

- If they are issued or guaranteed by the following institutions (as mentioned in point 3 above):

  - the EU,
  - the Federal Government,
  - a special fund of the Federal Government,
  - a federal state,
  - another Member State,
  - another central government body,
  - the European Investment Bank,
  - a third country or, where that country is a federal state, a constituent state of that federal state
  - an international public-law body of which at least one EU Member State is a member,

adequate information must be available regarding the issue or the issuance programme, or regarding the issuer's legal and financial situation, prior to the issue of the money market instrument.

- If they are issued or guaranteed by a credit institution supervised within the EEA (see point 5 above), adequate information regarding the issue or the issuance programme, or regarding the issuer's legal

and financial situation, must be available prior to the issue of the money market instrument; this information must be updated at regular intervals and in the event of significant developments. In addition, data (e.g. statistics) on the issue or the issuance programme must be available to enable an appropriate assessment of the credit risks associated with the investment.

- If they are issued by a credit institution subject to supervisory regulations outside the EEA which, in the opinion of BaFin, are equivalent to the requirements applicable to a credit institution within the EEA, one of the following conditions must be met:

  - The credit institution has its registered office in a member state of the Organisation for Economic Co-operation and Development (hereinafter 'OECD') that belongs to the so-called Group of Ten (an association of the most important leading industrialised countries – G10).

  - The credit institution must have at least one credit rating classified as 'investment grade'. 'Investment grade' refers to a rating of 'BBB' or 'Baa' or higher as determined by a credit rating agency.
  - A detailed analysis of the issuer can demonstrate that the prudential regulations applicable to the credit institution are at least as stringent as those laid down in EU law.

- For other money market instruments that are not listed on a stock exchange or admitted to trading on a regulated market (see points 4 and 6 above, as well as the others mentioned under point 3), adequate information must be available prior to the issue of the money market instrument regarding the issue or the issuance programme, as well as the issuer's legal and financial situation; this information must be updated at regular intervals and in the event of significant developments, and must be reviewed by qualified third parties who are independent of the issuer. In addition, data (e.g. statistics) on the issue or the issuance programme must be available to enable an appropriate assessment of the credit risks associated with the investment.

8.5. Bank deposits

The Company may, on behalf of the Fund, hold only bank deposits with a maturity of no more than twelve months. These deposits must be held in blocked accounts with credit institutions established in an EU Member State or in another State party to the Agreement on the European Economic Area. They may also be held with credit institutions established in a third country whose supervisory regulations are, in the opinion of BaFin, equivalent to those under EU law. The bank deposits must not be denominated in foreign currency.

8th6th Other assets and their investment limits

The Company may invest up to 10 per cent of the fund's value in the following other assets:

- Securities which are not admitted to trading on a stock exchange or on another organised market, or included in such a market, but which in principle meet the criteria for securities. Unlike traded or admitted securities, a reliable valuation for these securities must be available in the form of a valuation carried out at regular intervals, derived from information provided by the issuer or from a competent financial analysis. Adequate information on the non-listed or non-included security, or, where applicable, the underlying portfolio (i.e. the portfolio securitised in the security), must be available to the fund in the form of regular and accurate information.

- Money market instruments issued by issuers that do not meet the above requirements, provided they are liquid and their value can be accurately determined at any time. Money market instruments are considered liquid if they can be sold within a sufficiently short period of time at limited cost. In this context, account must be taken of the Company's obligation to redeem units in the fund at the request of investors and to be in a position to sell such money market instruments at short notice for this purpose. Furthermore, there must be an accurate and reliable valuation system for the money market instruments, which enables the net asset value of the money market instrument to be determined and is based on market data or on valuation models (including systems based on amortised cost). Money market instruments are deemed to meet the liquidity criterion if they are admitted to trading on, or included in, an organised market within the EEA, or are admitted to trading on, or included in, an organised market outside the EEA, provided that BaFin has approved the selection of that market.

- Shares from new issues, provided that, in accordance with their terms of issue,

  - their admission to trading on a stock exchange in an EU Member State or in another contracting state to the EEA Agreement, or their admission to an organised market or their inclusion therein in an EU Member State or in another contracting state to the EEA Agreement, must be applied for, or
  - their admission to trading on a stock exchange or their admission to, or inclusion in, an organised market outside the Member States of the EU or outside the other contracting states to the EEA Agreement must be applied for, provided that the choice of that stock exchange or organised market has been authorised by BaFin,

  provided that the admission or inclusion takes place within one year of issue.

- Promissory note loans which, following their acquisition by the fund, may be assigned at least twice and

which have been granted by one of the following entities:

a) the Federal Government, a special fund of the Federal Government, a federal state, the EU or a member state of the OECD,

b) another domestic local authority or a regional or local authority of another EU Member State, or

c) or another State party to the Agreement on the European Economic Area, provided that the claim may, under the Regulation on prudential requirements for credit institutions and investment firms, be treated in the same way as a claim on the central government in whose territory the regional government or local authority is situated,

d) other bodies or institutions governed by public law with their registered office in Germany or in another EU Member State or another State party to the EEA Agreement,

e) companies that have issued securities admitted to trading on an organised market within the EEA or admitted to trading on any other regulated market that meets the essential requirements for regulated markets within the meaning of the Markets in Financial Instruments Directive, as amended, or

other debtors, provided that one of the entities referred to in points (a) to (c) has undertaken to guarantee the payment of interest and the repayment of principal.

8th7th Investment limits for securities and money market instruments, including through the use of derivatives, and bank deposits

The fund may invest its assets entirely in securities. However, at least 51 per cent of the fund's value must be invested in European equities. Equities are selected on the basis of environmental, ethical and governance sustainability criteria, which are achieved through the following exclusions:

a. Mining of thermal coal > 5% of turnover
b. Power generation from thermal coal > 5% of turnover
c. Unconventional oil and gas extraction methods (including oil sands, oil shale and fracking) > 0 per cent of turnover
d. Breaches of the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
e. Very serious, ongoing controversies for which the company is directly responsible
f. Very serious controversies, some of which have been resolved, for which the company is directly responsible
g. Breaches of international anti-corruption conventions and inadequate response/follow-up on the part of the company
h. Production, distribution or provision of services relating to cluster munitions, anti-personnel mines and other controversial weapons (no tolerance threshold)
i. Production of tobacco > 5% of turnover

At least 20 per cent of the value of the UCITS sub-fund is invested in securities and money market instruments with sustainable characteristics in accordance with Article 2(17) of Regulation (EU) 2019/2088 ("SFDR") or in accordance with Article 3 of Regulation (EU) 2020/852 ("EU Taxonomy"). Further details can be found in the "Appendix to the Disclosure and Taxonomy Regulation" in this prospectus.

Up to 49 per cent of the fund's value may be invested in money market instruments.

8.7.1 General investment limits

The Company may invest up to 10 per cent of the value of the Fund in securities and money market instruments issued by the same issuer (debtor). The total value of the securities and money market instruments issued by such issuers (debtors) must not exceed 40 per cent of the Fund. Furthermore, the Company may invest no more th 5 per cent of the value of the fund in securities and money market instruments issued by the same issuer in each instance. Securities held on a repurchase agreement basis are counted towards this investment limit. The issuers of securities and money market instruments must also be taken into account within the aforementioned limits if the securities and money market instruments issued by them are acquired indirectly via other securities held in the fund that are linked to their performance.

8.7.2 Investment limits for public issuers

The Company may invest up to 35 per cent of the Fund's value in bonds, promissory note loans and money market instruments issued by specific national and supranational public issuers. These public issuers include the Federal Government, the federal states, EU Member States or their local authorities, third countries, and supranational public bodies to which at least one EU Member State belongs.

The Company may invest more than 35 per cent of the Fund's value in bonds, promissory note loans and money market instruments issued by one or more of the following issuers:

- The Federal Republic of Germany
- As federal states:
  - Baden-Württemberg
  - Bavaria
  - Berlin
  - Brandenburg
  - Bremen
  - Hamburg
  - Hesse
  - Mecklenburg-Western Pomerania
  - Lower Saxony
  - North Rhine-Westphalia
  - Rhineland-Palatinate

- Saarland
- Saxony
- Saxony-Anhalt
- Schleswig-Holstein
- Thuringia

- European Union
- As EU Member States:
  - Belgium
  - Bulgaria
  - Denmark
  - Estonia
  - Finland
  - France
  - Greece
  - Republic of Ireland
  - Italy
  - Croatia
  - Latvia
  - Lithuania
  - Malta
  - Poland
  - Luxembourg
  - Netherlands
  - Austria
  - Portugal
  - Sweden
  - Slovakia
  - Slovenia
  - Spain
  - Czech Republic
  - Hungary
  - Republic of Cyprus
  - Romania

- As contracting parties to the Agreement on the European Economic Area:
  - Iceland
  - Liechtenstein
  - Norway

- As member states of the Organisation for Economic Co-operation and Development that are not members of the EEA:
  - Australia
  - Japan
  - Canada
  - South Korea
  - Mexico
  - New Zealand
  - Switzerland
  - Turkey
  - United States of America
  - Chile
  - Israel
  - United Kingdom of Great Britain and Northern Ireland

Where this option is exercised, the securities and money market instruments in the fund must be drawn from at least six different issues, with no more than 30 per cent of the fund's value being held in any one issue.

Securities held under a repurchase agreement are counted towards this investment limit.

8.7.3 Combination of investment limits

The Company may invest a maximum of 20 per cent of the value of the fund in a combination of the following assets:

- securities or money market instruments issued by one and the same institution,

- deposits with that institution, i.e. bank balances,

- amounts taken into account for counterparty risk in respect of derivative transactions entered into with that institution.

In the case of specific public issuers (see the section 'Investment limits for public issuers'), a combination of the aforementioned assets must not exceed 35 per cent of the fund's value. The respective individual upper limits remain unaffected.

8th7th4 Investment limits involving the use of derivatives

The amounts of securities and money market instruments from a single issuer that count towards the limits set out above may be reduced through the use of offsetting derivatives whose underlying assets are securities or money market instruments from the same issuer. Securities or money market instruments of a single issuer may therefore be acquired on behalf of the Fund in excess of the aforementioned limits, provided that the resulting increase in issuer risk is mitigated by hedging transactions.

8.8. Investment limits for tax purposes

At least 51 per cent of the Fund is invested in equity interests within the meaning of Section 2(8) of the Investment Tax Act (InvStG). Equity interests in this sense are

- shares in companies that are admitted to official trading on a stock exchange or admitted to, or included in, another organised market;

- shares in companies that are resident in a Member State of the European Union or in another State party to the Agreement on the European Economic Area and are subject there to corporation tax on profits and are not exempt from it;

- shares in companies that are resident in a third country and are subject there to corporation tax at a rate of at least 15 per cent and are not exempt from it.

8th9th Investment units and their investment limits

The Company may invest up to 10 per cent of the Fund's value in units of target funds, provided that these are open-ended domestic and foreign investment funds. The Company acquires units on behalf of the Fund in all contracting states of the European Economic Area.

Under their investment terms or articles of association, the target funds may invest no more than 10 per cent in units of other open-ended investment funds. The following requirements also apply to units in AIFs:

- The target fund must have been authorised under legislation that subjects it to effective public supervision for the protection of investors, and there must be sufficient assurance of satisfactory cooperation between BaFin and the target fund's supervisory authority.

- The level of investor protection must be equivalent to that enjoyed by an investor in a domestic UCITS, in particular with regard to the separation of the management and custody of assets, borrowing and lending, and short selling of securities and money market instruments.

- The target fund's business activities must be the subject of annual and half-yearly reports and must enable investors to form an opinion on the assets and liabilities, as well as the income and transactions during the reporting period.

- The target fund must be a public fund in which the number of units is not limited and investors have the right to redeem their units.

No more than 20 per cent of the fund's value may be invested in units of a single target fund. No more than 30 per cent of the fund's value may be invested in AIFs in total. The Company may not acquire more than 25 per cent of the issued units of a target fund on behalf of the fund. Target funds may, within the limits of the law, temporarily suspend the redemption of units. In such cases, the Company cannot redeem the units in the target fund from the target fund's management company or custodian in return for payment of the redemption price (see also the section 'Risk Disclosures – Risks associated with investing in investment units'). The Company's website at www.lupusalpha.de sets out whether, and to what extent, the Fund holds units in target funds that have currently suspended the redemption of units.

8.10. Derivatives

The Company may enter into transactions in derivatives on behalf of the Fund as part of its investment strategy. This includes transactions in derivatives for the purpose of efficient portfolio management and to generate additional returns, i.e. also for speculative purposes. This may increase the Fund's risk of loss, at least temporarily.

A derivative is an instrument whose price depends on the price fluctuations or price expectations of other assets ('underlying asset'). The following explanations relate both to derivatives and to financial instruments with a derivative component (hereinafter collectively referred to as 'derivatives').

The use of derivatives may cause the fund's market risk to increase by no more than double ('market risk limit'). Market risk is the risk of loss arising from fluctuations in the market value of assets held by the Fund, which are attributable to changes in variable market prices or rates, such as interest rates, exchange rates, share and commodity prices, or to changes in an issuer's creditworthiness. The Company must comply with the market risk limit at all times. It must determine the utilisation of the market risk limit on a daily basis in accordance with statutory requirements; these are set out in the Ordinance on Risk Management and Risk Measurement in the Use of Derivatives in Investment Funds under the German Capital Investment Code (hereinafter the 'Derivatives Ordinance').

To determine the utilisation of the market risk limit, the Company applies the so-called 'qualified approach' as defined in the Derivatives Regulation. To this end, the Company compares the fund's market risk with the market risk of a virtual benchmark portfolio that does not contain any derivatives. The derivative-free benchmark portfolio is a virtual portfolio whose value always corresponds exactly to the current value of the fund, but which does not include any increases in or hedging of market risk through derivatives. Furthermore, the composition of the benchmark portfolio must be consistent with the investment objectives and investment policy applicable to the fund. The derivatives-free benchmark portfolio for the fund consists of derivatives-free assets that may be acquired in accordance with the investment terms and conditions.

Where derivatives are used, the risk exposure to market risk for the fund must not, at any time, exceed twice the risk exposure to market risk of the corresponding derivative-free benchmark portfolio.

The market risk of the fund and of the derivatives-free benchmark portfolio is determined in each case using a suitable proprietary risk model (the so-called Value-at-Risk method).

In doing so, the Company records the market price risks arising from all transactions. It uses the risk model to quantify the change in value of the assets held in the fund over time. The so-called Value-at-Risk indicates a limit, expressed in monetary units, for potential losses of a portfolio between two specified points in time. This change in value is determined by random events, namely future developments in market prices, and therefore cannot be predicted with certainty. The market risk to be determined can only be estimated with a sufficiently high degree of probability in each case.

Subject to an appropriate risk management system, the Company may invest in any derivatives on behalf of the Fund. This is subject to the condition that the derivatives are derived from assets which may be acquired for the Fund or from the following underlying assets:

- Interest rates
- Exchange rates
- Currencies
- Financial indices that are sufficiently diversified, provide an adequate benchmark for the market

to which they relate, and are published in an appropriate manner.

These include, in particular, options, financial futures contracts and swaps, as well as combinations thereof.

8.10.1 Futures contracts

Futures contracts are agreements that are strictly binding on both contracting parties to buy or sell a specified quantity of a specified underlying asset at a predetermined price on a specific date (the expiry date) or within a specified period. The Company may, on behalf of the Fund and in accordance with the investment principles, enter into futures contracts relating to all assets permitted under Section 1 of the Special Investment Conditions.

8.10.2 Options trading

Options trading involves granting a third party, in return for a fee (option premium), the right to demand, during a specified period or at the end of a specified period, the delivery or acceptance of assets or the payment of a difference at a price agreed in advance (strike price), or to acquire corresponding option rights.

The Company may, on behalf of the Fund and in accordance with the investment principles, buy and sell call and put options, as well as trade in warrants. Option transactions must relate to securities and money market instruments, interest rates, exchange rates or currencies, as well as to financial indices that are sufficiently diversified, represent an adequate benchmark for the market to which they relate, and are appropriately published. The options or warrants must provide for exercise at any time during their term or at maturity. Furthermore, the value of the option at the time of exercise must depend linearly on the positive or negative difference between the strike price and the market price of the underlying asset, and must become zero if the difference has the opposite sign.

8.10.3 Swaps

Swaps are exchange contracts in which the cash flows or risks underlying the transaction are exchanged between the contracting parties. The Company may, on behalf of the Fund and in accordance with the investment principles, enter into interest rate swaps, currency swaps, interest rate and currency swaps, and variance swaps.

8.10.4 Swaptions

Swaptions are options on swaps. A swaption is the right, but not the obligation, to enter into a swap with precisely specified terms at a specific point in time or within a specific period. In all other respects, the principles set out in relation to option transactions apply. The Company may, on behalf of the Fund, only enter into swaptions that are composed of the options and swaps described above.

8.10.5 Credit Default Swaps

Credit default swaps are credit derivatives that enable a potential credit default exposure to be transferred to others. In return for assuming the credit default risk, the seller of the risk pays a premium to its counterparty. In all other respects, the provisions regarding swaps apply accordingly.

8.10.6 Total Return Swaps

Total return swaps are derivatives in which all returns and fluctuations in the value of an underlying asset are exchanged for an agreed premium. The premium payment may be agreed as either variable or fixed. One contracting party, also known as the risk provider, thereby transfers the entire credit and market risk associated with the underlying asset to the other contracting party, the risk taker. In return, the risk provider pays a premium to the risk taker.

Total return swaps may be entered into by the fund for both hedging and investment purposes. This also includes transactions for speculative purposes, which may, at least temporarily, increase the fund's risk of loss. Any of the fund's eligible assets may be used as the subject matter or underlying asset of total return swaps. The fund's assets may consist entirely of transactions involving total return swaps. The Company expects that, as a rule, no more than 10 per cent of the fund's assets will be subject to total return swaps. However, this is merely an estimated figure, which may be significantly exceeded. The income from total return swaps accrues in full to the fund, after deduction of transaction costs.

Counterparties for total return swaps are selected on the basis of the following criteria: they must be credit institutions or financial services institutions established in an EU Member State, another signatory state to the EEA Agreement, or a third country whose supervisory regulations are, in the opinion of BaFin, equivalent to those under EU law. In principle, the counterparty must have a minimum credit rating of 'investment grade', although this requirement may be waived in justified exceptional cases. 'Investment grade' refers to a rating of 'BBB-' or 'Baa3' or higher as determined by a credit rating agency (such as Standard & Poor's, Moody's or Fitch) as part of its creditworthiness assessment. The specific counterparty is selected primarily on the basis of the contractual terms offered and their availability. The company also monitors the financial circumstances of the potential contracting parties, as well as the liquidity offered and the range of services provided.

8.11. Financial instruments securitised in securities

The Company may also acquire the financial instruments described above on behalf of the Fund if they are securitised. In this context, transactions involving financial instruments may be only partially embodied in securities (e.g. option-linked bonds). The statements regarding opportunities and risks apply accordingly to such securitised financial instruments, subject to the proviso that the risk of loss in the case of securitised financial instruments is limited to the value of the security.

8.12. OTC derivative transactions

The Company may, on behalf of the Fund, enter into both derivative transactions that are admitted to trading on a stock exchange or on another organised market, or are included in such a market, and over-the-counter (OTC) transactions. The Company may only enter into derivative transactions that are not admitted to trading on a stock

exchange or on another organised market, or included therein, with suitable credit institutions or financial services institutions on the basis of standardised master agreements. In the case of over-the-counter derivatives, counterparty risk in respect of any single counterparty is limited to 5 per cent of the value of the Fund. If the counterparty is a credit institution established in an EU Member State, in another signatory state to the EEA Agreement, or in a third country with a comparable level of supervision, the counterparty risk may amount to up to 10 per cent of the value of the fund. Over-the-counter derivative transactions entered into with a central clearing house of a stock exchange or another organised market as the counterparty are not counted towards the counterparty limits if the derivatives are subject to daily valuation at market prices with daily margin settlement. However, the fund's claims against an intermediary must be counted towards the limits, even if the derivative is traded on a stock exchange or another organised market.

8.13. Collateral strategy

In connection with derivative transactions, the Company accepts collateral on behalf of the Fund. The collateral serves to reduce, in whole or in part, the counterparty default risk associated with these transactions.

8.13.1 Types of eligible collateral

The Company accepts the following assets as collateral for derivative transactions and repurchase agreements:

- Bank deposits; including those in foreign currency, provided this is permitted under the Fund's investment conditions.
- Securities

The collateral provided by a counterparty must, amongst other things, be adequately diversified in terms of issuers. If several counterparties provide collateral from the same issuer, this must be aggregated. If the value of the collateral provided by one or more counterparties from the same issuer does not exceed 20 per cent of the value of the Fund, the diversification is deemed to be adequate.

Derivatives and repurchase agreements must be collateralised to an extent that ensures the exposure amount for the default risk of the respective counterparty does not exceed five per cent of the value of the Fund. If the counterparty is a credit institution with its registered office in an EU Member State or in another contracting state to the EEA Agreement or in a third country where equivalent supervisory provisions apply, the eligible amount for the default risk may amount to ten per cent of the value of the fund.

8th13th2 Strategy for valuation haircuts (haircut strategy)

Valuation haircuts are applied to the eligible collateral listed in the 'Collateral Strategy' section. The valuation haircut, expressed as a percentage, relates to the residual maturity and not to the total maturity of the security. Valuation haircuts for collateral are applied at a graduated percentage rate, depending on the type of security, residual maturity, the issuer's credit rating and the currency.

8.13.3 Investment of cash collateral

Cash collateral in the form of bank deposits may be held in blocked accounts with the Fund's custodian or, with the custodian's consent, with another credit institution. Reinvestment may only be made in high-quality government bonds or in money market funds with a short maturity profile. In addition, cash collateral may be invested by means of a reverse repurchase agreement with a credit institution, provided that the repayment of the accrued balance is guaranteed at all times.

The Company may accept securities as collateral on behalf of the Fund in the context of derivative and repurchase agreements. If these securities have been transferred as collateral, they must be held in custody with the custodian. If the Company has received the securities as pledged collateral in connection with derivative transactions, they may also be held in custody with another entity that is subject to effective public supervision and is independent of the collateral provider. Re-use of the securities is not permitted.

8.14. Borrowing

The raising of short-term loans for the joint account of the investors is permitted up to 10 per cent of the value of the fund, provided that the terms of the borrowing are in line with market conditions and the custodian consents to the borrowing.

8.15. Leverage

Leverage refers to any method by which the Company increases the fund's level of investment (leverage). Such methods include, in particular, borrowing or the acquisition of derivatives with embedded leverage. The Company may use such methods for the fund to the extent described in this prospectus. The possibility of using derivatives is set out in the section 'Investment Objectives, Strategy, Principles and Limits – Assets – Derivatives'. The possibility of borrowing is explained in the section 'Investment Objectives, Strategy, Principles and Limits – Borrowing'.

The use of derivatives may result in the market risk doubling at most.

The fund's leverage is determined by the ratio between the fund's risk and its net asset value. The calculation of the net asset value is explained in the section 'Units', subsection 'Issue and Redemption Price'. The fund's risk is calculated using a gross method. It represents the sum of the absolute values of all the fund's positions, with the exception of bank balances, which are valued in accordance with statutory requirements. It is not permitted to offset individual derivative transactions or securities positions against one another (i.e. so-called netting and hedging agreements are not taken into account). The Company expects that the Fund's risk, calculated using the gross method, will not exceed twice its net asset value. How-

ever, depending on market conditions, leverage may fluctuate, meaning that, despite constant monitoring by the Company, the target level may be exceeded.

Derivatives may be used by the Company for various purposes, such as hedging or optimising returns. However, the calculation of the total exposure does not distinguish between the different objectives of using derivatives. For this reason, the sum of the notional amounts is not an indicator of the Fund's risk profile.

9. VALUATION

9.1. General rules for asset valuation

9th1st1 Assets admitted to a stock exchange / traded on an organised market

Assets admitted to trading on a stock exchange or admitted to, or included in, another organised market, as well as subscription rights for the fund, are valued at the latest available tradable price that ensures a reliable valuation, unless otherwise specified in the following section 'Special rules for the valuation of individual assets'.

9th1st2 Assets not listed on stock exchanges or traded on organised markets, or assets without a tradable price

Assets that are neither admitted to trading on stock exchanges nor admitted to or included in any other organised market, or for which no tradable price is available, shall be valued at their current fair value, which, following a careful assessment based on appropriate valuation models and taking current market conditions into account, is deemed appropriate, unless otherwise specified in the following section 'Special rules for the valuation of individual assets' below.

9th2nd Special rules for the valuation of individual assets

9th2nd1 Unlisted debt securities and promissory note loans

For the valuation of debt securities that are not admitted to trading on a stock exchange or on another organised market, or included in such a market (e.g. unlisted bonds, commercial paper and certificates of deposit), and for the valuation of promissory note loans, the agreed prices for comparable debt securities and promissory note loans are used, together with, where applicable, the market prices of bonds issued by comparable issuers with corresponding maturities and interest rates, applying a discount where necessary to reflect the lower liquidity.

9.2.2 Option rights and forward contracts

Option rights held by the Fund and liabilities arising from option rights granted to a third party, which are admitted to trading on a stock exchange or on another organised market or are included therein, are valued at the most recent available tradable price that ensures a reliable valuation.

The same applies to receivables and liabilities arising from futures contracts sold on behalf of the Fund. Margin payments made by the Fund are added to the value of the Fund, taking into account the valuation gains and losses determined on the trading day.

9th2nd3 Bank deposits, fixed-term deposits and units in investment funds

Bank balances are generally valued at their nominal value plus accrued interest.

Fixed-term deposits are valued at fair value, provided that the fixed-term deposit is redeemable at any time and repayment upon redemption is not made at nominal value plus interest.

Units in investment funds are generally valued at their most recently determined redemption price or at the most recent available tradable price that ensures a reliable valuation. If these values are not available, units in investment funds are valued at the current market value, which, following a careful assessment based on suitable valuation models and taking current market conditions into account, is deemed appropriate.

9.2.4 Assets denominated in foreign currencies

Assets denominated in foreign currencies are converted into euros on the basis of the Bloomberg daily closing rates.

10. SUB-FUNS

The Lupus alpha Smaller Pan European Champions is not a sub-fund within an umbrella fund structure.

11. SHARES

Investors' rights are evidenced by share certificates or issued as electronic share certificates. Physical share certificates are issued exclusively in the form of global certificates. These global certificates are held in custody by a central securities depository. Investors have no right to the delivery of individual share certificates. Shares may only be acquired if held in a custody account. The units are bearer units and are issued in the form of a single unit, a fraction of a unit or a number of units. Upon the transfer of a unit certificate, the rights evidenced therein are also transferred.

11.1. Issue and redemption of units

11.1.1 Issue of Units

There is, in principle, no limit on the number of units issued across all unit classes. Units of all unit classes may be purchased from the custodian. They are issued by the custodian at the issue price, which, for all unit classes, corresponds to the net asset value per unit ('unit value') plus an issue premium. The calculation of the net asset value is explained in the section 'Units', subsection 'Issue and Redemption Price'.

It is also possible to purchase units through third-party intermediaries, in which case additional costs may arise. The Company reserves the right to suspend the issue of units temporarily or permanently.

The minimum investment amount for the purchase of share class "C" is 500,000 euros; for the purchase of share class "CT", the minimum investment amount is 1,000,000 euros. It is at the Company's discretion to accept a lower minimum investment amount.

11.1.2 Redemption of units

Investors may, irrespective of the minimum investment amount[1] , request the Company to redeem their units, provided that the Company has not restricted the redemption of units (see section 'Restrictions on Redemption') or has not temporarily suspended the issue and redemption of units (see section 'Suspension of the Issue and Redemption of Units'). Redemption orders must be submitted to the custodian or to an intermediary third party (e.g. a custodian bank).

The Company is obliged to redeem the units at the redemption price applicable on the settlement date, which corresponds to the unit value determined on that date – less any redemption discount, where applicable. Redemption may also be effected through a third party (e.g. the custodian), in which case additional costs may arise.

11th1st3 Restrictions on the redemption of units

The Company may temporarily and partially restrict the redemption of units if investors' redemption requests on a settlement date exceed a threshold specified in the investment terms and conditions as a percentage of the net asset value. If the threshold is exceeded, the Company shall decide, at its discretion in accordance with its duties, whether to restrict redemptions on that settlement date. The decision to restrict redemptions may be taken if, due to the fund's liquidity situation, redemption requests can no longer be honoured in the interests of the investors as a whole. This may be the case, for example, if the liquidity of the fund's assets deteriorates due to political, economic or other events in the markets and is therefore no longer sufficient to meet redemption requests in full on the settlement date, or if, due to the fund's investor structure, redemptions on a significant scale would lead to liquidity problems. The restriction on redemptions serves to protect investors and is to be regarded as a less severe measure than the suspension of the issue and redemption of units. The option to suspend the issue and redemption remains unaffected.

If the Company has decided to restrict redemptions, it will redeem units only on a pro rata basis at the redemption price applicable on the settlement date. On the day the restriction comes into effect, the redemption orders of all investors must be executed on a pro rata basis to at least the amount of the threshold. Otherwise, the obligation to redeem is waived. This means that each redemption order will be executed only on a pro rata basis in accordance with a quota to be determined by the Company. The Company sets the quota in the interests of investors on the basis of available liquidity and the total order volume for the relevant settlement date. The level of available liquidity depends largely on the current market environment. The allocation ratio determines the percentage of redemption requests that will be paid out on the settlement date. The unexecuted portion of the order (remaining order) will not be executed by the Company at a later date, but will lapse (pro rata approach with the remaining order lapsing).

The Company publishes information regarding restrictions on the redemption of units and the lifting of such restrictions on its website without delay.

The redemption price corresponds to the unit value determined on that day – less any redemption fee or redemption discount, where applicable. Redemption may also be effected through a third party (e.g. the custodian), in which case the investor may incur additional costs.

11th1st4 Settlement on the issue and redemption of units

The Company adheres to the principle of equal treatment of investors by ensuring that no investor can gain an advantage by buying or selling units at unit prices that are already known. It therefore sets a daily order cut-off time. Settlement of subscription and redemption orders received by the custodian or the Company by the order acceptance deadline takes place no later than the unit value calculation day (= settlement day) following receipt of the order, at the unit value determined on that day. Orders received by the custodian or the Company after the order acceptance deadline will only be settled on the third valuation day (= settlement day) at the unit value determined on that day. Where redemption periods apply or the redemption of units is suspended, orders will only be settled on the valuation day following the expiry of the redemption period or the resumption of unit redemption (= settlement day), at the unit value determined on that day. Where the issue of units is suspended, orders will only be settled on the valuation day following the resumption of the issue of units (= settlement day) at the unit value determined at that time. The order cut-off time for this fund on a valuation day is 15:00. This may be changed by the Company at any time.

Where redemption periods apply or the redemption of units is suspended, orders will only be settled on the valuation day following the expiry of the redemption period or the resumption of unit redemption (= settlement day), at the unit value determined on that day. Where the issue of units is suspended, orders will only be settled on the valuation day following the resumption of the issue of units (= settlement day) at the unit value determined on that day.

Furthermore, third parties may act as intermediaries for the issue or redemption of units, e.g. the investor's custodian. This may result in longer settlement times. The Company has no influence over the different settlement procedures of the custodians.

1 Where a minimum investment amount is specified.

11th1st5 Suspension of the issue and redemption of units

The Company may temporarily suspend the issue and redemption of units if exceptional circumstances arise which make a suspension appear necessary, taking into account the interests of investors. Such exceptional circumstances include, for example, where

- a stock exchange on which a significant proportion of the Fund's securities are traded is closed unexpectedly or trading is restricted,
- the Fund's assets cannot be valued,
- the Fund experiences serious liquidity problems (e.g. as a result of increased redemptions), in which case the sale of the Fund's assets must be carried out and this could lead to further liquidity problems for the Fund (e.g. as a result of significant discounts on the sale of assets or the incurring of additional transaction costs),
- a critical cyber incident occurs which affects the Fund and/or the Company and/or impairs the operational capability of the Company's service providers;
- a severe financial and/or political crisis arises,
- significant criminal activity takes place,
- a natural disaster occurs.

In addition, following consultation with the Company, BaFin may order the Company to suspend or resume the issue and redemption of units if there are risks to investor protection or financial stability which, upon reasonable and balanced consideration, necessitate the suspension or resumption of the redemption of units.
The Company reserves the right to issue, redeem or exchange units only at the issue and redemption price applicable at that time once it has sold the Fund's assets without delay, whilst safeguarding the interests of all investors. A temporary suspension may be followed directly by the winding-up of the Fund without the redemption of units being resumed (see the section 'Winding-up, Transfer and Merger of the Fund' for further details).

The Company shall inform investors of the suspension and resumption of the issue and redemption of units by means of a notice in the Federal Gazette and, in addition, via the electronic information media specified in this prospectus, namely www.fundinfo.com or www.lupusalpha.de. Furthermore, investors shall be informed via their custodians by means of a durable medium, such as in paper or electronic form.

11.2. Liquidity Management

The Company has established written policies and procedures for the Fund which enable it to monitor the Fund's liquidity risks and ensure that the liquidity profile of the Fund's investments matches the Fund's underlying liabilities.

The policies and procedures include:

- The Company monitors the liquidity risks that may arise at the level of the Fund or its assets. In doing so, it assesses the liquidity of the assets held in the Fund in relation to the Fund's net assets and establishes a liquidity ratio for this purpose. The assessment of liquidity includes, for example, an analysis of trading volume, the complexity of the asset, and the number of trading days required to sell the relevant asset without affecting the market price. In doing so, the Company also monitors investments in subfunds and their redemption policies, as well as any resulting effects on the Fund's liquidity.

- The Company monitors the liquidity risks that may arise from increased demand from investors for the redemption of units. In doing so, it forms expectations regarding net cash flow changes, taking into account available information on the investor structure and historical data on net cash flow changes. It takes into account the effects of large-scale redemption risks and other risks (e.g. reputational risks).

- The Company has set appropriate limits for liquidity risks for the Fund. It monitors compliance with these limits and has established procedures to be followed in the event that the limits are exceeded or are likely to be exceeded.

- The procedures put in place by the Company ensure consistency between the liquidity ratio, the liquidity risk limits and the expected net changes in assets.

The Company reviews these principles regularly and updates them accordingly.

The Company carries out stress tests on a regular basis, at least once a year, to assess the Fund's liquidity risks. The Company conducts the stress tests on the basis of reliable and up-to-date quantitative or, where this is not appropriate, qualitative information. These take into account the investment strategy, redemption periods, payment obligations and timeframes within which assets can be sold, as well as information relating to general investor behaviour and market developments. The stress tests simulate, where applicable, a lack of liquidity in the fund's assets, as well as redemption requests that are atypical in terms of both number and scale. They cover market risks and their effects, including margin calls, collateralisation requirements or credit lines. They take account of valuation sensitivities under stress conditions. They are carried out at a frequency appropriate to the nature of the fund, taking into account the fund's investment strategy, liquidity profile, investor type and redemption policies.

The rights to issue and redeem units under normal and exceptional circumstances, as well as the restriction on the redemption of units or the suspension of the issue and redemption of units, are set out in the section 'Units – Issue and Redemption of Units – Restriction on the Redemption of Units or Suspension of Issues and Redemptions', whilst the imposition of a redemption fee is set out in the section 'Issue and Redemption Price'. The risks associated with this are explained under 'Risk Disclosures – Risk of Fund Investment – Restriction on Redemption or Suspension of the Issue and Redemption of Units' and '– Risk of Limited Liquidity of the Fund (Liquidity Risk)'.

11.3. Stock Exchanges and Markets

The Company may admit the Fund's units to trading on a stock exchange or on organised markets; at present, the Company has not made use of this option.
It cannot be ruled out that the units may also be traded on other markets without the Company's consent. A third party may, without the Company's consent, arrange for the units to be included in the open market or other over-the-counter trading.

The market price underlying trading on a stock exchange or other markets is determined not solely by the value of the assets held by the Fund, but also by supply and demand. Consequently, this market price may differ from the unit value determined by the Company or the custodian.

11.4. Fair treatment of investors s and share classes

The Company must treat the Fund's investors fairly. In managing liquidity risk and redeeming units, it must not prioritise the interests of one investor or group of investors over those of another investor or group of investors.

For details of the procedures by which the Company ensures the fair treatment of investors, see the sections 'Settlement on the issue and redemption of units' and 'Liquidity management'.

All units issued in a unit class have the same characteristics. The creation of new unit classes is permitted and is at the Company's discretion. Unit classes may differ, in particular, with regard to the distribution of income, the initial sales charge, the redemption discount, the currency of the unit value, the management fee, the minimum investment amount or a combination of these characteristics. Units from three unit classes are currently available. One unit class is designated as unit class 'C', another as unit class 'CT' and a further one as unit class 'R'.

Units issued up to 30 November have been allocated to share class "C" since 1 December 2020.
Upon the initial issue of units of a unit class, their value is to be calculated on the basis of the value determined for the entire fund in accordance with Section 168(1), first sentence, of the KAGB.

11.5. Issue and redemption price

11.5.1 Issue and redemption price

To calculate the issue price and the redemption price for the units of the individual share classes, the Company, under the supervision of the custodian, determines on each valuation day the value of the assets belonging to the fund less liabilities (net asset value). Dividing the net asset value thus determined by the number of units issued in that unit class yields the unit value.

The value of the Fund's units is determined on all German trading days. On public holidays in Germany that are trading days, as well as on 24 and 31 December of each year, the Company and the custodian may refrain from determining the value. The unit value is currently not calculated on New Year's Day, Good Friday, Easter Sunday, Easter Monday, Labour Day, Ascension Day, Whitsun, Whit Monday, Corpus Christi, German Unity Day, Christmas Eve, Christmas Day and Boxing Day, and New Year's Eve.

11.5.2 Suspension of the calculation of the issue and redemption price

The Company may temporarily suspend the calculation of the issue and redemption prices under the same conditions as those applicable to the redemption of units. These are explained in more detail in the section 'Issue and Redemption of Units – Suspension of Issues and Redemptions'.

11.5.3 subscription charge

When the issue price is determined, an initial sales charge is added to the relevant unit value. The initial sales charge for share class 'C' is up to 5.00 per cent, for share class 'CT' it is up to 5.00 per cent, and for share class 'R' it is also up to 5.00 per cent of the unit value. If the unit value is 100 euros and the subscription charge is 5 per cent of the unit value, the issue price is 105 euros.

The initial charge may, particularly in the case of a short investment horizon, reduce the performance of the units acquired or even completely offset it. The initial charge essentially constitutes remuneration for the distribution of the fund's units. The Company may pass on the initial charge to any intermediaries as payment for distribution services.

11.5.4 Redemption fee

No redemption fee is charged.

11.5.5 Redemption fee

The Company may charge a redemption fee, which is payable to the fund and serves to protect the remaining investors from dilution caused by redemptions, taking into account liquidity costs.

The Company may only levy the redemption fee if investors' redemption requests on a settlement date exceed at least 30 per cent of the net asset value (threshold). The Company reviews the threshold regularly in light of the Fund's investment strategy and liquidity profile in order to avoid significant dilution effects for the investors remaining in the Fund. If the threshold is exceeded, the Company shall, in its discretion, decide whether to levy the redemption fee on that settlement date.

If the Company decides to charge the redemption fee, this may amount to up to 0.25 per cent of the total gross redemptions. Gross redemptions are the calculated outflows from unit redemptions, net of inflows resulting from new unit issues as at the valuation date. The Company determines the specific amount of the fee within this range at its own discretion. The redemption fee thus determined applies to all redemption orders for a single valuation date. The Company may charge the redemption fee at varying rates within the specified range on each valuation date, depending on the volume of redemption orders.

The redemption fee takes into account the following estimated liquidity costs associated with the sale of a pro rata share of all assets in the portfolio:

- the estimated explicit transaction costs incurred directly by the fund when acquiring or selling assets, the amount of which is stable and can be quantified in advance of the transaction (e.g. brokerage fees, trading levies, taxes and settlement fees);
- the best possible estimate of the implicit transaction costs indirectly incurred by the Fund when acquiring or selling assets, arising primarily from the spread between the bid and ask prices and from the significant impact on the market of the sale of assets carried out to fulfil redemption orders; these may vary depending on the nature of the underlying assets and market conditions.

The redemption fee has no impact on the calculation of the Fund's net asset value or the unit price. The redemption fee is deducted from the unit price. The redemption price is therefore calculated as the unit price less the redemption fee and, where applicable, a redemption discount.

The Company shall publish information regarding the imposition of a redemption fee and its waiver without delay on its website.

11.5.6 Publication of issue and redemption prices

The issue and redemption prices, as well as the net asset value per unit, are published regularly on the electronic information platform www.fundinfo.com.

12. COSTS

12.1. Costs on the issue and redemption of units

The issue and redemption of units by the Company or by the custodian shall be carried out at the issue price (unit value/unit value plus issue charge) or redemption price (unit value/unit value minus redemption fee) without any additional costs being charged.

If an investor acquires units through a third party, that third party may charge costs in addition to the subscription fee. If an investor redeems units through a third party, that third party may charge its own costs upon redemption of the units.

12.2. Management and other costs

12.2.1 Management fee

The Company receives an annual management fee of up to 1 per cent for share classes 'C' and 'CT', and an annual management fee of up to 1.50 per cent for share class 'R', calculated as a percentage of the Fund's average net asset value during the accounting period, which is determined on the basis of the month-end values. The fee is charged monthly on a pro rata basis.

The Company may also, in connection with the management of the Fund, pay a performance-related fee of up to 15 per cent of the amount by which the unit performance exceeds the performance of the benchmark index at the end of a settlement period to the 'C' and 'CT' and 'R' for the management of the Fund, amounting to up to 15 per cent of the amount by which the unit price performance exceeds the performance of the benchmark index at the end of a settlement period (outperformance relative to the benchmark index, i.e. a positive deviation of the unit price performance from the benchmark performance, hereinafter also referred to as 'positive benchmark deviation'), but in total not exceeding 2.0 per cent of the fund's average net asset value during the settlement period, calculated on the basis of the values at the end of each month.

The costs charged to the fund must not be deducted from the performance of the benchmark index prior to the comparison.

If, at the end of a settlement period, the unit price performance falls short of the performance of the benchmark index (underperformance relative to the benchmark index, i.e. a negative deviation of the unit price performance from the benchmark performance, hereinafter also referred to as 'negative benchmark deviation'), the Company shall not receive any performance-related remuneration. In line with the calculation of performance-related remuneration in the event of a positive benchmark deviation, an underperformance amount per unit value is now calculated on the basis of the negative benchmark deviation and carried forward to the next settlement period as a negative carry-forward ('negative carry-forward'). The negative carry-forward is not subject to any upper limit. For the subsequent settlement period, the Company will only receive performance-related remuneration if the amount calculated from the positive bench -deviation at the end of that settlement period exceeds the negative carry-forward from the preceding settlement period. In this case, the remuneration entitlement is calculated as the difference between the two amounts. If the amount calculated from the positive benchmark deviation does not exceed the negative carry-over from the previous settlement period, the two amounts are offset against each other. The remaining underperformance amount per unit value is carried forward to the next settlement period as a new 'negative carry-forward'. If a negative benchmark deviation arises again at the end of the next settlement period, the existing negative carry-forward is increased by the underperformance amount calculated from this negative benchmark deviation. When calculating the annual remuneration entitlement, any underperformance amounts from the five preceding settlement periods are taken into account. If there are fewer than five preceding settlement periods for the special fund, all preceding settlement periods are taken into account.

The accounting period begins on 1 January and ends on 31 December of a calendar year. The first accounting period begins upon the launch of the UCITS sub-fund and ends only on the second 31 December following the launch.

The 'STOXX®Europe TMI Small Net Return EUR Index' is designated as the benchmark index. Should the benchmark index cease to exist, the Company will designate another appropriate index to replace the aforementioned index.

Performance-related remuneration is determined by comparing the performance of the benchmark index with the unit price performance, calculated using the BVI method, during the settlement period. To determine the fund's unit value performance, the unit value at the end of the financial year is compared with the unit value at the end of the previous year, with distributions and tax payments made at the fund's expense being added back to the unit value for accounting purposes (BVI method).

Depending on the result of a daily comparison, a provisionally accrued performance-related fee is set aside in the special fund for each unit issued, or a provision already recognised is reversed accordingly. Reversed provisions accrue to the special fund. A performance-related fee may only be withdrawn to the extent that corresponding provisions have been set aside.

Performance-related remuneration may also be withdrawn if the unit value at the end of the settlement period is lower than the unit value at the start of the settlement period ('negative unit value performance').

Should the benchmark index be discontinued, the Company will designate another appropriate index to replace the aforementioned index. Performance-related remuneration may also be drawn even if the unit value at the end of the settlement period is lower than the unit value at the start of the settlement period (absolutely negative unit value performance).

The STOXX®Europe TMI Small Net Return EUR Index is administered by STOXX Limited. **STOXX Limited is registered with the European Securities and Markets Authority (ESMA) in a public register of benchmark administrators and benchmarks**. Further details on the STOXX®Europe TMI Small Net Return EUR Index and STOXX Limited can be found in the section 'Investment Objectives, Strategy, Principles and Limits – Investment Objective and Strategy'.

The Company has established robust written plans setting out the measures it would take should the benchmark index change significantly or cease to be provided.

12.2.2 Third-party remuneration

The custodian receives an annual fee of 0.05 per cent p.a. (subject to a minimum of EUR 20,000 p.a.) for its services. The fund's assets under management are calculated as the average of the respective month-end figures. The fee is charged monthly on a pro rata basis.

12.2.3 Other costs

In addition to the aforementioned fees, the following expenses are borne by the fund:

a) standard bank custody and account fees, including, where applicable, standard bank charges for the custody of foreign assets abroad;

b) costs of printing and posting the legally required sales documents intended for investors (annual and half-yearly reports, prospectus, key information document);

c) costs of publishing the annual and half-yearly reports, the issue and redemption prices and, where applicable, the distributions or capitalisation of profits, and the liquidation report;

d) Costs of producing and using a durable medium as provided for by contract or by law, except in the case of information on mergers of investment funds and except in the case of information on measures relating to breaches of investment limits or calculation errors in the determination of unit values;

e) Costs of the audit of the fund by the fund's auditor;

f) Costs of publishing the tax bases and the certificate confirming that the tax- e information has been determined in accordance with the rules of German tax law;

g) Costs incurred by the Company in asserting and enforcing legal claims on behalf of the Fund, as well as in defending against claims brought against the Company at the Fund's expense;

h) Fees and costs levied by government authorities in relation to the Fund;

i) Costs of legal and tax advice in relation to the Fund;

j) Costs and any fees that may arise in connection with the acquisition and/or use or reference to a benchmark or financial index;

k) Costs of appointing proxy vote representatives;

l) Costs of third-party analysis of the Fund's investment performance;

m) Costs for the provision of analytical material or services by third parties in relation to one or more financial instruments or other assets, or in relation to the issuers or potential issuers of financial instruments, or closely related to a specific sector or market, up to an amount of 0.12 per cent p.a. of the Fund's average net asset value during the accounting period, calculated on the basis of the figures at the end of each month.

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

o) taxes, in particular value added tax, incurred in connection with the expenses referred to in

points (a) to (n) above and to be reimbursed by the sub-fund.

The Company does not receive any reimbursement of the fees and expense reimbursements paid by the Fund to the custodian and to third parties.

The Company may pass on part of its management fee to intermediaries. The amount of these fees is generally calculated on the basis of the volume of funds brokered.

12.3. Special provisions regarding the purchase of investment units

In addition to the fee for managing the fund, a management fee is charged for the units in target funds held by the fund.

The following types of fees, costs, taxes, commissions and other expenses are typically borne, directly or indirectly, by the fund's investors: remuneration for the management of the fund (fund management, administrative activities); Remuneration of the custodian; standard bank custody fees, including, where applicable, standard bank costs for the custody of foreign securities abroad; Costs for the printing and dispatch of the annual and half-yearly reports intended for investors; Costs of publishing the annual and half-yearly reports, the issue and redemption prices and, where applicable, the distributions; costs of the audit of the fund by the Company's auditor; costs of publishing the tax bases and the certificate confirming that the tax information has been determined in accordance with the rules of German tax law; distribution costs.

The annual and half-yearly reports disclose the subscription fees and redemption fees charged to the fund during the reporting period for the purchase and redemption of units in target funds. Furthermore, the remuneration charged to the Fund by a domestic or foreign company, or by a company with which the Company is affiliated through a significant direct or indirect holding, as a management fee for the target fund units held in the Fund, is disclosed.

12.4. Disclosure of the total expense ratio

The annual report discloses the management costs incurred by the Fund during the financial year and presents them as a percentage of the average fund volume ("total expense ratio"). The management costs comprise the remuneration for the management of the fund, including performance-related remuneration, the remuneration of the custodian, and any additional expenses that may be charged to the fund (see the sections 'Costs – Management and other costs' and '– Special features relating to the acquisition of investment units'). The total expense ratio does not include incidental costs or costs arising from the purchase and sale of assets (transaction costs).

12.5. Different presentation of costs by distribution agents

If an investor receives advice from third parties when purchasing units, or if such third parties act as intermediaries in the purchase, they may, where applicable, present the investor with costs or cost ratios that do not correspond to the cost information provided in this prospectus and in the key investor information document, and which may exceed the total expense ratio described here. One reason for this may be, in particular, that the third party also takes into account the costs of its own activities (e.g. brokerage, advice or custody account management). Furthermore, it may also take into account one-off costs such as initial sales charges and generally uses different calculation methods or even estimates for the costs incurred at fund level, which include, in particular, the fund's transaction costs.

Discrepancies in the cost disclosure may arise both in information provided prior to the conclusion of a contract and in regular cost information regarding the existing fund investment within the context of an ongoing client relationship.

13. REMUNERATION POLICY

A performance-related and business-oriented remuneration system for employees is a key component of the Company's remuneration structure.

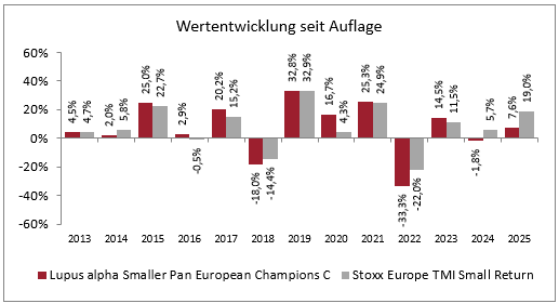
The Supervisory Board determines the remuneration of the Executive Board. For other employees, the terms of the employment contract set out the parameters of the currently applicable remuneration system. Employees and the Executive Board receive appropriate fixed remuneration for their work and – where variable remuneration components are paid – these variable components will be aligned with the strategic objectives and, in particular, geared towards the sustainable management of the company.

Further information on the calculation of remuneration, other benefits granted, the identity of the persons responsible for allocating remuneration and other benefits, and further details on the company's current remuneration policy are available on the company's website at www.lupusalpha.de under the heading 'Downloads – Mandatory Disclosures – Implementation of Lupus alpha Remuneration'. Upon request, the current remuneration policy is available free of charge in written form from the company.

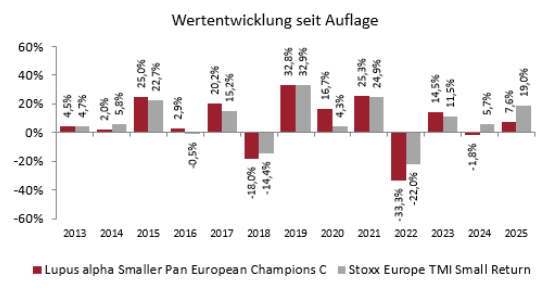
14th PERFORMANCE, DETERMINATION AND USE OF INCOME, FINANCIAL YEAR

14.1. Performance

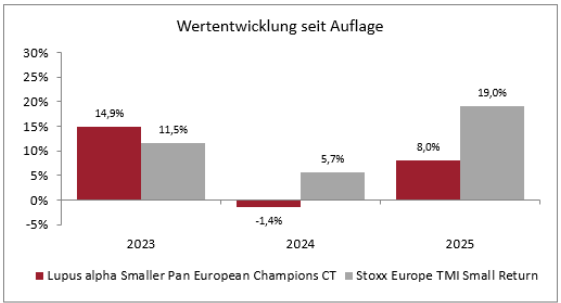
Performance is calculated using the BVI method. The fund's historical performance does not allow for any forecast of future performance. Subscription fees and redemption charges are not taken into account when calculating performance.



Performance p.a.	3 Jahre	5 Jahre	10 Jahre
Lupus alpha Smaller Pan European Champions C	6,53%	0,21%	4,74%
		Stand:	30.12.2025



Performance p.a.	3 Jahre	5 Jahre	10 Jahre
Lupus alpha Smaller Pan European Champions C	6,53%	0,21%	4,74%
		Stand:	30.12.2025



Performance p.a.	3 Jahre	5 Jahre	10 Jahre
Lupus alpha Smaller Pan European Champions CT	6,98%	n/a	n/a
		Stand:	30.12.2025

Current information on the fund's performance can be found in the annual and half-yearly reports.

14.2. Determination of income, income equalisation procedure

The fund generates income in the form of interest, dividends and income from investment units accrued during the financial year and not used to cover costs. In addition, there are fees from pension transactions. Further income may result from the disposal of assets held on behalf of the fund.

The Fund's income is first allocated in proportion to the value of the share classes and then distributed amongst the individual shares within each share class. Shares in different share classes therefore generally participate to varying degrees in the Fund's income. The same applies to expenses. These are allocated to the individual share classes in proportion to their value and reduce the value of each individual share in the respective share class on a pro rata basis. It is solely through a proportional allocation of income and expenses that the investor's entitlement to a share in the fund's financial performance is fulfilled. The allocation must therefore ensure that the total return per euro invested is absolutely the same for all investors.

The recording of income and expenses, as well as cash inflows and outflows, is structured in such a way that their allocation to a unit class is evident and can be audited by the auditor.

The Company applies a so-called income equalisation procedure to the fund. This prevents the proportion of distributable income in the unit price from fluctuating as a result of cash inflows and outflows. Otherwise, every inflow of funds into the fund during the financial year would result in less distributable income being available per unit on the distribution dates than would be the case if the number of units in circulation remained constant. Outflows of funds, on the other hand, would result in more distributable income being available per unit than would be the case if the number of units in circulation remained constant.

To prevent this, the distributable income – which the unit purchaser must pay as part of the issue price and which the seller of units receives as part of the redemption price – is calculated on an ongoing basis during the financial year and recognised as a distributable item in the income statement. In doing so, it is accepted that investors who, for example, acquire units shortly before the distribution date will receive back the portion of the issue price attributable to income in the form of a distribution, even though their paid-in capital did not contribute to the generation of that income.

14.3. Allocation of Income s and Financial Year

For the distributing share classes, the Company generally distributes to investors the interest, dividends and income from investment units, as well as fees from pension transactions, accrued during the financial year on behalf of the fund and not used to cover costs – taking into account the associated income adjustment. Realised capital gains and other income – taking into account the associated income equalisation – may also be used for distribution.

Furthermore, bank balances available on the distribution date may be distributed.

This means that the Company may also use liquid assets for distribution in respect of the Fund or distributing share classes if the intended distribution amount is not fully covered by interest, dividends and income from investment units, nor by fees from lending and repurchase agreements, nor by realised capital gains and other income, nor by an existing carry-forward for distribution in subsequent financial years. A distribution from the fund's assets, also known as a capital distribution, may also occur if, for example, realised losses are not taken into account when calculating the distribution. The distribution from the fund's assets is disclosed and explained in the fund's annual report.

A transfer from the fund's assets may also be made in full from cash and cash equivalents held by the fund.

For share classes 'C' and 'R', the income is distributed.

The distribution for the distributing share classes takes place annually within four months of the end of the financial year. If the custody account is held with another bank or savings bank, additional costs may arise.

For the accumulation share classes, the Company reinvests in the fund, on a pro rata basis, the interest, dividends and other income accrued during the financial year on behalf of the fund and not used to cover costs – taking into account the associated income equalisation – as well as the realised capital gains of the accumulation share classes.

For the 'CT' share class, income is reinvested.

The fund's financial year is the calendar year.

15th WINDING UP, TRANSFER AND MERGER OF THE FUND OR A SHARE CLASS

15.1. Conditions for the winding-up of the Fund

Investors are not entitled to demand the dissolution of the Fund or a share class. However, the Company may terminate the management of the Fund by publishing a notice in the Federal Gazette and, in addition, in the annual report or half-yearly report. Furthermore, investors will be informed of the termination via their custodians on a durable medium, such as in paper or electronic form. In such cases, the Company's obligation to manage the Fund shall only cease once the Company has wound up the Fund.

The Company's right to manage the Fund ceases if insolvency proceedings are opened in respect of its assets or upon the court order dismissing the application to open insolvency proceedings on the grounds of lack of assets[2] becoming final.

15.2. Procedure in the event of the fund's or a share class's dissolution

Upon the Company's announcement of the termination, the issue and redemption of units shall cease. From the date of the announcement of the termination, the Company is obliged to liquidate the fund and to distribute the proceeds from the sale of the fund's assets, less any costs still to be borne by the fund and the costs incurred as a result of the liquidation, to the investors in proportion to their holdings. Investment limits no longer need to be observed during the liquidation process. The obligation to manage the special fund only ceases once the Company has liquidated the special fund.

On the date on which it has liquidated the special fund, the Company must draw up a liquidation report that meets the requirements for an annual report.

In cases where the Company's right to manage the special fund ceases, the right to manage and dispose of the special fund passes to the custodian, which shall liquidate the special fund whilst safeguarding the interests of the investors and distribute the proceeds to the investors, or, with the approval of BaFin, transfer the management to another capital management company. The custodian must prepare a liquidation report annually and on the date on which the liquidation is completed, which must meet the requirements for an annual report.

15.3. Transfer of the Fund

The Company may transfer the rights of management and disposal over the fund to another capital management company. The transfer requires prior approval from BaFin. The approved transfer shall be published in the Federal Gazette and, in addition, in the fund's annual report or half-yearly report. Investors shall also be informed of the planned transfer via their custodians on a durable medium, such as in paper or electronic form. The date on which the transfer takes effect is determined by the contractual agreements between the Company and the receiving capital management company. However, the transfer may not take effect until at least three months after its publication in the Federal Gazette. All rights and obligations of the Company in relation to the Fund are then transferred to the receiving capital management company.

15.4. Conditions for the merger of the fund

All assets of this fund may, with the approval of BaFin, be transferred to another existing investment fund or one newly established as a result of the merger, which must meet the requirements for a UCITS launched in Germany or in another EU or EEA country.

The transfer takes effect at the end of the financial year of the transferring fund (transfer date), unless another transfer date is specified.

2 Section 26 of the Insolvency Code

15.5. Investors' rights in the event of a merger of the fund

Up to five working days before the planned transfer date, investors have the option either to redeem their units at no further cost, with the exception of costs incurred in connection with the winding-up of the fund, or to exchange their units for units in another open-ended public investment fund which is also managed by the Company or by an entity within the same group and whose investment principles are comparable to those of the fund.

The Company must inform the Fund's investors, prior to the planned transfer date, via a durable medium – such as in paper or electronic form – of the reasons for the merger, the potential implications for investors, their rights in connection with the merger, and the relevant procedural aspects. Investors must also be provided with the key investor information document for the investment fund to which the Fund's assets are to be transferred. Investors must receive the aforementioned information at least 30 days before the expiry of the deadline for redeeming or exchanging their units.

On the transfer date, the net asset values of the fund and the receiving investment fund are calculated, the exchange ratio is determined, and the entire exchange process is audited by the auditor. The exchange ratio is determined by the ratio of the net asset values per unit of the fund and the receiving investment fund at the time of the takeover. The investor will receive the number of units in the receiving investment fund corresponding to the value of their units in the Fund.

Unless investors exercise their right of redemption or conversion, they will become investors in the receiving investment fund on the transfer date. Where appropriate, the Company may also agree with the management company of the receiving investment fund that up to 10 per cent of the value of the Fund's investors' units will be paid out in cash . The Fund ceases to exist upon the transfer of all its assets. If the transfer takes place during the Fund's current financial year, the Company must prepare a report as at the transfer date that meets the requirements for an annual report.

The Company shall publish a notice in the Federal Gazette and in the electronic information media specified in this prospectus to announce that the Fund has been merged into another investment fund managed by the Company and that the merger has taken effect. Should the Fund be merged into another investment fund that is not managed by the Company, the management company responsible for managing the receiving or newly established investment fund shall be responsible for announcing the date on which the merger takes effect.

16. OUTSOURCING

The company has outsourced the following tasks to other companies:

- Administration of collateral for repurchase agreements and derivative transactions relating to funds,
- tasks relating to portfolio management,
- company data protection officer,
- internal audit of the company,
- Payroll and financial accounting,
- Registry and transfer agent for the umbrella fund 'Lupus alpha Fonds',
- Securities transactions on behalf of the company,
- Central administration for the umbrella fund 'Lupus alpha Fonds'
- Preparation of pre-contractual information.

These outsourcing activities do not give rise to any conflicts of interest for the company.

17. CONFLICTS OF INTEREST

The following conflicts of interest may arise within the Company:

The investor's interests may conflict with the following interests:

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

Circumstances or relationships that may give rise to conflicts of interest include, in particular:

- incentive schemes for the company's employees,
- transactions by employees,
- benefits granted to the Company's employees,
- reallocations within the fund,
- 'window dressing' of the fund's performance as at a specific date,
- Transactions between the Company and the investment funds or individual portfolios it manages, or
- transactions between investment funds and/or individual portfolios managed by the company,
- Aggregation of multiple orders ('block trades'),
- the engagement of closely associated companies and individuals,
- Individual investments of a significant size,

- Transactions after the close of trading at the already foreseeable closing price for the current day, known as 'late trading'.

The Company may receive benefits in kind (broker research, financial analyses, market and price information systems) in connection with transactions carried out on behalf of the fund, which are used in the interests of investors when making investment decisions.
The Company does not receive any reimbursement of fees and expense reimbursements paid by the Fund to the custodian and to third parties.

To manage conflicts of interest, the Company implements the following organisational measures to identify, prevent, manage, monitor and disclose conflicts of interest:

- The existence of a compliance department which monitors compliance with laws and regulations and which must be informed immediately in the event of any actual or emerging conflicts of interest;
- Disclosure obligations;
- Organisational measures such as
  - the establishment of confidential areas for individual departments to prevent the misuse of confidential information;
  - the allocation of responsibilities to prevent undue influence,
  - the separation of proprietary trading from client trading.
- Establishment of a remuneration system that does not create an incentive to prioritise personal interests over those of the investment funds managed by or of investors and clients;
- Codes of conduct for employees regarding employee transactions and obligations to comply with insider trading regulations;
- Establishment of remuneration systems that prevent conflicts of interest;
- The company has implemented regulations on the disclosure of, and the handling of, the acceptance and granting of benefits;
- Principles for taking client interests into account and for providing advice appropriate to investors and their investments, and for adhering to the agreed investment guidelines;
- The company has taken measures to prevent the artificial improvement of fund performance on specific reporting dates ("window-dressing") in the investment funds it manages;
- The Company takes into account the interests of investors who wish to redeem their fund units in its internal liquidity management;
- Principles governing the best possible execution of your orders to buy or sell financial instruments;
- Principles governing the exercise of voting rights;
- Principles for the allocation of partial fulfilments,
- Setting order acceptance times (cut-off times).

18. BRIEF INFORMATION ON TAX REGULATIONS

The information regarding tax regulations applies only to investors who are subject to unlimited tax liability in Germany. Investors subject to unlimited tax liability are hereinafter also referred to as 'tax residents'. We recommend that foreign investors consult their tax adviser before acquiring units in the fund described in this prospectus and clarify on an individual basis any potential tax consequences arising from the acquisition of units in their home country. Foreign investors are investors who are not subject to unlimited tax liability. These are hereinafter also referred to as 'non-residents for tax purposes'.

As a special-purpose fund, the Fund is, in principle, exempt from corporation tax and trade tax. However, it is partially liable for corporation tax on its domestic investment income (from the perspective of German tax law) and other domestic income within the meaning of limited income tax liability, whereby gains from the sale of shares in corporations are, in principle, excluded; Profits from the disposal of shares in domestic or foreign corporations, where more than 50 per cent of the value of such shares is based, directly or indirectly, on domestic immovable property, may, under certain conditions, be subject to corporation tax at fund level as other domestic income for financial years commencing before 10 February 2026, and as domestic property income for financial years commencing after 9 February 2026. The tax rate is 15 per cent. Where the taxable income is levied by way of withholding tax on investment income, the 15 per cent tax rate already includes the solidarity surcharge.

However, investment income is subject to income tax for private investors as income from capital assets, in so far as this, together with other capital gains, exceeds the currently applicable saver's allowance[3] .

Income from capital assets is generally subject to a tax deduction of 25 per cent (plus the solidarity surcharge and, where applicable, church tax). Income from capital assets also includes returns from investment funds (investment returns), i.e. distributions from the fund, advance lump-sum payments and gains from the sale of units. Under certain conditions, investors may receive a lump-sum portion

3 Since 2023, the saver's allowance has been 1,000 euros for individual assessment and 2,000 euros for joint assessment.

of these investment returns tax-free (so-called partial exemption).

For private investors, the tax deduction generally has a finality effect (known as the 'finality tax'), meaning that income from capital assets does not normally need to be declared in the income tax return. When the tax deduction is applied, the custodian generally already offsets any losses and credits any foreign withholding tax arising from direct investments.

However, the tax deduction does not have a finality effect if, amongst other things, the personal tax rate is lower than the finality rate of 25 per cent. In this case, income from capital assets may be declared in the income tax return. The tax office will then apply the lower personal tax rate and offset the tax withheld against the personal tax liability (known as the 'favourable treatment test').

Where income from capital assets has not been subject to tax deduction (for example, because a profit has been realised from the sale of fund units held in a foreign custody account), this income must be declared in the tax return. During the assessment process, the in from capital assets is then also subject to the flat-rate withholding tax of 25 per cent or the lower personal tax rate.

If the units form part of business assets, the income is treated as business income for tax purposes.

18.1. Units held as part of private assets (tax residents)

18.1.1 Distributions

Distributions from the fund are generally taxable.

However, the fund meets the tax requirements for an equity fund, so 30 per cent of the distributions are tax-free.

The taxable distributions are generally subject to a withholding tax of 25 per cent (plus the solidarity surcharge and, where applicable, church tax).

The tax deduction may be waived if the investor is a tax resident and submits an exemption order, provided that the taxable portions of the income do not exceed the currently applicable saver's allowance[4] .

The same applies upon presentation of a certificate for persons who are not expected to be assessed for income tax (a so-called 'non-assessment certificate', hereinafter 'NV certificate').

If the domestic investor holds the units in a domestic custody account, the custodian, acting as the paying agent, will refrain from withholding tax if, prior to the specified distribution date, it is presented with an exemption order in the required amount, drawn up in accordance with the official template, or an NV certificate issued by the tax office for a maximum period of three years. In this case, the investor is credited with the full amount of the distribution.

18.1.2 Advance flat-rate deductions

The advance lump sum is the amount by which the fund's distributions within a calendar year fall short of the base return for that calendar year. The base return is calculated by multiplying the redemption price of the unit at the start of a calendar year by 70 per cent of the base rate, which is derived from the long-term return achievable on government bonds. The base return is limited to the excess arising between the first and last redemption price set during the calendar year, plus the distributions made within that calendar year. In the year in which the units are acquired, the advance lump sum is reduced by one twelfth for each full month preceding the month of acquisition. The advance lump sum is deemed to have been received on the first working day of the following calendar year.

Advance lump sums are, in principle, taxable.
However, the fund meets the tax requirements for an equity fund; therefore, 30 per cent of the advance lump sums are tax-free.

The taxable advance lump sums are generally subject to a tax deduction of 25 per cent (plus the solidarity surcharge and, where applicable, church tax).

The tax deduction may be waived if the investor is a resident for tax purposes and submits an exemption order, provided that the taxable portions of the income do not exceed the currently applicable saver's allowance[5] .

The same applies upon presentation of a certificate for persons who are not expected to be assessed for income tax (a so-called 'non-assessment certificate', hereinafter 'NV certificate').

If the domestic investor holds the units in a domestic custody account, the custodian, acting as the paying agent, will refrain from withholding tax if, prior to the date of receipt, it is presented with an exemption order issued in the required amount in accordance with the official template, or a non-assessment certificate issued by the tax office for a maximum period of three years. In this case, no tax will be withheld. Otherwise, the investor must make the amount of tax payable available to the domestic custodian. For this purpose, the custodian may deduct the amount of tax payable from an account held with it and in the investor's name without the investor's consent. Provided the investor does not object before the advance lump sum is received, the custodian may also deduct the amount of tax payable from an account held in the investor's name to the extent that an overdraft facility agreed with the investor for that account has not been utilised. If the investor fails to fulfil their obligation to make the amount of tax payable available to the domestic custodian, the custodian must report this to the tax office responsible for them. In this case, the investor must declare the advance lump sum to that extent in their income tax return.

4 Since 2023, the saver's allowance has been €1,000 for individual assessment and €2,000 for joint assessment.

5 Since 2023, the saver's allowance has been 1,000 euros for individual assessment and 2,000 euros for joint assessment.

18.1.3 Capital gains at investor level

If units in the fund are sold, any capital gain is, in principle, taxable.

However, as the fund meets the tax requirements for an equity fund, 30 per cent of the capital gains are tax-free.

Provided the units are held in a domestic custody account, the custodian will deduct the tax, taking into account any partial exemptions. The tax deduction of 25 per cent (plus the solidarity surcharge and, where applicable, church tax) can be avoided by submitting a valid exemption order or an NV certificate. If such units are sold at a loss by a private investor, the loss – reduced, where applicable, due to a partial exemption – may be set off against other capital gains. Provided that the shares are held in a domestic custody account and positive income from capital assets was realised with the same custodian in the same calendar year, the custodian will carry out the loss set-off.

When calculating the capital gain, the gain must be reduced by the advance flat-rate allowances recognised during the period of ownership.

18.1.4 Negative taxable income

It is not possible to attribute the fund's negative taxable income to the investor.

18.1.5 Liquidation taxation

During the liquidation of the fund, distributions made in a calendar year are treated as tax-free capital repayments to the extent that the final redemption price set in that calendar year is lower than the amortised cost. This applies for a maximum period of ten calendar years following the calendar year in which liquidation commences.

18.1.6 Exit taxation

The fund units are deemed to have been disposed of for tax purposes, if an investor's unlimited tax liability ceases due to the relinquishment of their domicile or habitual residence in the Federal Republic of Germany, or if the units are transferred free of charge to a person who is not subject to unlimited tax liability, or if, for other reasons, the Federal Republic of Germany's right to tax the gain arising from the disposal of the fund units is excluded or restricted. In such cases, the capital gains accrued up to that point are subject to taxation. So-called exit taxation is only applicable if, in the five years preceding the notional disposal, the investor has held, directly or indirectly, at least 1 per cent of the issued units of the relevant fund, or if, at the time of the notional disposal, the investor holds, directly or indirectly, fund units whose acquisition cost amounted to at least EUR 500,000, whereby holdings in different investment funds must be considered separately in each case and must not be aggregated for the purposes of calculating the acquisition cost, and the total of the taxable gains from all fund units is positive. Taxation must be carried out in the tax assessment.

18.2. Units held as business assets (tax residents)

18.2.1 Refund of the fund's corporation tax

Corporation tax incurred at fund level may be refunded to the fund for onward payment to an investor, provided that it does not relate to other domestic income pursuant to section 6(5), first sentence, nos. 2 and 3 of the Investment Fund Tax Act (InvStG) (for financial years of the fund commencing after 9 February 2026) and provided that this investor is a domestic corporation, association of persons or estate which, in accordance with its articles of association, foundation deed or other constitution and in accordance with its actual management, serves exclusively and directly charitable, benevolent or ecclesiastical purposes, or a foundation under public law which serves exclusively and directly charitable or benevolent purposes, or a legal person under public law which serves exclusively and directly ecclesiastical purposes; this does not apply if the shares are held as part of a commercial business. The same applies to comparable foreign investors with their registered office and management in a foreign state that provides administrative and enforcement assistance.

A prerequisite for this is that such an investor submits a corresponding application and that the corporation tax incurred is apportioned in proportion to their period of ownership. Furthermore, the investor must have been the beneficial and economic owner of the units for at least three months prior to the receipt of the fund's income subject to corporation tax, without any obligation to transfer the units to another person. Furthermore, no usufruct over the investment income may have been granted, and no other obligation may have existed to pay the investment income, in whole or in part, directly or indirectly, to other persons. Moreover, with regard to the corporation tax incurred at fund level on German dividends and income from German equity-like profit-sharing rights, the refund essentially requires that German shares and German equity-like profit-sharing rights were held by the fund, as the beneficial owner, for an uninterrupted period of 45 days within the 45 days preceding and following the due date of the capital income, and that minimum value fluctuation risks amounting to 70 per cent existed continuously during these 45 days (the so-called 45-day rule).

The application must be accompanied by evidence of the tax exemption and a statement of investment unit holdings issued by the custodian. The statement of investment unit holdings is a certificate drawn up in accordance with the official template, detailing the number of units held by the investor throughout the calendar year, as well as the dates and quantities of units acquired and sold during the calendar year.

Corporation tax incurred at fund level may also be refunded to the fund for onward payment to an investor, provided that the units in the fund are held under pension or basic pension schemes that have been certified in accordance with the Pension Schemes Certification Act. This is subject to the provider of a pension or basic pension scheme contract notifying the fund, within one month of the end of its financial year, of the dates and volumes of

share acquisitions or disposals. Furthermore, the aforementioned 45-day rule must be taken into account.

The fund or the company is under no obligation to claim a refund of the relevant corporation tax for onward payment to the investor.

Given the high level of complexity of the rules, it would be advisable to consult a tax adviser.

18.2.2 Distributions

Distributions from the fund are, in principle, subject to income tax, corporation tax and trade tax.

However, the Fund meets the tax requirements for an equity fund; therefore, 60 per cent of the distributions are tax-exempt for income tax purposes and 30 per cent for trade tax purposes if the units are held by natural persons as part of their business assets. For taxable corporations, 80 per cent of the distributions are generally tax-exempt for corporation tax purposes and 40 per cent for trade tax purposes. For corporations that are life or health insurance companies or pension funds, and where the units are classified as capital investments, or which are credit institutions and where the shares are to be classified as part of the trading portfolio within the meaning of Section 340e(3) of the German Commercial Code (HGB) or are to be reported as current assets at the time of inclusion in business assets, 30 per cent of the distributions are tax-exempt for corporation tax purposes and 15 per cent for trade tax purposes.

The distributions are generally subject to a tax deduction of 25 per cent (plus the solidarity surcharge).

As the fund meets the tax requirements for an equity fund, the 30 per cent partial exemption is taken into account when calculating the tax deduction.

18.2.3 Advance flat-rate allowances

The advance lump sum is the amount by which the fund's distributions within a calendar year fall short of the base return for that calendar year. The base return is calculated by multiplying the unit redemption price at the start of a calendar year by 70 per cent of the base rate, which is derived from the long-term return achievable on government bonds. The base return is limited to the excess amount resulting from the difference between the first and last redemption prices set during the calendar year, plus the distributions made within that calendar year. In the year the units are acquired, the advance lump sum is reduced by one twelfth for each full month preceding the month of acquisition. The advance lump sum is deemed to have been received on the first working day of the following calendar year.

Lump-sum advance payments are, in principle, subject to income tax, corporation tax and business rates

However, the fund meets the tax requirements for an equity fund; therefore, 60 per cent of the advance lump sums are tax-free for income tax purposes and 30 per cent for trade tax purposes, provided that the units are held by natural persons as part of their business assets. For taxable corporations, 80 per cent of the advance lump sums are generally tax-exempt for corporation tax purposes and 40 per cent for trade tax purposes. For corporations that are life or health insurance companies or pension funds, and where the units are classified as capital investments, or which are credit institutions and where the shares are to be classified as part of the trading portfolio within the meaning of Section 340e(3) of the German Commercial Code (HGB) or are to be reported as current assets at the time of inclusion in business assets, 30 per cent of the advance lump sums are tax-exempt for corporation tax purposes and 15 per cent for trade tax purposes.

The advance lump sums are generally subject to a tax deduction of 25 per cent (plus the solidarity surcharge).

As the fund meets the tax requirements for an equity fund, the 30 per cent partial exemption is taken into account when calculating the tax deduction.

18.2.4 Capital gains at investor level

Gains from the disposal of units are generally subject to income tax or corporation tax and trade tax. When calculating the capital gain, the gain must be reduced by the advance lump sums recognised during the holding period.

However, as the fund meets the tax requirements for an equity fund, 60 per cent of the capital gains are tax-exempt for income tax purposes and 30 per cent for trade tax purposes if the units are held by individuals as part of their business assets. For taxable corporations, 80 per cent of capital gains are generally tax-exempt for corporation tax purposes and 40 per cent for trade tax purposes. For corporations that are life or health insurance companies or pension funds, and where the units are classified as capital investments, or which are credit institutions and where the shares are to be classified as part of the trading portfolio within the meaning of Section 340e(3) of the German Commercial Code (HGB) or are to be reported as current assets at the time of inclusion in business assets, 30 per cent of the capital gains are tax-exempt for corporation tax purposes and 15 per cent for trade tax purposes. In the event of a capital loss, the loss is not deductible at investor level to the extent of the applicable partial exemption.

The gain from the notional disposal must be determined separately for shares attributable to an investor's business assets.

Gains from the disposal of the units are generally not subject to capital gains tax deduction.

18.2.5 Negative tax income

It is not possible to allocate negative tax income directly to the investor.

18.2.6 Liquidation taxation

During the liquidation of the fund, distributions made in a calendar year are treated as tax-free capital repayments to the extent that the final redemption price set in that

calendar year is lower than the amortised cost. This applies for a maximum period of ten calendar years following the calendar year in which liquidation commences.

18.2.7 Summary overview of taxation for typical business investor groups

	Distributions	Advance lump sums	Capital gains
Domestic investors			
Sole traders	Capital gains tax: 25% (the partial exemption of 30% for equity funds and 15% for mixed funds is taken into account)		Capital gains tax: Opt-out
	Taxation of capital gains: Income tax and trade tax, taking into account partial exemptions where applicable (equity funds: 60% for income tax / 30% for trade tax; mixed funds: 30% for income tax / 15% for trade tax)		
Entities subject to standard taxation (typically industrial companies; banks, provided shares are not held in the trading portfolio; non-life insurers)	Capital gains tax: Exemption for banks; otherwise 25 per cent (the partial exemption of 30 per cent for equity funds and 15 per cent for mixed funds is taken into account)		Capital gains tax: Exemption
	Substantive taxation: Corporation tax and business rates, where applicable taking into account partial exemptions (equity funds: 80% for corporation tax / 40% for business rates; mixed funds: 40% for corporation tax / 20% for business rates)		
Life and health insurance companies and pension funds, where the fund units are classified as capital investments	Capital gains tax: Exemption		
	Substantive taxation: corporation tax and trade tax, insofar as no provision for premium refunds is recognised in the commercial balance sheet which is also recognised for tax purposes, taking into account partial exemptions where applicable (equity funds: 30% for corporation tax / 15% for trade tax; mixed funds: 15% for corporation tax / 7.5% for trade tax)		
Banks holding the fund units in their trading portfolio	Capital gains tax: Disclaimer		
	Taxation on capital gains: corporation tax and business rates, taking into account any partial exemptions where applicable (equity funds: 30 per cent for corporation tax / 15 per cent for business rates; mixed funds: 15 per cent for corporation tax / 7.5 per cent for business rates)		
Tax-exempt charitable, benevolent or ecclesiastical investors (in particular churches and charitable foundations)	Capital gains tax: Disclaimer		
	Substantive taxation: Tax-exempt – in addition, corporation tax incurred at fund level for financial years of the fund commencing after 9 February 2026 may, subject to certain conditions and upon application, be refunded (with certain exceptions)		
Other tax-exempt investors (in particular pension funds, death benefit funds and support funds, provided that the conditions set out in the Corporation Tax Act are met)	Capital gains tax: Exemption		
	Substantive taxation: Tax-exempt – in addition, corporation tax incurred at fund level on domestic property income from domestic property companies and – for financial years of the fund commencing after 9 February 2026 – on certain other domestic income may, subject to certain conditions, be refunded upon application		

This assumes that the securities are held in a domestic custody account. A solidarity surcharge is levied as a supplementary tax on capital gains tax, income tax and corporation tax. To opt out of the capital gains tax deduction, it may be necessary to submit certificates to the custodian in good time.

18.3. Non-residents

If a non-resident holds fund units in a custody account with a domestic custodian, the tax deduction on distributions, advance lump-sum payments and gains from the disposal of the units is waived, provided that the investor proves their status as a non-resident for tax purposes. If the custodian is not aware of the investor's status as a non-resident or if such status is not proven in good time, the foreign investor is obliged to apply for a refund of the tax withheld in accordance with the German Fiscal Code ([6]). The tax office responsible for the custodian has jurisdiction in this matter. Insofar as a non-resident for tax purposes is comparable to a resident investor, for whom a refund of corporation tax incurred at fund level is possible, a refund is in principle also possible. Please refer to the above comments regarding tax residents. A further condition is that the non-resident for tax purposes has its registered office and place of management in a foreign country that provides administrative and enforcement assistance.

18.4. Solidarity surcharge

A solidarity surcharge of 5.5 per cent is levied on the tax deduction payable on distributions, advance lump-sum payments and gains from the disposal of units.

18.5. Church tax

Where income tax has already been levied by a domestic custodian (withholding agent) by means of tax deduction, the corresponding church tax is normally levied as a surcharge on the tax deduction at the church tax rate applicable to the religious community to which the person liable for church tax belongs. The deductibility of church tax as a special expense is already taken into account as a reduction at the time of the tax deduction.

18.6. Foreign withholding tax

Withholding tax is sometimes deducted on the fund's foreign income in the countries of origin. This withholding tax cannot be taken into account by investors as a tax deduction.

18.7. Consequences of the merger of investment funds

In cases where a domestic investment fund merges with another domestic investment fund to which the same partial exemption rate applies, no hidden reserves are realised either at the level of the investors or at the level of the investment funds involved; in other words, this transaction is tax-neutral. If the investors in the transferring investment fund receive a cash payment as provided for in the merger plan,[7] this is to be treated as a distribution.

If the applicable partial exemption rate of the transferring investment fund differs from that of the receiving investment fund, then the investment unit of the transferring investment fund is deemed to have been disposed of and the investment unit of the receiving investment fund is deemed to have been acquired. The gain from the notional disposal is only deemed to have been realised once the investment unit of the receiving investment fund is actually disposed of or, in certain cases, is deemed to have been disposed of.

18.8. Automatic exchange of information in tax matters

The importance of the automatic exchange of information in combating cross-border tax fraud and cross-border tax evasion has increased significantly at international level in recent years. To this end, the OECD has, amongst other things, published a global standard for the automatic exchange of information on financial accounts for tax purposes (the Common Reporting Standard, hereinafter 'CRS'). The CRS was incorporated into Directive 2011/16/EU on the obligation to automatically exchange information in the field of taxation at the end of 2014 by Council Directive 2014/107/EU of 9 December 2014. The participating countries (all EU Member States as well as a number of third countries) now apply the CRS. Germany transposed the CRS into German law through the Financial Account Information Exchange Act of 21 December 2015.

Under the CRS, reporting financial institutions (primarily credit institutions and investment firms) are required to collect certain information about their customers. If the customers (natural persons or legal entities) are reportable persons resident in other participating countries (this does not include, for example, listed companies or financial institutions), their accounts and custody accounts are classified as reportable accounts. The reporting financial institutions will then transmit specific information for each reportable account to their home tax authority. The home tax authority will then forward the information to the customer's home tax authority.

The information to be transmitted essentially comprises the personal details of the reportable client (name; address; tax identification number or numbers; date and place of birth (for natural persons); country of residence) as well as information on the accounts and custody accounts (e.g. account number; account balance or account value; total gross amount of income such as interest, dividends or distributions from investment funds; total gross proceeds from the sale or redemption of financial assets (including fund units)).

Specifically, this therefore applies to investors subject to reporting requirements who hold an account and/or custody account with a financial institution that is resident in a participating country. Consequently, German financial institutions will report information on investors resident in other participating countries to the Federal Central Tax Office, which will forward the information to the relevant tax authorities in the investors' countries of residence. Similarly, financial institutions in other participating countries will report information on investors resident in Germany to their respective home tax authorities, which will

6 Section 37(2) of the German Fiscal Code (AO).

7 Section 190(2)(2) of the German Investment Fund Act (KAGB).

forward the information to the Federal Central Tax Office. Finally, it is conceivable that financial institutions resident in other participating countries may report information on investors resident in yet other participating countries to their respective home tax authorities, which will then forward the information to the relevant tax authorities in the investors' countries of residence.

18.9. General Note

The tax-related comments are based on the current legal situation as it stands. They are intended for persons subject to unlimited income tax liability or unlimited corporation tax liability in Germany. However, no guarantee can be given that the tax assessment will not change as a result of legislation, case law or decrees issued by the tax authorities.

19. AUDITORS

The audit firm KPMG AG Wirtschaftsprüfungsgesellschaft, The Squaire – Am Flughafen, D–60549 Frankfurt am Main, has been appointed to audit the Fund and the annual report.

The auditor audits the Fund's annual report. The auditor must summarise the results of the audit in a special note; the full text of this note must be reproduced in the annual report. During the audit, the auditor must also determine whether the provisions of the KAGB and the terms of the investment conditions have been complied with in the management of the Fund. The auditor must submit the report on the audit of the Fund to BaFin.

20. Service providers

Companies that undertake functions outsourced by the company are set out in the section 'Outsourcing'. In addition, the company has engaged the following service providers:

- Tax advice in relation to fund management: KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main
- Operational, hosting and cloud storage services for the company's website: RYZE Digital GmbH, Mainz

21st DISTRIBUTION OF REPORTS AND OTHER INFORMATION

The appointment of the custodian ensures that investors receive distributions and that units are redeemed.

The most recent annual report and, where applicable, the half-yearly report, the current prospectus containing the applicable version of the investment terms and conditions, and the key investor information document are available from the Company, the custodian and online at www.lupusalpha.de or www.fundinfo.com.

Further information can be obtained from the Company. The point of contact is the Service Centre, telephone: +49 69 365058-7000.

22nd OTHER INVESTMENT FUNDS MANAGED BY THE COMPANY

The Company also manages the following funds, which are not covered by this prospectus:

Investment funds in accordance with the UCITS Directive:

- La Tullius Absolute Return Europe
- Lupus alpha CLO High Quality Invest
- Lupus alpha CLO High Yield Invest
- Lupus alpha Dividend Champions
- Lupus alpha Dynamic Return
- Lupus alpha Selective Growth
- Lupus alpha Sustainable Convertible Bonds
- Lupus alpha Sustainable Return
- Lupus alpha Volatility Risk Premium

As well as all sub-funds of the umbrella fund "Lupus alpha Funds":

- Lupus alpha All Opportunities Fund
- Lupus alpha Global Convertible Bonds
- Lupus alpha Micro Champions
- Lupus alpha Smaller Euro Champions
- Lupus alpha Smaller German Champions

The company also manages 10 domestic special-purpose AIFs.

23rd Right of withdrawal for purchases made outside permanent business premises

If the purchase of units in open-ended investment funds is concluded on the basis of oral negotiations outside the permanent business premises of the party selling the units or acting as an intermediary in the sale, the purchaser is entitled to withdraw their declaration of purchase in writing and without giving reasons within a period of two weeks (e.g. by letter, fax or email). The right of withdrawal also applies if the person selling the units or acting as an intermediary in the sale does not have permanent business premises.

The withdrawal period does not begin to run until a copy of the application for the conclusion of the contract has been handed over to the purchaser or a purchase statement has been sent to them, and this contains information on the right of withdrawal that satisfies the requirements of Section 360(1) of the German Civil Code (BGB). To meet the deadline, it is sufficient to post the notice of withdrawal in good time. If the start of the period is disputed, the burden of proof lies with the seller. The notice of withdrawal must be given in writing, stating the identity of the person making the declaration, including their signature; no reason is required.

The notice of withdrawal must be addressed to

Lupus alpha Investment GmbH
Speicherstraße 49–51
D-60327 Frankfurt am Main
Fax: +49 69 365058-8700

Email: info@lupusalpha.de
There is no right of withdrawal if the seller proves that either the buyer is not a consumer within the meaning of Section 13 of the German Civil Code (BGB) or that the seller approached the buyer in connection with the negotiations leading to the purchase of the shares on the basis of a prior order in accordance with Section 55(1) of the German Trade Regulation Act (Gewerbeordnung).
If the withdrawal has been validly effected and the buyer has already made payments, the company shall, where applicable, reimburse the buyer – concurrently with the re-transfer of the acquired shares – for the costs paid and an amount corresponding to the value of the paid-up shares on the day following receipt of the notice of withdrawal. The right of withdrawal cannot be waived.

The above provisions apply mutatis mutandis to the sale of the fund's shares by the investor.

24th INFORMATION FOR INVESTORS IN THE REPUBLIC OF AUSTRIA

UniCredit Bank Austria AG, with its registered office at Rothschildplatz 1, A-1020 Vienna, acts as the contact point within the meaning of Article 92 of Directive (EU) 2019/1160. KPMG Alpen-Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, with its registered office at Porzellangasse 51, A-1090 Vienna, has assumed the role of tax representative for the Republic of Austria.

Applications for the redemption and conversion of units may be submitted to the Austrian contact point within the meaning of Article 92 of Directive (EU) 2019/1160. Redemption prices, any distributions and other payments intended for unit-holders shall be paid out via the Austrian paying agent at their request.

The prospectus, the key investor information document, the investment terms and conditions, and the latest annual and half-yearly reports are available free of charge from the contact point within the meaning of Article 92 of Directive (EU) 2019/1160, as well as from the Company or online at www.lupusalpha.de or www.fundinfo.com. The net asset value per unit of each fund, the issue, redemption and conversion prices, and any other financial information about the fund available to unit-holders at the fund's registered office are available from the contact point within the meaning of Article 92 of Directive (EU) 2019/1160.

25. FURTHER SALE RESTRICTIONS

The units issued by this fund may only be offered for sale or sold in countries where such an offer or sale is permitted. Unless the Company or a third party acting on its behalf has obtained authorisation for public distribution from the local regulatory authorities and the Company is in possession of such authorisation, this prospectus and the key investor information document do not constitute a public offer to purchase investment units, nor may this prospectus or the key investor information document be used for the purposes of such a public offer.

For distribution purposes, this prospectus and the key information document may only be used by persons who have obtained express written authorisation from the Company (either directly or indirectly via authorised distribution agents). Statements or representations made by third parties that are not contained in this prospectus or in the documents are not authorised by the Company. The documents are available for public inspection at the Company's registered office.

26. GENERAL INFORMATION ON SUBCUSTODIANS

The Company has received the following information from the custodian. The Company has checked the information for plausibility. However, it relies on the custodian to provide this information and is unable to verify its accuracy and completeness in every detail.

The custodian has delegated the following custody tasks:

Custody of the assets with the sub-custodians engaged by Clearstream Banking Frankfurt in accordance with the attached list for the relevant markets. The central securities depositories are not listed; their engagement is required by law in the respective country. In this respect, they constitute market infrastructure and are not sub-custodians actively appointed by the custodian.

The following conflicts of interest could arise from the use of sub-custodians:

The custodian has not identified any conflicts of interest in relation to the sub-custodians engaged.

27. LIST OF SUBCUSTODIANS

The custodian has appointed the sub-custodians listed below:

Country	Sub-custodian
Belgium	Banque Nationale de Belgique, Brussels Euroclear Belgium, Brussels KBC Securities N.N. Brussels BNP Paribas Securities Services, Paris
Denmark	VP Securities A/S Copenhagen Danske Bank A/S Copenhagen
Germany	Clearstream Banking Frankfurt
Finland	Euroclear Finland Ltd. Helsinki Nordea Bank Finland Plc. Helsinki
France	Euroclear France Paris BNP Paribas Securities Services, Paris
United Kingdom	Euroclear UK and Ireland Ltd, London Citibank N.A. London
Hong Kong	Hong Kong and Shanghai Banking Corp. Hong Kong
Italy	Monte Titoli S.P.A., Milan Banca Intesa San Paolo S.P.A., Milan
Luxembourg	LuxCSD S.A.
Netherlands	Euroclear Nederland, Amsterdam BNP Paribas Securities Services, Paris
Norway	Verdipapirsentralen VPS Oslo DNB Markets Custody ASA Oslo
Austria	Austrian Control Bank, Vienna Erste Group Bank AG, Vienna
Sweden	Euroclear Sweden AB, Stockholm Skandinaviska Enskilda Banken, Stockholm
Switzerland	Six SIS AG, Zurich UBS AG Zurich

Country	Sub-custodian
Spain	Iberlclear Madrid Banco Bilbao Vizcaya Argentaria S.A. Madrid
USA	Citibank N.A. New York Depository Trust Company, New York

28th GENERAL TERMS AND CONDITIONS OF INVESTMENT

General Investment Terms and Conditions governing the legal relationship between investors and Lupus alpha Investment GmbH, Frankfurt, ('the Company') in respect of the investment funds managed by the Company in accordance with the UCITS Directive, which apply only in conjunction with the 'Special Investment Terms and Conditions' drawn up for the respective UCITS investment fund.

§ 1 General Provisions

1. The Company is a UCITS asset management company and is subject to the provisions of the German Capital Investment Code ('KAGB').

2. The Company invests the funds entrusted to it in its own name for the joint account of the investors, in accordance with the principle of risk diversification, in assets authorised under the KAGB, separately from its own assets, in the form of a UCITS special fund. The business purpose of the UCITS special fund is limited to capital investment in accordance with a defined investment strategy within the framework of collective asset management using the funds invested in it; operational activities and active entrepreneurial management of the assets held are excluded.

3. The legal relationship between the Company and the investor is governed by the General Investment Conditions (AABen) and Special Investment Conditions (BABen) of the UCITS special fund and the KAGB.

§ 2 Depositary

1. The Company appoints a credit institution as custodian for the UCITS special fund; the custodian acts independently of the Company and exclusively in the interests of the investors.

2. The tasks and duties of the custodian are governed by the custodian agreement concluded with the Company, the KAGB and the Terms and Conditions of Investment.

3. The custodian may outsource custody tasks to another undertaking (sub-custodian) in accordance with § 73 of the KAGB. Further details on this are set out in the prospectus.

4. The custodian is liable to the UCITS sub-fund or to the investors for the loss of a financial instrument held in custody within the meaning of Section 72(1)(1) of the KAGB, whether caused by the custodian or by a sub-custodian to whom the custody of financial instruments has been delegated in accordance with Section 73(1) of the KAGB. The custodian shall not be liable if it can prove that the loss is attributable to external events whose consequences were unavoidable despite all reasonable countermeasures. Any further claims arising from the provisions of civil law on the basis of contracts or tort remain unaffected. The depositary shall also be liable to the UCITS sub-fund or the investors for all other losses suffered by them as a result of the depositary's negligent or intentional failure to fulfil its obligations under the provisions of the KAGB. The depositary's liability shall not be affected by any delegation of custody duties pursuant to paragraph 3, first sentence.

§ 3 Fund Management

1. The Company shall acquire and manage the assets in its own name for the joint account of the investors with the requisite expertise, integrity, care and diligence. In performing its duties, it shall act independently of the custodian and exclusively in the interests of the investors.

2. The Company is entitled to use the funds contributed by the investors to acquire assets, to dispose of them again and to invest the proceeds elsewhere; it is further authorised to carry out all other legal acts arising from the management of the assets.

3. The Company may neither grant loans nor enter into obligations arising from a surety or guarantee agreement for the joint account of the investors; it may not sell any assets in accordance with Sections 193, 194 and 196 of the KAGB which, at the time the transaction is concluded, do not form part of the UCITS sub-fund. Section 197 of the KAGB remains unaffected.

§ 4 Investment Principles

The UCITS sub-fund shall be invested, directly or indirectly, in accordance with the principle of risk diversification. The Company shall acquire for the UCITS sub-fund only such assets as are expected to generate income and/or growth. It shall specify in the BABen which assets may be acquired for the UCITS sub-fund.

§ 5 Securities

Unless the BABen provide for any further restrictions, the Company may, subject to Section 198 of the KAGB, acquire securities on behalf of the UCITS sub-fund only if

a) they are admitted to trading on a stock exchange in a Member State of the European Union or in another State party to the Agreement on the European Economic Area, or are admitted to trading on, or included in, another organised market in one of these States,

b) they are admitted to trading exclusively on a stock exchange outside the Member States of the European Union or outside the other contracting states to the Agreement on the European Economic Area, or are admitted to or included in another organised market in one of these states, provided that the choice of such a stock exchange

or organised market is authorised by the Federal Financial Supervisory Authority ('Bundesanstalt')[1] ,

(c) their admission to trading on a stock exchange in a Member State of the European Union or in another State party to the Agreement on the European Economic Area, or their admission to or inclusion in an organised market in a Member State of the European Union or in another State party to the Agreement on the European Economic Area, is to be applied for in accordance with the terms of issue, provided that the admission or inclusion of these securities takes place within one year of their issue,

(d) their admission to trading on a stock exchange or their admission to, or inclusion in, an organised market outside the Member States of the European Union or outside the other contracting states to the Agreement on the European Economic Area is to be applied for in accordance with the terms of issue, provided that the choice of that stock exchange or organised market is authorised by the Federal Financial Supervisory Authority and the admission or inclusion of these securities takes place within one year of their issue,

(e) they are shares to which the UCITS sub-fund is entitled in the event of a capital increase from the company's own funds,

f) they are acquired in the exercise of subscription rights belonging to the UCITS sub-fund,

g) they are units in closed-end funds that meet the criteria set out in Section 193(1), first sentence, No. 7 of the KAGB,

h) they are financial instruments that meet the criteria set out in Section 193(1), first sentence, No. 8 of the KAGB.

The acquisition of securities under the first sentence, points (a) to (d), may only take place if the conditions set out in Section 193(1), second sentence, of the KAGB are also met. Subscription rights arising from securities which are themselves eligible for acquisition under this Section 5 may also be acquired.

[1] The 'List of authorised stock exchanges and other organised markets pursuant to Section 193(1) Nos. 2 and 4 of the KAGB' is published on the Federal Financial Supervisory Authority's website (http://www.bafin.de).

[2] see footnote 1

ɔrities do not impose any further restrictions, the Company may, subject to Section 198 of the KAGB, on behalf of the UCITS special fund, invest in instruments customarily traded on the money market, as well as interest-bearing securities which, at the time of their acquisition for the UCITSspecial fund, have a remaining maturity of no more than 397 days, where the interest rate is adjusted regularly in line with market conditions throughout their entire term in accordance with the terms of issue, but at least once every 397 days, or where their risk profile corresponds to that of such securities ("money market instruments").

Money market instruments may only be acquired for the UCITS sub-fund if they

a) are admitted to trading on a stock exchange in a Member State of the European Union or in another State party to the Agreement on the European Economic Area, or are admitted to trading on, or included in, another organised market there,

b) are admitted to trading exclusively on a stock exchange outside the Member States of the European Union or outside the other contracting states to the Agreement on the European Economic Area, or are admitted to or included in another organised market there, provided that the choice of such a stock exchange or organised market is authorised by the Federal Financial Supervisory Authority2,

(c) are held by the European Union, the Federal Government, a special fund of the Federal Government, a Land, another Member State or another central, regional or local authority, or the central bank of a Member State of the European Union, the European Central Bank or the European Investment Bank, a third country or, where that country is a federal state, a constituent state of that federal state, or by an international public-law body to which at least one Member State of the European Union belongs,

(d) issued by an undertaking whose securities are traded on the markets referred to in points (a) and (b),

(e) are issued or guaranteed by a credit institution subject to supervision in accordance with the criteria laid down in European Union law, or by a credit institution which is subject to and complies with supervisory provisions that, in the opinion of the Federal Financial Supervisory Authority, are equivalent to those of European Union law, or

f) issued by other issuers which meet the requirements of section 194(1), first sentence, no. 6 of the KAGB.

2. Money market instruments within the meaning of paragraph 1 may only be acquired if they fulfil the respective conditions set out in Section 194(2) and (3) of the KAGB.

§ 7 Bank deposits

The Company may hold bank deposits on behalf of the UCITS sub-fund, provided that such deposits have a maturity of no more than twelve months. The deposits, which must be held in blocked accounts, may be held with a credit institution having its registered office in a Member State of the European Union or another State party to the Agreement on the European Economic Area; the balances may also be held with a credit institution having its registered office in a third country whose supervisory provisions are, in the opinion of the Federal Financial Supervisory Authority, equivalent to those under European Union law. Unless otherwise specified in the BABen, the bank balances may also be denominated in foreign currency.

§ 8 Investment Units

1. Unless otherwise provided for in the BABs, the Company may, on behalf of the UCITS special fund, acquire units in investment funds in accordance with Directive 2009/65/EC (UCITS). Units in other domestic special funds and investment companies with variable capital, as well as units in open-ended EU AIFs and foreign open-ended AIFs, may be acquired provided they meet the requirements of Section 196(1), second sentence, of the KAGB.

2. The Company may only acquire units in domestic special funds and investment companies with variable capital, in EU UCITS, in open-ended EU AIFs and in foreign open-ended AIFs if, in accordance with the investment conditions or the articles of association of the capital management company, the investment company with variable capital, the EU investment fund, the EU management company, the foreign AIF or the foreign AIF management company, a maximum of 10 per cent of the value of its assets may be invested in units of other domestic special funds, investment companies with variable capital, open-ended EU investment funds or foreign open-ended AIFs.

§ 9 Derivatives

1. Unless otherwise specified in the BABs, the Company may, in the course of managing the UCITS sub-fund, use derivatives in accordance with Section 197(1), first sentence, of the KAGB and financial instruments with a derivative component in accordance with Section 197(1), second sentence, of the KAGB. It may – in accordance with the nature and scope of the derivatives and financial instruments with a derivative component used – employ either the simple or the qualified approach, as defined in the 'Ordinance on Risk Management and Risk Measurement in the Use of Derivatives, Securities Lending and Repurchase Agreements in Investment Funds under the German Capital Investment Code' (DerivateV); further details are set out in the prospectus.

2. Where the Company uses the simple approach, it may, as a general rule, only use basic forms of derivatives and financial instruments with a derivative component, or combinations of such derivatives, financial instruments with a derivative component and underlying assets permitted under Section 197(1), first sentence, of the KAGB, in the UCITS sub-fund. Complex derivatives with underlying assets permitted under Section 197(1), first sentence, of the German Capital Investment Code (KAGB) may only be used to a negligible extent. The market risk exposure amount of the UCITS sub-fund, to be determined in accordance with Section 16 of the Derivatives Regulation (DerivateV), must not at any time exceed the value of the sub-fund.

The basic forms of derivatives are:

a) futures contracts on the underlying assets referred to in Section 197(1) of the KAGB, with the exception of investment units referred to in Section 196 of the KAGB;

b) options or warrants on the underlying assets referred to in Section 197(1) of the KAGB, with the exception of investment units referred to in Section 196 of the KAGB, and on futures contracts referred to in point (a), provided they have the following characteristics:

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

bb) at the time of exercise, the value of the option depends linearly on the positive or negative difference between the strike price and the market price of the underlying asset, and becomes zero if the difference has the opposite sign;

c) interest rate swaps, currency swaps or interest rate and currency swaps;

d) options on swaps as referred to in point (c), provided they possess the characteristics described in points (aa) and (bb) of point (b) (swaptions);

e) credit default swaps relating to a single underlying asset (single-name credit default swaps).

3. Provided that the Company uses the qualified approach, it may – subject to an appropriate risk management system – invest in any financial instruments with a derivative component or in derivatives derived from an underlying asset permitted under section 197(1), first sentence, of the KAGB.

In this context, the potential risk exposure attributable to the UCITS sub-fund for market risk ("Risi k exposure") must not at any time exceed twice the potential risk exposure for market risk of the corresponding benchmark portfolio in accordance with Section 9 of the DerivateV. Alternatively, the risk exposure must not at any time exceed 20 per cent of the value of the UCITS sub-fund.

4. Under no circumstances may the Company deviate from the investment principles and limits set out in the investment conditions or in the prospectus when conducting these transactions.

5. The Company will use derivatives and financial instruments with a derivative component for the purposes of hedging, efficient portfolio management and generating additional returns, if and to the extent that it deems this necessary in the interests of investors.

6. When determining the market risk limit for the use of derivatives and financial instruments with a derivative component, the Company may, at any time, switch between the simple and the qualified approaches in accordance with Section 6, sentence 3 of the Derivatives Regulation (DerivateV). Such a switch does not require the approval of the Federal Financial Supervisory Authority; however, the Company must notify the Federal Financial

Supervisory Authority of the switch without delay and disclose it in the next half-yearly or annual report.
7. When using derivatives and financial instruments with a derivative component, the Company shall comply with the Derivatives Regulation.

§ 10 Other investment instruments

Unless otherwise specified in the BABs, the Company may, on behalf of the UCITS sub-fund, invest up to 10 per cent of the value of the UCITS sub-fund in other investment instruments in accordance with Section 198 of the KAGB.

§ 11 Issuer limits and investment limits

1. In managing the fund, the Company must comply with the limits and restrictions laid down in the KAGB, the DerivateV and the Investment Conditions.

2. Securities and money market instruments, including those acquired under repurchase agreements, from the same issuer may be acquired up to a limit of 5 per cent of the value of the UCITS sub-fund; however, up to 10 per cent of the value of the UCITS sub-fund may be invested in these securities and money market instruments if this is provided for in the Investment Rules and the total value of the securities and money market instruments of these issuers does not exceed 40 per cent of the value of the UCITS sub-fund. The issuers of securities and money market instruments must also be taken into account within the limits specified in the first sentence if the securities and money market instruments issued by them are acquired indirectly via other securities held in the UCITS that are linked to their performance.

3. The Company may invest in bonds, promissory note loans and money market instruments issued by the Federal Government, a Land, the European Union, a Member State of the European Union or its local authorities, another State party to the Agreement on the European Economic Area, a third country or an international organisation to which at least one Member State of the European Union belongs, up to 35 per cent of the value of the UCITS sub-fund in each case.

4. The Company may invest up to 25 per cent of the value of the UCITS sub-fund per issuer in

(a) mortgage bonds and municipal bonds, as well as bonds issued by credit institutions with their registered office in a Member State of the European Union or in another contracting state to the Agreement on the European Economic Area prior to 8 July 2022, provided that the credit institutions are subject to specific public supervision under statutory provisions designed to protect the holders of these debt securities, and the funds raised through the issue of the debt securities are invested in assets in accordance with statutory provisions, which, throughout the entire term of the debt securities, sufficiently cover the liabilities arising therefrom and which, in the event of the issuer's default, are earmarked on a priority basis for the repayments falling due and the payment of interest,

(b) covered bonds within the meaning of Article 3(1) of Directive (EU) 2019/2162 of the European Parliament and of the Council of 27 November 2019 on the issue of covered bonds and public supervision of covered bonds and amending Directives 2009/65/EC and 2014/59/EU (OJ L 328, 18 December 2019, p. 29), which were issued after 7 July 2022.

If the Company invests more than 5 per cent of the value of the UCITS sub-fund in debt securities of the same issuer as referred to in the first sentence, the total value of these debt securities must not exceed 80 per cent of the value of the UCITS sub-fund.

5. The limit set out in paragraph 3 may be exceeded for securities and money market instruments from the same issuer in accordance with Section 206(2) of the KAGB, provided that the BABen so provide, specifying the issuers concerned. In such cases, the securities and money market instruments held on behalf of the UCITS sub-fund must originate from at least six different issues, with no more than 30 per cent of the value of the UCITS sub-fund being held in any one issue.

6. The Company may invest no more than 20 per cent of the value of the UCITS sub-fund in bank deposits with the same credit institution, in accordance with Section 195 of the KA .

7. The Company must ensure that a combination of

a) securities or money market instruments issued by one and the same institution,

b) deposits with that institution, and

c) amounts taken into account for counterparty risk in respect of transactions entered into with that institution,

does not exceed 20 per cent of the value of the UCITS sub-fund. The first sentence applies to the issuers and guarantors referred to in paragraphs 3 and 4, provided that the Company must ensure that a combination of the assets and risk-weighted amounts referred to in the first sentence does not exceed 35 per cent of the value of the UCITS sub-fund. The respective individual upper limits remain unaffected in both cases.

8. The bonds, promissory note loans and money market instruments referred to in paragraphs 3 and 4 shall not be taken into account when applying the 40 per cent limits referred to in paragraph 2. Notwithstanding the provision in paragraph 7, the limits referred to in paragraphs 2 to 4 and paragraphs 6 to 7 may not be aggregated.

9. The Company may invest in units of a single investment fund in accordance with Section 196(1) of the KAGB only

up to 20 per cent of the value of the UCITS sub-fund. The Company may invest a total of no more than 30 per cent of the value of the UCITS sub-fund in units of investment funds in accordance with section 196(1), second sentence, of the KAGB. The Company may not, on behalf of the UCITS sub-fund, acquire more than 25 per cent of the issued units of another open-ended domestic, EU or foreign investment fund which, in accordance with the principle of risk diversification, is invested in assets within the meaning of Sections 192 to 198 of the KAGB.

§ 12 Merger

1. The Company may, in accordance with Sections 181 to 191 of the KAGB

a) transfer all assets and liabilities of this UCITS special fund to another existing UCITS special fund, a new UCITS special fund established as a result, an EU UCITS or a UCITS investment company with variable capital;

b) incorporate all the assets and liabilities of another open-ended public investment fund into this UCITS special fund.

2. The merger is subject to the approval of the relevant supervisory authority. The details of the procedure are set out in Sections 182 to 191 of the KAGB.

3. The UCITS sub-fund may only be merged with a public investment fund that is not a UCITS if the receiving or newly established investment fund continues to be a UCITS. Mergers of an EU UCITS into the UCITS sub-fund may also take place in accordance with the provisions of Article 2(1)(p)(iii) of Directive 2009/65/EC.

§ 13 Securities lending

1. The Company may, on behalf of the UCITS sub-fund, grant a securities loan to a securities borrower, which may be terminated at any time, in return for a market-based fee, following the transfer of sufficient collateral in accordance with Section 200(2) of the KAGB. The market value of the securities to be transferred, together with the market value of the securities already transferred as part of a securities lending transaction on behalf of the UCITS sub-fund to the same securities borrower – including group companies within the meaning of Section 290 of the German Commercial Code (HGB) – must not exceed 10 per cent of the value of the UCITS sub-fund.

2. If the collateral for the transferred securities is provided by the securities borrower in the form of credit balances, such credit balances must be held in blocked accounts in accordance with Section 200(2), third sentence, No. 1 of the German Investment Fund Act (KAGB). Alternatively, the Company may make use of the option to invest these credit balances, in the currency of the credit balance, in the following assets:

a) high-quality debt securities issued by the Federal Government, a federal state, the European Union, a Member State of the European Union or its local authorities, another State party to the Agreement on the European Economic Area, or a third country;

b) in money market funds with a short maturity structure in accordance with the guidelines issued by the Federal Financial Supervisory Authority on the basis of Section 4(2) of the KAGB; or

c) by way of a reverse repurchase agreement with a credit institution that guarantees the repayment of the accrued balance at any time.

The income from the investment of the collateral accrues to the UCITS sub-fund.

3. The Company may also make use of a system organised by a central securities depository for the brokering and settlement of securities loans which deviates from the requirements under Section 200(1), third sentence, of the KAGB, provided that there is no deviation from the right of termination at any time as set out in paragraph 1.
4. Unless otherwise specified in the BABs, the Company may also grant securities loans in respect of money market instruments and investment fund units, provided that these assets are eligible for acquisition by the UCITS sub-fund. The provisions of paragraphs 1 to 3 shall apply mutatis mutandis in this regard.

§ 14 Repurchase Agreements

1. The Company may, on behalf of the UCITS sub-fund, enter into securities repurchase agreements that are terminable at any time within the meaning of Section 340b(2) of the German Commercial Code (Handelsgesetzbuch), in return for consideration, with credit institutions or financial services institutions on the basis of standardised framework agreements.

2. The repurchase agreements must relate to securities which may be acquired in accordance with the investment conditions for the UCITS special fund.

3. Repurchase agreements may have a maximum term of 12 months.

4. Unless otherwise specified in the Supplementary Provisions, the Company may also enter into repurchase agreements in respect of money market instruments and investment fund units, provided that these assets may be acquired for the UCITS sub-fund. The provisions of paragraphs 1 to 3 shall apply mutatis mutandis in this regard.

§ 15 Borrowing

The Company may raise short-term loans for the joint account of the investors up to 10 per cent of the value of the UCITS sub-fund, provided that the terms of the borrowing are in line with market conditions and the custodian consents to the borrowing.

§ 16 Units

1. Units in the UCITS special fund are bearer units and are issued in the form of unit certificates or as electronic unit certificates.

2. Share certificates are issued in the form of a global certificate; the issue of individual certificates is excluded. Upon acquiring a unit in the sub-fund, the investor acquires a co-ownership interest in the global certificate. This interest is transferable, unless otherwise provided for in the BABen.

3. The units may have various structural features, in particular with regard to the distribution of income, the initial sale charge, the redemption discount, the currency of the unit value, the management fee, the minimum investment amount or a combination of these features (unit classes). The details are set out in the BABen.

§ 17 Issue and Redemption of Units, Suspension

1. There is, in principle, no limit on the number of units issued. The Company reserves the right to suspend the issue of units temporarily or permanently.

2. Units may be purchased from the Company, the custodian or through third parties. The BABen may stipulate that units may only be purchased and held by certain investors.

3. Investors may request the Company to redeem their units, unless otherwise provided for below or in the BABen. The Company is obliged to redeem the units at the applicable redemption price on behalf of the UCITS sub-fund. The redemption agent is the custodian.

4. The Company reserves the right to suspend the issue and redemption of units in accordance with Section 98(2) of the KAGB if exceptional circumstances arise which make a suspension appear necessary, taking into account the interests of the investors.

5. The Company must inform investors of the suspension and resumption of redemptions by means of a notice in the Federal Gazette and, in addition, in a sufficiently widely circulated business or daily newspaper or in the electronic information media specified in the prospectus. Investors must be informed of the suspension and resumption of the redemption of units without delay following the announcement in the Federal Gazette by means of a durable medium.

§ **18: Spin-off of illiquid investments**

The Company may spin off illiquid investments in the interests of the investors in the UCITS sub-fund.

§ 19 Liquidity management instruments

1. The Company shall use at least two of the following liquidity management instruments. It shall specify in the Fund Prospectus which liquidity management instruments are to be used for the UCITS special fund:

a) Redemption restriction
The Company may temporarily and partially restrict investors' right to redeem their units, so that investors may only redeem a specified portion of their units.

b) Extension of the redemption period
The Company may extend the redemption period.

c) Redemption fee
The Company may charge a redemption fee within a specified range, which is paid by investors upon the redemption of units in the UCITS sub-fund, taking into account liquidity costs, and which ensures that investors who remain in the UCITS sub-fund are not unduly disadvantaged.

d) Swing pricing or dual pricing
The Company may use swing pricing or dual pricing. Swing pricing is a pre-determined mechanism whereby the net asset value of the units of the UCITS special fund is adjusted by applying a factor ('swing factor') that takes liquidity costs into account. Dual pricing is a pre-determined mechanism whereby the issue and redemption prices for the units of the UCITS sub-fund are set by adjusting the net asset value per unit by a factor that reflects liquidity costs.

e) Anti-dilution levy
The Company may charge a dilution protection fee, payable by an investor upon the issue or redemption of units in the UCITS sub-fund, which compensates the UCITS sub-fund for the liquidity costs incurred as a result of the scale of that transaction and ensures that other investors are not unduly disadvantaged.

f) Distribution in kind
The Company may transfer assets held by or on behalf of the UCITS sub-fund to a professional investor in lieu of paying out the redemption price, in order to effect redemptions of units.

2. In addition to the instruments referred to in paragraph 1, the Company may use other instruments to manage the liquidity of the UCITS sub-fund. The conditions for the use of such instruments are set out in the BABen.

§ 20 Issue and Redemption Prices

1. Unless otherwise provided for in the BABs, the issue and redemption prices of the units shall be calculated by determining the market values of the assets belonging to the UCITS sub-fund, less any loans taken out and other liabilities (net asset value), and dividing this by the number of units in issue ('unit value'). If, in accordance with § 16(3), different share classes are introduced for the UCITS sub-fund, the share value and the issue and redemption prices must be determined separately for each share class.

The assets are valued in accordance with Sections 168 and 169 of the German Capital Investment Code (KAGB) and

the Capital Investment Accounting and Valuation Ordinance (KARBV).

2. The issue price corresponds to the unit value of the UCITS special fund, plus, where applicable, an issue surcharge to be specified in the BABen in accordance with Section 165(2)(8) of the KAGB. The redemption price corresponds to the net asset value of the UCITS sub-fund, less, where applicable, a redemption fee to be specified in the BABen in accordance with Section 165(2)(8) of the KAGB. Where provided for in the BABen, additional fees may be charged as liquidity management instruments.

3. The settlement date for share purchase and redemption orders is, at the latest, the valuation date following receipt of the share purchase or redemption order, unless otherwise specified in the BABen. If the Company suspends the redemption of units in accordance with Section 17(4), the settlement date for these redemption orders shall be the valuation day following the resumption of redemptions.

4. The net asset value, the unit value and the issue and redemption prices are determined from Monday to Friday, except on public holidays in Frankfurt am Main and except on 24 December and 31 December ('valuation days'). The BABen may also specify further days which are not valuation days.

§ 21 Costs

The Fund Prospectus shall specify the expenses and the remuneration payable to the Company, the custodian and third parties which may be charged to the UCITS sub-fund. With regard to remuneration within the meaning of the first sentence, the Fund Prospectus shall also specify the method, the amount and the basis of calculation on which such remuneration is to be paid.

§ 22 Financial Reporting

1. No later than four months after the end of the UCITS sub-fund's financial year, the Company shall publish an annual report, including a statement of income and expenditure in accordance with Section 101(1), (2) and (4) of the KAGB.

2. No later than two months after the mid-point of the financial year, the Company shall publish a half-yearly report in accordance with Section 103 of the KAGB.

3. If the right to manage the UCITS special fund is transferred to another capital management company during the financial year, or if the UCITS special fund is merged during the financial year with another UCITS special fund, a UCITS investment company with variable capital or an EU UCITS, the Company must prepare an interim report as at the transfer date which meets the requirements for an annual report in accordance with paragraph 1.

§ **23 Termination and liquidation of the UCITS sub-fund by the Company**

1. The Company may terminate the management of the UCITS sub-fund by publication in the Federal Gazette and, in addition, in the annual report or half-yearly report. Investors must be notified without delay, by means of a durable medium, of any termination announced in accordance with the first sentence. From the date of publication of its notice of termination in accordance with the first sentence, the Company is obliged to liquidate the UCITS special fund and distribute the proceeds to the investors.

2. Investment limits need no longer be observed during the liquidation process. The obligation to manage the UCITS sub-fund shall only cease once the Company has liquidated the UCITS sub-fund.

3. On the date on which it has liquidated the UCITS sub-fund, the Company must draw up a liquidation report that meets the requirements for an annual report under Section 22(1).

§ **24 Liquidation of the special fund by the custodian in cases other than termination by the Company**

1. In the event of the winding up and distribution of the UCITS sub-fund by the custodian, whilst safeguarding the interests of investors in accordance with Section 100(2) of the KAGB, the custodian shall be entitled to remuneration for its winding-up activities and to reimbursement of the expenses incurred in connection with the winding up. Investment limits need no longer be observed during the winding-up process. With the approval of the Federal Financial Supervisory Authority, the custodian may refrain from liquidation and distribution and transfer the management of the UCITS special fund to another capital management company in accordance with the previous investment conditions.

2. If the UCITS special fund is wound up by the custodian, the custodian must prepare a winding-up report annually and on the date on which the winding-up is completed, which must meet the requirements for an annual report in accordance with Section 22(1).

§ **25 Change of capital management company and custodian**

1. The Company may transfer the right to manage and dispose of the UCITS special fund to another capital management company. The transfer requires the prior approval of the Federal Financial Supervisory Authority.

2. The approved transfer shall be published in the Federal Gazette and, in addition, in the annual report or half-yearly report, as well as in the electronic information media specified in the prospectus. The transfer shall take effect no earlier than three months after its publication in the Federal Gazette.

3. The Company may change the custodian for the UCITS sub-fund. Such a change requires the approval of the Federal Financial Supervisory Authority.

§ **26 Amendments to the Investment Conditions**

1. The Company may amend the investment conditions.

2. Amendments to the investment conditions require the prior approval of the Federal Financial Supervisory Authority.

3. All proposed amendments shall be published in the Federal Gazette and, in addition, in a widely circulated business or daily newspaper or in the electronic information media specified in the prospectus. A publication in accordance with the first sentence must refer to the proposed amendments and their date of entry into force. In the event of cost changes detrimental to investors within the meaning of Section 162(2)(11) of the KAGB, or changes detrimental to investors relating to material investor rights, as well as in the event of changes to the investment principles of the UCITSspecial fund within the meaning of Section 163(3) of the KAGB, the key details of the proposed amendments to the investment conditions and the reasons behind them must be communicated to investors in a comprehensible manner via a durable medium at the same time as the announcement referred to in the first sentence. In the event of changes to the existing investment principles, investors must also be informed of their rights under Section 163(3) of the KAGB.

4. The amendments shall enter into force at the earliest on the day following their publication in the Federal Gazette; however, in the case of amendments to fees and investment principles, they shall not enter into force before the expiry of four weeks following the relevant publication. With the consent of the Federal Financial Supervisory Authority, an earlier date may be specified, provided that the amendment relates to fees and is to the investor's advantage.

§ **27 Place of performance**

The place of performance is the registered office of the Company.

§ 28 Dispute resolution procedure

In the event of disputes involving consumers, the parties concerned may refer the matter to the official consumer arbitration board at the Federal Financial Supervisory Authority (Arbitration Board at the Federal Financial Supervisory Authority, Division VBS 12, Marie-Curie-Straße 24–28, 60439 Frankfurt am Main, https://www.bafin.de/DE/Verbraucher/BeschwerdenStreitschlichtung/StreitschlichtungBaFin/StreitschlichtungBaFin_node.html).

29. SPECIAL INVESTMENT TERMS AND CONDITIONS

Special Investment Conditions governing the legal relationship between investors and Lupus alpha Investment GmbH, Frankfurt am Main, ('the Company') in respect of the special fund managed by the Company in accordance with the UCITS Directive

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which apply only in conjunction with the 'General Investment Terms and Conditions' drawn up by the Company for this special fund.

INVESTMENT PRINCIPLES AND INVESTMENT LIMITS

§ 1
Assets

The Company may acquire the following assets for the UCITS sub-fund:

1. securities in accordance with § 5 of the AABen,
2. money market instruments in accordance with § 6 of the AABen,
3. bank deposits in accordance with § 7 of the AABen,
4. investment fund units in accordance with Section 8 of the AABen,
5. derivatives in accordance with Section 9 of the AABen,
6. Other investment instruments in accordance with
   Section 10 of the AABen.

§ 2
Investment limits

1. The UCITS sub-fund may invest its assets entirely in securities in accordance with Section 1(1). Securities taken on repurchase agreements must be counted towards the investment limits set out in Section 206(1) to (3) of the KAGB.

2. At least 51 per cent of the value of the UCITS sub-fund is invested in European equities which are admitted to official trading on a stock exchange or admitted to, or included in, another organised market, and which are not units in investment funds. Shares are selected on the basis of environmental, ethical and governance sustainability criteria, which are achieved through the following exclusions:

   a. Mining of thermal coal > 5% of turnover
   b. Power generation from thermal coal > 5% of turnover
   c. Unconventional oil and gas extraction methods (including oil sands, oil shale and fracking) > 0% of turnover
   d. Breaches of the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises
   e. Very serious, ongoing controversies for which the company is directly responsible
   f. Very serious, partly resolved controversies for which the company is directly responsible
   g. Breaches of international anti-corruption conventions and inadequate response/handling by the company
   h. Production/distribution/services relating to cluster munitions, anti-personnel mines and other controversial weapons (no tolerance threshold)
   i. Tobacco production > 5% of turnover

3. At least 20 per cent of the value of the UCITS sub-fund is invested in securities and money market instruments with sustainable characteristics in accordance with Article 2(17) of Regulation (EU) 2019/2088 ("SFDR") or in accordance with Article 3 of Regulation (EU) 2020/852 ("EU Taxonomy"). Further details can be found in the current prospectus.

4. Up to 49 per cent of the value of the UCITS sub-fund may be invested in money market instruments in accordance with Section 6 of the 'General Investment Conditions'. Money market instruments held under repurchase agreements must be counted towards the investment limits set out in Section 206(1) to (3) of the KAGB.

5. Securities and money market instruments from the same issuer may be acquired in excess of 5 per cent and up to 10 per cent of the value of the UCITS sub-fund, provided that the total value of the securities and money market instruments from that issuer does not exceed 40 per cent of the value of the UCITS sub-fund.
6. The Company may invest in securities and money market instruments issued by the following issuers

   - The Federal Republic of Germany
   - As federal states:
     - Baden-Württemberg
     - Bavaria
     - Berlin
     - Brandenburg
     - Bremen
     - Hamburg
     - Hesse
     - Mecklenburg-Western Pomerania
     - Lower Saxony
     - North Rhine-Westphalia
     - Rhineland-Palatinate
     - Saarland
     - Saxony
     - Saxony-Anhalt
     - Schleswig-Holstein
     - Thuringia

   - European Union
   - As EU Member States:

- Belgium
- Bulgaria
- Denmark
- Estonia
- Finland
- France
- Greece
- Republic of Ireland
- Italy
- Croatia
- Latvia
- Lithuania
- Malta
- Poland
- Luxembourg
- Netherlands
- Austria
- Portugal
- Sweden
- Slovakia
- Slovenia
- Spain
- Czech Republic
- Hungary
- Republic of Cyprus
- Romania

- As contracting parties to the Agreement on the European Economic Area:
  - Iceland
  - Liechtenstein
  - Norway

- As member states of the Organisation for Economic Co-operation and Development that are not members of the EEA:
  - Australia
  - Japan
  - Canada
  - South Korea
  - Mexico
  - New Zealand
  - Switzerland
  - Turkey
  - United States of America
  - Chile
  - Israel
  - United Kingdom of Great Britain and Northern Ireland

may each invest more than 35 per cent of the value of the UCITS sub-fund.

7. Up to 49 per cent of the value of the UCITS sub-fund may be held in bank deposits in accordance with section 7, sentence 1 of the 'General Investment Conditions'.

8. Up to 10 per cent of the value of the UCITS sub-fund may be invested in investment fund units in accordance with Section 8 of the 'General Investment Conditions'. The investment fund units held on a repurchase agreement basis must be counted towards the investment limits set out in Sections 207 and 210(3) of the KAGB.

SHARE CLASSES

§ 3

Unit Classes

1. For the UCITS special fund, unit classes within the meaning of Section 16(3) of the 'General Investment Conditions' may be established, which differ in terms of the distribution of income, the initial charge, the minimum investment amount, the management fee or a combination of these characteristics. The creation of unit classes is permitted at any time and is at the discretion of the Company.

2. The unit value is calculated separately for each unit class by allocating the costs of launching new unit classes, the distributions (including any taxes payable from the fund's assets) and the management fee attributable to a specific unit class – including, where applicable, income equalisation – exclusively to that unit class.

3. The share classes currently in existence are listed individually in both the prospectus and the annual and half-yearly reports. The characteristics distinguishing the share classes (distribution policy, initial charge, minimum investment amount, management fee or a combination of these characteristics) are described in detail in the prospectus and in the annual and half-yearly reports.

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

§ 4

Units

Investors hold a fractional co-ownership interest in the respective assets of the UCITS sub-fund in proportion to their units.

§ 5

Issue and Redemption Price, Fees

1. The subscription charge amounts to up to five per cent of the unit value. The Company is free to charge a lower subscription charge for the UCITS special fund or for one or more unit classes, or to waive the subscription charge altogether.

2. No redemption fee is charged.

3. The Company may charge a redemption fee. The redemption fee is calculated on the basis of gross redemptions and amounts to up to 0.25 per cent of gross redemptions. A description of the possibility of a redemption fee and the conditions governing it is set out in the prospectus.

§ 6

Redemption Restriction

The Company may temporarily restrict the redemption of units on a pro rata basis (redemption restriction) if investors' redemption requests on a given valuation date reach at least 30 per cent of the net asset value (threshold). A description of the possibility and conditions for a redemption restriction is set out in the prospectus.

§ 7
Costs

1. The Company receives an annual fee of up to 1.50 per cent of the average net asset value of the UCITS sub-fund during the accounting period, calculated on the basis of the month-end values. The fee is charged monthly on a pro rata basis. The Company is free to charge a lower fee for the UCITS special fund or for one or more share classes, or to waive the charging of a fee altogether. The Company shall disclose the management fee charged for each share class in the prospectus, the annual report and the half-yearly report.

2. The custodian receives an annual fee for its services of up to 0.05 per cent of the average net asset value of the UCITS sub-fund during the accounting period, calculated on the basis of the month-end values (but not less than EUR 20,000 per annum). The fee is charged on a pro rata basis each month.

3. The total amount withdrawn annually from the UCITS special fund as remuneration in accordance with paragraphs 1 and 2 above, and as reimbursement of expenses in accordance with paragraph 5(n), may amount to up to 1.67 per cent of the average net asset value of the UCITS special fund during the accountingperiod, calculated on the basis of the values at the end of each month.

4. In addition to the remuneration set out above, the Company may receive, for the management of the sub-fund, a performance-related fee of up to 15 per cent of the amount by which the unit price performance exceeds the performance of the benchmark index at the end of a settlement period (outperformance relative to the benchmark index, i.e. a positive deviation of the unit value performance from the benchmark performance, hereinafter also referred to as 'positive benchmark deviation'), but not exceeding a total of 2.0 per cent of the average net asset value of the special fund during the settlement period, calculated on the basis of the values at the end of each month.

   The costs charged to the UCITS special fund must not be deducted from the performance of the benchmark index prior to the comparison.

   If, at the end of a settlement period, the unit value performance falls short of the performance of the benchmark index (underperformance relative to the benchmark index, i.e. a negative deviation of the unit value performance from the benchmark performance, hereinafter also referred to as 'negative benchmark deviation'), the Company shall not receive any performance-related remuneration. In line with the calculation of performance-related remuneration in the event of a positive benchmark deviation, an underperformance amount per unit value is now calculated on the basis of the negative benchmark deviation and carried forward to the next settlement period as a negative carry-forward ('negative carry-forward'). The negative carry-forward is not subject to any upper limit. For the subsequent settlement period, the Company will only receive performance-related remuneration if the amount calculated on the basis of a positive benchmark deviation at the end of that settlement period exceeds the negative carry-forward from the preceding settlement period. In this case, the remuneration entitlement is calculated as the difference between the two amounts. If the amount calculated from the positive benchmark deviation does not exceed the negative carry-forward from the previous settlement period, the two amounts are offset against each other. The remaining underperformance amount per unit value is carried forward to the next settlement period as a new 'negative carry-forward'. If a negative benchmark deviation arises again at the end of the next settlement period, the existing negative carry-forward is increased by the underperformance amount calculated from this negative benchmark deviation. When calculating the annual remuneration entitlement, any underperformance amounts from the five preceding settlement periods are taken into account. If there are fewer than five preceding settlement periods for the special fund, all preceding settlement periods are taken into account.

   The accounting period begins on 1 January and ends on 31 December of a calendar year. The first accounting period begins upon the launch of the UCITS sub-fund and ends only on the second 31 December following the launch.

   The 'STOXX® Europe TMI Small Net Return EUR Index' is designated as the benchmark index. Should the benchmark index cease to exist, the Company will designate another appropriate index to replace it.

   Performance-related remuneration is determined by comparing the performance of the benchmark index with the unit price performance, calculated using the BVI method, during the settlement period. To determine the unit value performance of the ' ' UCITS special fund, the unit value at the end of the financial year is compared with the unit value at the end of the previous year, whereby distributions and tax payments made at the expense of the UCITS special fund are added back to the unit value on an accounting basis (BVI method).

   Depending on the result of a daily comparison, a provisionally accrued performance-related fee is set

aside in the special fund for each unit issued, or a provision already recognised is reversed accordingly. Reversed provisions accrue to the special fund. A performance-related fee may only be withdrawn to the extent that corresponding provisions have been set aside.

Performance-related remuneration may also be withdrawn if the unit value at the end of the accounting period is lower than the unit value at the start of the accounting period ('negative unit value performance').

5. In addition to the aforementioned remuneration, the following expenses are borne by the UCITS sub-fund:

   a) standard bank custody and account fees, including, where applicable, standard bank charges for the safekeeping of foreign assets abroad;

   b) costs of printing and posting the legally required sales documents intended for investors (annual and half-yearly reports, prospectus, key investor information);

   c) costs of publishing the annual and half-yearly reports, the issue and redemption prices and, where applicable, the distributions or capitalisation of profits, and the liquidation report;

   d) Costs of producing and providing a durable medium as required by contract or by law, except in the case of information on mergers of investment funds and except in the case of information on measures relating to breaches of investment limits or calculation errors in the determination of unit values;

   e) Costs of the audit of the UCITS sub-fund by the UCITS sub-fund's auditor;

   f) Costs of publishing the tax bases and the certificate confirming that the tax information has been determined in accordance with the rules of German tax law;

   g) Costs incurred by the Company in asserting and enforcing legal claims on behalf of the UCITS special fund, as well as in defending against claims brought against the Company at the expense of the UCITS special fund;

   h) Fees and costs levied by public authorities in relation to the UCITS sub-fund;

   i) Costs of legal and tax advice in relation to the UCITS special fund;

   j) Costs and any fees that may arise in connection with the acquisition and/or use or reference to a benchmark or financial index;

   k) Costs of appointing proxy voters;

   l) Costs of third-party analysis of the UCITS sub-fund's investment performance;

   m) Costs for the provision of analytical material or services by third parties in relation to one or more financial instruments or other assets, or in relation to the issuers or potential issuers of financial instruments, or closely related to a specific sector or market, up to an amount of 0.12 per cent p.a. of the average net asset value of the UCITS special fund during the accounting period, calculated on the basis of the figures at the end of each month.

   n) Costs incurred in connection with the purchase and sale of assets (transaction costs);

   o) Taxes, in particular value added tax, arising in connection with the expenses referred to in points (a) to (n) above and to be reimbursed by the sub-fund.

6. The Company must disclose in the annual report and the half-yearly report the amount of the subscription premiums and redemption discounts charged to the UCITS sub-fund during the reporting period for the purchase and redemption of units and shares within the meaning of Section 196 of the KAGB. Where units or shares are acquired that are managed directly or indirectly by the Company itself or by another company with which the Company is linked by a significant direct or indirect holding, the Company or the other company may not charge any subscription fees or redemption fees in respect of the acquisition and redemption. The Company must disclose in its annual report and half-yearly report the remuneration charged to the ' ' UCITS sub-fund by the Company itself, by another management company or by another company with which the Company is linked by a significant direct or indirect holding, as management fees for the units or shares held in the UCITS sub-fund.

APPROPRIATION OF PROFITS AND FINANCIAL YEAR

§ 8
Distribution

1. The Company generally distributes the interest, dividends and other income accrued during the financial year on behalf of the UCITS sub-fund and not used to cover costs – taking into account the associated income equalisation – on a pro rata basis per unit class. Realised capital gains – taking into account the associated income equalisation – may also be used for distribution.
2. Distributable income as referred to in paragraph 1 may be carried forward for distribution in subsequent financial years, provided that the total amount of income carried forward does not exceed 15 per

cent of the respective value of the UCITS special fund at the end of the financial year. Income from short financial years may be carried forward in full.

3. In the interests of preserving the fund's net asset value, income may be allocated in part, or in exceptional cases in full, for reinvestment in the UCITS sub-fund.

4. Distributions are made annually within four months of the end of the financial year. Interim distributions are permitted.

§ 9
Retention of Profits

For the accumulation-type share classes, the Company allocates the interest, dividends and other income – taking into account the associated income equalisation – as well as the realised capital gains of the accumulation-type share classes within the UCITS sub-fund, on a pro rata basis.

§ 10
Financial Year

The financial year of the UCITS special fund begins on 1 January and ends on 31 December of each year.

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WKN		**Custodian**	
Share class “C”	A1J9DT		
Share class “CT”	A2QNXP		
Share class “R”	A2DTNV		Cologne District Savings Bank
ISIN		**Custodian fee**	
Share class ‘C’	DE000A1J9DT9		
Share class “CT”	DE000A2QNXP3		0.05 per cent p.a., minimum EUR 20,000 p.a.
Share class “R”	DE000A2DTNV7		
Launch date		**Benchmark**	
Share class ‘C’	5 December 2013		
Share class ‘CT’	1 February 2022		STOXX Europe TMI Small Net Return EUR Index
Share class “R”	1 December 2020		
Entry charge		**Fund currency**	
Share class ‘C’	up to 5.00 per cent		
Share class “CT”	up to 5.00 per cent		
Share class “R”	up to 5.00 per cent		Euro
Performance-related remuneration		**Other costs**	
	For further details, see the section ‘Administrative and other costs’.		See the section ‘Administrative and other costs’.
Management fee		**Distribution of income**	
Share class ‘C’	up to 1.00 per cent p.a.	Share class ‘C’	distributing
Share class “CT”	up to 1.00 per cent p.a.	Share class ‘CT’	accumulating
Share class “R”	up to 1.50 per cent p.a.	Share class ‘R’	distributing
End of financial year		**Overseas distribution**	
		Unit class ‘C’	Austria, France
		Share class ‘CT’	Austria
	31 December	Share class ‘R’	Austria, France
Minimum investment amount		**Classification under the SFDR**	
Share class ‘C’	EUR 500,000		
Share class ‘CT’	EUR 1,000,000		
Share class “R”	No minimum investment amount		Article 8 Funds

PRE-CONTRACTUAL INFORMATION ON THE FINANCIAL PRODUCTS REFERRED TO IN ARTICLE 8(1), (2) AND (2A) OF REGULATION (EU) 2019/2088 AND ARTICLE 6(1) OF REGULATION (EU) 2020/852

A **sustainable investment** is an investment in an economic activity that contributes to the achievement of an environmental or social objective, provided that such investment does not significantly undermine environmental or social objectives and that the companies in which the investment is made apply good corporate governance practices.

The **EU Taxonomy** is a classification system set out in Regulation (EU) 2020/852 and contains a list of **environmentally sustainable economic activities**. This Regulation does not set out a list of socially sustainable economic activities. Sustainable investments with an environmental objective may or may not be taxonomy-compliant.

Product name: Lupus alpha Smaller Pan-European Champions	**Legal Entity Identifier (LEI code):** 529900PG151NHRHZ0A29

Environmental and/or social characteristics

Does this financial product aim to make sustainable investments?

☐ **Yes**	☒ **No**
☐ A minimum proportion of **sustainable investments with an environmental objective** is made through this product: _%	☒ It **promotes environmental/social characteristics** and, although sustainable investments are not the primary aim, it contains a minimum proportion of 20 per cent in sustainable investments
☐ in economic activities classified as environmentally sustainable under the EU taxonomy	☐ with an environmental objective in economic activities classified as environmentally sustainable under the EU Taxonomy
☐ in economic activities that are not classified as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that are not classified as environmentally sustainable under the EU taxonomy
	☒ with a social objective
☐ A minimum proportion of **sustainable investments with a social objective** is thus made:_____%	☐ This promotes environmental/social characteristics, but **no sustainable investments are made.**

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

In implementing the fund's strategy, environmental and social standards are taken into account with varying degrees of weighting. Investments are made in high-quality companies (small and mid-caps), excluding those with non-sustainable business models and ensuring compliance with minimum standards. ESG criteria are also integrated into the fundamental bottom-up analysis. To this end, the fund does not track a benchmark, nor does it replicate a benchmark.

Sustainability indicators are used to measure the extent to which the environmental or social characteristics advertised for the financial product are achieved.

- ***Which sustainability indicators are used to measure the achievement of the individual environmental or social characteristics promoted by this financial product?***

All investable companies are classified according to environmental, social, ethical and governance criteria. The analysis covers, amongst other things, social standards, environmental management, product portfolio and corporate governance. As part of a comprehensive negative screening process, securities that do not meet certain minimum standards are excluded. These standards apply to all securities (such as shares) and money market instruments in the portfolio:

Environment:

- Mining of thermal coal > 5% of turnover
- Power generation from thermal coal > 5% of turnover
- Unconventional oil and gas extraction methods (including oil sands, oil shale and fracking) > 0% of turnover

Social:

- Breaches of the Organisation for Economic Co-operation and Development (**OECD**) Guidelines for Multinational Enterprises. This review also covers:
  - Breaches of the UN Global Compact (**UNGC**)
  - Breaches of the **ILO** core labour standards within the company itself and its supply chain, as well as inadequate response or follow-up on the part of the company
  - Breaches of the UN Guiding Principles on Business and Human Rights (**UNGP**)

Governance:

- Very serious, ongoing controversies for which the company is directly responsible
- Very serious, partly resolved controversies for which the company is directly responsible
- Breaches of international anti-corruption conventions and inadequate response/follow-up by the company

Ethics:

- Production/distribution/services relating to cluster munitions, anti-personnel mines and other controversial weapons
- Tobacco production > 5% of turnover

All companies that do not breach any of the aforementioned exclusion criteria and are not excluded on the basis of adverse impacts on sustainability factors (PAIs – see below) are, in principle, eligible for investment.

- ***What are the sustainable investment objectives that the financial product is intended to partially achieve, and how does sustainable investment contribute to these objectives****?*

  We are committed to investing at least 20% of the fund's assets in explicitly sustainable investments with environmental and/or social objectives. We consider an investment or a company to be explicitly sustainable if its products or operational conduct are aligned with at least one of the 17 Sustainable Development Goals (SDGs) (i.e. 'Aligned' or 'Strongly Aligned'), and at the same time its products and operational conduct do not run counter to any of the other SDGs (i.e. 'Misaligned' or 'Strongly Misaligned').

  The SDGs are the United Nations' Sustainable Development Goals.

  Further information on this can be found at https://sdgs.un.org/. When assessing the contribution to the SDGs, we apply the MSCI ESG methodology (Sustainable Impact Metrics: https://www.msci.com/esg-sustainable-impact-metrics).

- ***To what extent will the sustainable investments, some of which are to be made through the financial product, not significantly undermine any of the environmental or social sustainable investment objectives?***

  To ensure that sustainable investments comply with the 'do no significant harm' (DNSH) principle – that is, that they do not cause significant harm – we analyse further criteria for the proportion of sustainable investments (at least 20 per cent). In addition to the aforementioned assessment that a sustainable investment must not undermine any of the 17 SDGs, we analyse (1) extended exclusion criteria and (2) all relevant adverse impacts on sustainability factors (Principal Adverse Impact Indicators – PAIs) and define specific criteria and thresholds *(for details, see the follow-up question)*.

  The extended exclusion criteria include:

  - Mining of thermal coal > 1% of turnover
  - Activities related to nuclear weapons (no tolerance threshold)
  - Production of military goods and associated services (e.g. research) > 5% of turnover
  - Production or sale of firearms and ammunition for civilian use > 5% of turnover
  - Production and distribution of nuclear power, as well as products and services for the nuclear power industry > 5% of turnover
  - Tobacco production (no tolerance threshold)
  - Activities relating to tobacco > 5%

The **most significant adverse impacts** are the most significant adverse impacts of investment decisions on sustainability factors in the areas of the environment,

How are the indicators for adverse impacts on sustainability factors taken into account?

For sustainable investments in the fund, we take into account the following ten mandatory PAIs for companies, including the associated criteria and thresholds. For numerical PAIs, we calculate the percentile within the IVA sector of the relevant company.

social issues and employment, respect for human rights, and the fight against corruption and bribery.

PAI	Criterion/ Threshold
PAI 2: CO_2footprint	90th percentile
PAI 3: GHG emission intensity	90th percentile
PAI 4: Engagement with companies operating in the fossil fuels sector	Yes
PAI 5: Proportion of energy consumption and generation from non-renewable energy sources	90th percentile
PAI 6: Energy consumption intensity by climate-intensive sectors	90th percentile
PAI 7: Activities that have an adverse impact on areas of vulnerable biodiversity	Yes
PAI 9: Proportion of hazardous and radioactive waste	90th percentile
PAI 10: Breaches of the UN Global Compact principles and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises	Yes
PAI 13: Gender diversity on the management and supervisory bodies (average ratio of women to men)	0%
PAI 14: Involvement in controversial weapons (anti-personnel mines, cluster munitions, chemical and biological weapons)	Yes

Due to the sometimes still inadequate data quality, a finding of non-sustainability is only made if there are two breaches of the above-mentioned PAI criteria. This minimises the risk of companies being excluded due to potential data errors. However, for PAIs that we classify as particularly critical (e.g. involvement in controversial weapons), a more detailed assessment carried out in advance ensures that exclusion occurs in the event of a breach (see the answer to the question *'Does this financial product take into account the most significant adverse impacts on sustainability factors?'* – below).

When determining the relevant PAIs, we take into account potential overlaps (e.g. between PAI 1 and PAI 2) as well as the general availability of data on a PAI. The aim is not to disadvantage companies that provide data. However, the availability of data is continuously monitored and evaluated so that our approach can be adjusted promptly in the event of changes.

As the fund is an equity fund, PAIs relating to countries, supranational organisations and property are not taken into account

How do sustainable investments align with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights? Further details:

For the fund as a whole (not just the sustainable investment portion), we exclude companies that breach the aforementioned OECD Guidelines or the UNGC Principles.

The EU Taxonomy sets out the principle of 'avoidance of material adverse impacts', according to which taxonomy-compliant investments must not materially undermine the objectives of the EU Taxonomy, and specific EU criteria are attached.

The 'avoidance of significant adverse impacts' principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

All other sustainable investments must also not significantly undermine environmental or social objectives.

Does this financial product take into account the most significant adverse impacts on sustainability factors?

☒ Yes:

The following adverse impacts on sustainability factors (Principal Adverse Impacts – PAIs) are taken into account for all securities and money market instruments:

Environment:

- **CO_2 footprint** & **CO_2 intensity**
- Activities that have an adverse impact on areas with vulnerable **biodiversity**

Social:

- Breaches of the **UN Global Compact principles** and the Organisation for Economic Co-operation and Development (**OECD**) Guidelines for Multinational Enterprises
- Involvement in **controversial weapons** (anti-personnel mines, cluster munitions, chemical and biological weapons)

Governance:

- **Gender diversity in management and supervisory bodies**
- Inadequate measures in **response to breaches of anti-corruption and anti-bribery standards**

If a company demonstrates adverse impacts on the aforementioned sustainability factors, this generally leads to exclusion. However, to give companies the opportunity to improve over time ('transition') in relation to certain factors, we engage in a dialogue process regarding the following factors under specific conditions:

- **CO_2 footprint & CO_2 intensity** (if both metrics are in the lowest quartile of the relevant IVA industry).

or

- a lack of the minimum level of **gender diversity in management and supervisory bodies** (no women in the aforementioned bodies)

The company remains an investable option for us only if there are plans in place to address these adverse impacts that are transparent to us, or if such plans can be agreed upon through direct dialogue with the company. For these companies, we document the plans, the targeted changes and the changes implemented. If the desired changes do not materialise or if the company does not demonstrate the agreed willingness to act, the sale of the position follows as a last resort after several escalation stages.

The engagement described above can only ever be applied to CO_2-related PAIs or gender diversity in management and supervisory bodies. If an investment in a company requires engagement in both of these areas, we will refrain from investing.

When assessing a sustainable investment, we take further PAIs into account (see *the* question *'How are indicators of adverse impacts on sustainability factors taken into account?'* – above).

The aforementioned PAIs are assessed with the help of our external research provider, MSCI. Companies for which MSCI has not yet produced an analysis are assessed internally. The information provided by MSCI is also reviewed internally, as the portfolio management team usually has direct access to the management of the

companies under review and can critically scrutinise this information. The issuers' CO_2footprint/CO_2intensity percentile is calculated internally on the basis of MSCI's CO_2footprint/CO_2intensity data and the relevant IVA sector.

Information on the most significant adverse impacts on sustainability factors is available in the Fund's annual report.

☐ No

What investment strategy is pursued with this financial product?

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

In the *Lupus alpha Smaller Pan European Champions* fund, we bring together the most promising small and medium-sized enterprises from across Europe. Using a consistent bottom-up approach, we select companies that are attractive from an investment perspective and are global leaders in their niche, achieving high market shares and often excellent returns. With high-quality small and mid-cap stocks, we operate in specialised, untapped markets. This opens up a wide range of opportunities for investors in this market segment. Environmental, ethical, social and governance standards are taken into account when implementing the strategy.

- ***What are the binding elements of the investment strategy used to select investments that meet the advertised environmental or social objectives?***

  As part of a comprehensive negative screening process, securities that do not meet certain minimum standards are excluded. These standards apply to all securities (such as shares) and money market instruments in the portfolio.

  Environment:

  - Mining of thermal coal > 5% of turnover
  - Power generation from thermal coal > 5% of turnover
  - Unconventional oil and gas extraction methods (including oil sands, oil shale and fracking) > 0% of turnover

  Social:

  - Breaches of the Organisation for Economic Co-operation and Development (**OECD**) Guidelines for Multinational Enterprises. This review also covers:
    - Breaches of the UN Global Compact (**UNGC**)
    - Breaches of the **ILO** core labour standards within the company itself and its supply chain, as well as inadequate response or follow-up on the part of the company
    - Breaches of the UN Guiding Principles on Business and Human Rights (**UNGP**)

  Governance:

  - Very serious, ongoing controversies for which the company is directly responsible
  - Very serious, partly resolved controversies for which the company is directly responsible
  - Breaches of international anti-corruption conventions and inadequate response/follow-up by the company

  Ethics:

- Production/distribution/services relating to cluster munitions, anti-personnel mines and other controversial weapons
- Production of tobacco > 5% of turnover

Furthermore, the most significant adverse impacts on sustainability factors (PAIs), as described above, are mandatorily taken into account in the investment process.

- ***By what minimum percentage is the volume of investments considered prior to the application of this investment strategy reduced?***

  There is no obligation to reduce the scope of investments by a minimum percentage.

Good corporate governance practices include sound management structures, relations with employees, staff remuneration and compliance with tax regulations.

- ***How are the corporate governance practices of the companies in which we invest assessed?***

  Constructive dialogue with the companies in which we invest is an essential part of our investment process. Our Small & Mid Caps team conducts around 1,500 company meetings each year. In doing so, we aim to bring relevant ESG issues to the companies' attention and exert influence to address corresponding risks and drive positive developments. Governance issues traditionally play a particularly significant role in this regard. This includes, for example, employee remuneration and compliance with tax regulations.

  <u>In addition, the following criteria lead to exclusion</u>:

  - Breaches of international anti-corruption conventions and inadequate response or handling of such breaches by the company
  - Very serious, ongoing controversies for which the company is directly responsible
  - Very serious, partly resolved controversies for which the company is directly responsible
  - Breaches of the Organisation for Economic Co-operation and Development (**OECD**) Guidelines for Multinational Enterprises. This assessment also covers:
    - Breaches of the UN Global Compact (**UNGC**)
    - Breaches of the **ILO's** core labour standards within the company itself and its supply chain, as well as inadequate response/follow-up by the company
    - Breaches of the UN Guiding Principles on Business and Human Rights (**UNGP**)

  Furthermore, a minimum MSCI ESG rating of BB applies to the proportion of sustainable investments in the portfolio, as this, in addition to the criteria mentioned above, also confirms the company's ability to mitigate the most significant ESG risks and to meet the fundamental expectations regarding corporate governance. This meets the specific requirements placed on explicitly sustainable investments.

What asset allocation is planned for this financial product?

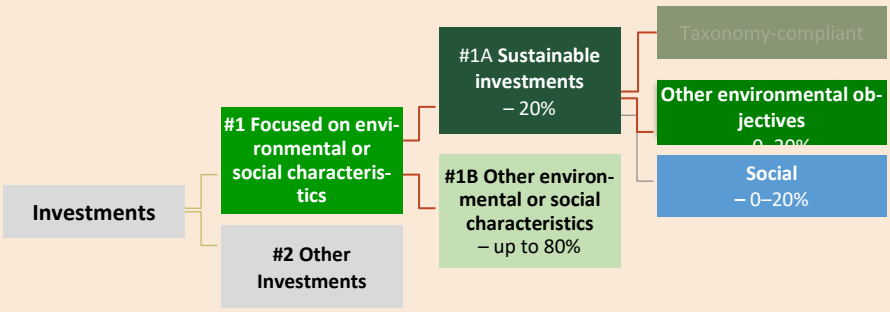
The following provisions apply to the asset allocation of the *Lupus alpha Smaller Pan European Champions*:

1. We undertake to screen all securities and money market instruments in the fund against the advertised environmental and social criteria (#1 Focused on environmental or social criteria).

2. We undertake to invest at least 20 per cent of the fund's assets in sustainable investments (#1A Sustainable investments).
3. It follows from (2) that the proportion of investments with other environmental or social characteristics is capped at 80% (#1B Other environmental or social characteristics).
4. We do not commit to a minimum proportion of environmentally sustainable investments that do not comply with the EU taxonomy, nor to a minimum proportion of socially sustainable investments. However, in total, these must amount to at least 20 per cent in accordance with (2).

Asset allocation indicates the respective proportion of investments in specific asset classes.

Taxonomy-compliant activities, expressed as the proportion of:
Revenue, which reflects the proportion of income derived from environmentally friendly activities of the companies in which investments are made
Capital expenditure (CapEx), which reflects the environmentally friendly investments made by the companies in which investments are made, e.g. for the transition to a green economy
Operating expenditure (OpEx), which reflects the environmentally friendly operational activities of the companies in which investment is made.



#1 Focused on environmental or social characteristics comprises investments made by the financial product that are intended to achieve the advertised environmental or social characteristics.

#2 'Other investments' comprises the remaining investments of the financial product that are neither aligned with environmental or social characteristics nor classified as sustainable investments.

Category **#1 'Focused on environmental or social characteristics'** comprises the following sub-categories:

- Sub-category **#1A 'Sustainable investments'** comprises sustainable investments with environmental or social objectives.
- The sub-category **#1B 'Other environmental or social characteristics'** comprises investments that are aligned with environmental or social characteristics but are not classified as sustainable investments.

To what extent does the use of derivatives contribute to achieving the environmental or social characteristics advertised for the financial product?

The use of derivatives does not result in any environmental or social characteristics being achieved. As a matter of principle, no derivatives are used to achieve the investment objectives.

To what minimum extent are sustainable investments with an environmental objective compliant with the EU Taxonomy?

The minimum proportion is 0%.

Does the financial product invest in activities in the fossil gas and/or nuclear energy sectors[8] that are compliant with the EU Taxonomy?

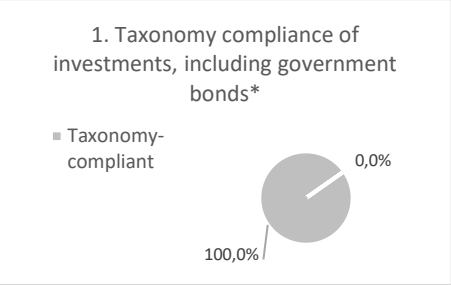
☐ Yes,

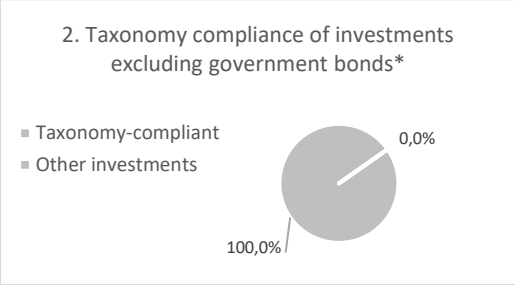
☐ In fossil gas ☐ In nuclear energy

☒ No

With regard to compliance with the EU Taxonomy, the criteria for **fossil gas** include limiting emissions and transitioning to renewable energy or low-carbon fuels by the end of 2025. The criteria for **nuclear energy** include comprehensive safety and waste management regulations. **Enabling activities** directly facilitate other activities in making a significant contribution to environmental objectives.

In the two charts below, the minimum percentage of investments that are compliant with the EU taxonomy is shown in green. As there is no suitable method for determining the taxonomy compliance of government bonds*, the first chart shows taxonomy compliance in relation to all investments in the financial product, including government bonds, whilst the second chart shows taxonomy compliance only in relation to those investments in the financial product that do not include government bonds.





** For the purposes of these charts, the term 'government bonds' encompasses all exposures to sovereigns.*

Transition activities are activities for which there are as yet no low-carbon alternatives and which, amongst other things, have greenhouse gas emission levels that are in line with best practice.

What is the minimum proportion of investments in transition activities and enabling activities?

The minimum proportion is 0%.

These are

What is the minimum proportion of sustainable investments with an environmental objective that do not comply with the EU Taxonomy?

[8] Activities in the field of fossil gas and/or nuclear energy are only EU taxonomy-compliant if they contribute to mitigating climate change ('climate protection') and do not significantly undermine any of the EU taxonomy's objectives – see the explanation in the left-hand margin. The full criteria for EU taxonomy-compliant economic activities in the fossil gas and nuclear energy sectors are set out in Commission Delegated Regulation (EU) 2022/1214.

sustainable investments with an environmental objective that do not meet **the criteria** for environmentally sustainable economic activities as set out in the EU Taxonomy.

The minimum proportion is 0%. However, in total, sustainable investments with an environmental objective and sustainable investments with a social objective must account for at least 20 per cent of the fund's assets. Sustainable investments with an environmental objective are those whose positive contribution to the Sustainable Development Goals (SDGs) can be attributed to environment-related SDGs (e.g. SDG 12: Responsible Consumption and Production or SDG 13: Climate Action).

What is the minimum proportion of socially sustainable investments?

The minimum proportion is 0 per cent. However, sustainable investments with an environmental objective and sustainable investments with a social objective must together account for at least 20 per cent of the fund's assets. Sustainable investments with a social objective are those whose positive contribution to the SDGs can be attributed to social SDGs (e.g. SDG 4: Quality Education or SDG 5: Gender Equality).

Which investments fall under '#2 Other investments', what is their investment objective, and is there a minimum environmental or social protection requirement?

'#2 Other investments' includes bank deposits. These bank deposits are used for liquidity management. There is no minimum environmental protection for these other investments.

Has an index been designated as a benchmark to determine whether this financial product is aligned with the advertised environmental and/or social characteristics?

The **benchmarks** are indices used to measure whether the financial product meets the advertised environmental or social characteristics.

No, no index has been designated as a benchmark.

- *To what extent is the benchmark consistently aligned with the environmental and social characteristics advertised for the financial product?*

  n/a

- *How is the investment strategy's ongoing alignment with the index methodology ensured?*

  n/a

- *How does the specified index differ from a relevant broad market index?*

  n/a

- *Where can the methodology for calculating the specific index be viewed?*

  n/a

Where can I find further product-specific information online?

Further product-specific information is available in the 'Sustainability Disclosures' section at https://www.lupusalpha.de/produkte/fonds/lupus-alpha-smaller-pan-european-champions-c/