PROSPECTUS

valid from 18.03.2016

for

Hypo Dynamic Selection

Mutual Fund as per InvFG 2011

Accumulating fund: ISIN AT0000A00X53

of

MASTERINVEST KAPITALANLAGE GMBH

Landstrasser Hauptstrasse 1, Top 27

1030 Vienna

Edition 03/16

This Prospectus was prepared in March 2016 in accordance with the Terms and Conditions compiled pursuant to the Austrian Investment Funds Act (InvFG) 2011, as amended. It is to be noted here that the Terms and Conditions approved by the Austrian Financial Market Authority (FMA) entered into force on 15 October 2012.

Publications shall be made in electronic form on the website of the Asset Management Company (www.masterinvest.at).

The Key Investor Information Document (KIID) shall be provided to investors free of charge and in good time before the subscription offer for units. Upon request, the current Prospectus and Terms and Conditions shall be provided free of charge and can be accessed together with the Key Investor Information Document on the website www.masterinvest.at. This Prospectus shall be supplemented by the most recently published Annual Report or Interim Report. The aforementioned documents can be provided either in hard copy or electronically. Documentation shall also be available from the Custodian Bank as well as from the distribution offices listed in the Appendix. Further information on the fund assets can be provided by the Asset Management Company on request.

TABLE OF CONTENTS

DISCLAIMER FOR DISTRIBUTION OF NON-US FUNDS TO US CLIENTS

PART I

1. INFORMATION CONCERNING THE INVESTMENT FUND 6
1.1 DESCRIPTION 6
1.2 DATE OF ESTABLISHMENT OF INVESTMENT FUND AND DURATION, WHERE LIMITED 6
1.3 DETAILS ON WHERE TERMS AND CONDITIONS AS WELL AS PERIODIC REPORTS CAN BE OBTAINED 6
1.4 SUMMARY OF TAX LEGISLATION APPLICABLE TO THE INVESTMENT FUND WHERE SIGNIFICANT FOR THE UNIT HOLDER. DETAILS ON WHETHER DEDUCTIONS ARE MADE AT SOURCE FROM THE INCOME AND CAPITAL GAINS PAID TO THE UNIT HOLDER 6
1.5 CUT-OFF DATE FOR ACCOUNTING AND FREQUENCY OF DISTRIBUTION 10
1.6 NAME OF PERSONS COMMISSIONED AS AUDITORS PURSUANT TO SECTION 49 (5) InvFG 10
1.7 DETAILS OF THE TYPE AND MAIN FEATURES OF UNITS, IN PARTICULAR 11
– TYPE OF RIGHT (RIGHT IN REM, RIGHT IN PERSONAM, OTHER RIGHT) WHICH THE UNIT REPRESENTS; 11
– ORIGINAL DEEDS OR CERTIFICATES FOR THESE DEEDS, ENTRIES IN A REGISTER OR ON AN ACCOUNT; 11
– CHARACTERISTICS OF THE UNITS: REGISTERED OR BEARER INSTRUMENTS, DENOMINATION AND FRACTIONS WHERE APPROPRIATE; 11
– VOTING RIGHTS OF UNIT HOLDERS, WHERE SUCH EXIST; 11
– CONDITIONS UNDER WHICH THE LIQUIDATION OF THE INVESTMENT FUND CAN BE RESOLVED AND DETAILS OF LIQUIDATION, IN PARTICULAR WITH REGARD TO THE RIGHTS OF UNIT HOLDERS 11
1.8 STOCK EXCHANGES OR MARKETS ON WHICH UNITS ARE LISTED OR TRADED 12
1.9 METHODS AND TERMS OF ISSUE AND/OR SALE OF UNITS 13
1.10 METHODS AND TERMS OF UNIT REDEMPTIONS AND PAYMENTS, AND CIRCUMSTANCES UNDER WHICH THESE CAN BE SUSPENDED 13
1.11 RULES FOR THE DETERMINATION AND APPROPRIATION OF INCOME 14
1.12 DESCRIPTION OF THE INVESTMENT OBJECTIVES OF THE INVESTMENT FUND, INCLUDING ITS FINANCIAL TARGETS, INVESTMENT POLICY, ANY RESTRICTIONS ON THIS INVESTMENT POLICY AS WELL AS DETAILS ON ANY TECHNIQUES AND INSTRUMENTS OR AUTHORISATIONS FOR BORROWINGS THAT CAN BE USED IN THE MANAGEMENT OF THE INVESTMENT FUND 14
1.13 RULES FOR THE VALUATION OF ASSETS 30
1.14 CALCULATION OF THE UNITS' SALE, ISSUE, PAYOUT AND REDEMPTION PRICES, IN PARTICULAR: 30
– METHOD AND FREQUENCY OF CALCULATION OF THESE PRICES 30
– COSTS ASSOCIATED WITH THE SALE, ISSUE, REDEMPTION OR PAYOUT 30
– TYPE, PLACE AND FREQUENCY OF PUBLICATION OF THESE PRICES 30
1.15 METHOD, LEVEL AND CALCULATION OF THE REMUNERATION PAYABLE TO THE ASSET MANAGMENT COMPANY, THE CUSTODIAN BANK OR THIRD PARTIES AND CHARGED TO THE INVESTMENT FUND, AND REIMBURSEMENT OF COSTS TO THE ASSET MANAGEMENT COMPANY, THE CUSTODIAN BANK OR THIRD PARTIES BY THE INVESTMENT FUND 31

2. INFORMATION ON THE CUSTODIAN BANK / DEPOSITORY 36
2.1 IDENTITY OF THE CUSTODIAN BANK OF OGAW AND DESCRIPTION OF ITS OBLIGATIONS AND POSSIBLE CONFLICTS OF INTERESTS THAT MAY ARISE 36
2.2 DESCRIPTION OF ALL CUSTODY TASKS ASSIGNED TO THE CUSTODIAN BANK, LIST OF OFFICERS AND SUB-OFFICERS AND INFORMATION ON CONFLICTS OF INTEREST THAT MAY ARISE FROM ASSIGNEMENT OF TASKS 37
2.3 STATEMENT ENSURING THAT UPON REQUEST INVESTORS WILL RECEIVE UP-TO-DATE INFORMATION REGARDING THE INFORMATION MENTIONED IN THE SECTIONS ABOVE 37

3. EXTERNAL CONSULTANTS OR INVESTMENT ADVISERS WHERE THEIR SERVICES ARE USED ON A CONTRACT BASIS AND REMUNERATION FOR THIS IS CHARGED TO THE INVESTMENT FUND 38
3.1 NAME OF COMPANY OR ADVISER 38
3.2 DETAILS OF THE CONTRACT WITH THE ASSET MANAGEMENT COMPANY OR THE INVESTMENT MANAGEMENT COMPANY WHICH ARE OF INTEREST TO THE UNIT HOLDER 38
3.3 OTHER SIGNIFICANT ACTIVITIES 38

4. INFORMATION ON MEASURES TAKEN TO MAKE PAYMENTS TO UNIT HOLDERS, TO REPURCHASE OR REDEEM UNITS AS WELL AS TO DISTRIBUTE INFORMATION ON THE INVESTMENT FUND 38

5. FURTHER INVESTMENT INFORMATION 39
5.1 HISTORICAL RESULTS OF THE INVESTMENT FUND 39

5.2 PROFILE OF THE TYPICAL INVESTOR FOR WHICH THE INVESTMENT FUND IS CONCEIVED 40

6. ECONOMIC INFORMATION 40

6.1 POTENTIAL COSTS OR FEES WITH THE EXCEPTION OF THOSE COSTS SPECIFIED UNDER SECTION 1.14, BROKEN DOWN IN ACCORDANCE WITH THOSE PAID BY THE UNIT HOLDER AND THOSE PAID FROM THE ASSETS OF THE INVESTMENT FUND 40

PART II

1. INFORMATION ON THE ASSET MANAGEMENT COMPANY 41

1.1 COMPANY NAME, LEGAL FORM; REGISTERED OFFICE AND HEADQUARTERS IF THIS IS NOT THE SAME AS THE COMPANY'S REGISTERED OFFICE; REGISTER AND REGISTER ENTRY; APPLICABLE LEGAL SYSTEM 41

1.2 DATE OF THE COMPANY FOUNDATION 41

1.3 INVESTMENT FUNDS MANAGED BY THE COMPANY 41

1.4 NAME AND FUNCTION OF MANAGEMENT AND SUPERVISORY BODIES. MAIN FUNCTIONS EXERCISED BY THESE PERSONS OUTSIDE OF THE COMPANY IF THESE FUNCTIONS ARE SIGNIFICANT FOR THE COMPANY 41

1.5 SUBSCRIBED CAPITAL AND PAID-IN CAPITAL 41

1.6 FINANCIAL YEAR 41

1.7 SHAREHOLDERS 41

1.8 INFORMATION ON REMUNERATION POLICY 41

1.9 ACTIVITIES DELEGATED BY THE ASSET MANAGEMENT COMPANY TO THIRD PARTIES 41

1.10 FURTHER INFORMATION 43

APPENDIX

1. MANAGEMENT BOARD 44

2. SUPERVISORY BOARD, NOMINAL CAPITAL 44

3. SHAREHOLDERS 44

4. DISTRIBUTION OFFICES 44

5. RECENT PUBLICATIONS 45

6. EXCHANGES AND MARKETS ON WHICH SECURITIES MAY BE PURCHASED 45

7. TERMS AND CONDITIONS OF HYPO DYNAMIC SELECTION 45

8. INVESTMENT FUNDS MANAGED BY MASTERINVEST KAPITALANLAGE GMBH 45

9. INFORMATION OBLIGATIONS PURSUANT TO INVFG 2011 45

10. SUMMARY OF THE PRINCIPLES OF REMUNERATION POLICY 45

DISCLAIMER FOR DISTRIBUTION OF NON-US FUNDS TO US-CLIENTS

SALES RESTRICTION

The investment fund was not registered in accordance with the relevant legal provisions in the USA. Units in the investment fund are accordingly not intended for distribution in the USA or for distribution to any US citizen (or person having their permanent residence there) or partnerships or companies limited by shares formed under the laws of the USA

PART I

1. INFORMATION CONCERNING THE INVESTMENT FUND

1.1 DESCRIPTION

The investment fund is named Hypo Dynamic Selection and is a co-ownership fund pursuant to InvFG 2011. The investment fund is a Directive-compliant fund pursuant to Directive 2009/65/EC - UCITS.

A UCITS (Undertakings for Collective Investment in Transferable Securities) in the form of a fund does not have legal personality; it is comprised of equal units incorporated in securities certificates (unit certificates). The unit certificates incorporate the co-ownership units in the assets of the UCITS and the rights of the unit holder vis-à-vis the Asset Management Company as well as the Custodian Bank.

In the course of implementation of the US FATCA tax regulations (Foreign Account Tax Compliance Act) and the fund registration process with the IRS, the fund was allocated the following GIIN (Global Intermediary Identification Number): MAIXP7.99999.SL.040

The fund is accordingly “deemed-compliant” within the meaning of the provisions referred to above.

1.2 DATE OF ESTABLISHMENT OF INVESTMENT FUND AND DURATION, WHERE LIMITED

Hypo Dynamic Selection was launched on 2 May 2006 for an indefinite period.

1.3 DETAILS ON WHERE TERMS AND CONDITIONS AS WELL AS PERIODIC REPORTS CAN BE OBTAINED

The information mentioned in this Prospectus, such as the Key Investor Information Document (KIID), Terms and Conditions, Annual Reports and Interim Reports can be obtained from the Asset Management Company and via the website www.masterinvest.at. They shall be provided to investors free of charge upon request. This documentation shall also be available from the Custodian Bank as well as from the distribution offices listed in the Appendix.

1.4 SUMMARY OF TAX LEGISLATION APPLICABLE TO THE INVESTMENT FUND WHERE SIGNIFICANT FOR THE UNIT HOLDER. DETAILS ON WHETHER DEDUCTIONS ARE MADE AT SOURCE FROM THE INCOME AND CAPITAL GAINS PAID TO THE UNIT HOLDER

Tax Treatment of Investors Subject to Unlimited Tax Liability in Austria

This tax information is based on the currently known legal situation. It cannot be guaranteed that changes in legislation, jurisdiction or other legal acts taken by the fiscal authority will have no fiscal implications. Tax advice should be asked of a fiscal expert. The statements of accounts contain detail information on the tax treatment of fund distributions and distribution equivalent earnings.

The information given below refers primarily to domestic securities accounts belonging to investors subject to unlimited tax liability in Austria.

Determination of Earnings at Fund Level:

The earnings of an investment fund are basically made up of ordinary and extraordinary earnings.

Ordinary earnings include interest and dividend earnings. Expenses of the fund (e.g. management fees, auditor’s fees) reduce ordinary earnings.

Extraordinary earnings are gains from the realization of securities (primarily shares, debt instruments and the corresponding derivatives) offset against realized losses. Losses carried

forward and a possible excess of expenses also reduce current gains. A possible excess of losses can be set off against ordinary earnings.

Losses not offset may carried forward without any limit time.

Private Assets

Full tax settlement (final withholding tax), no tax reporting obligations by the investor

The domestic withholding agent withholds a capital gains tax in the amount required by law from the distribution (interim distribution) of a fund paid to unit certificate holders provided that these distributions arise from capital gains subject to capital gains tax and if and when the payee of the distribution is subject to capital gains tax. Under the same conditions, “payments” made by accumulative funds are withheld as capital gains tax on the distribution equivalent earnings comprised in the net asset value (except for fully reinvesting funds).

In principle, private investors do not have any tax reporting obligations. Deduction of the capital gains tax settles all tax obligations of the investor. Deduction of the capital gains tax has the effect of final taxation for the purpose of income tax.

Exceptions from Final Taxation

Final taxation does not apply to:

a) Debt instruments exempted from schedule II capital gains tax forming part of the fund assets (so-called old stock) provided that no statement opting for withholding of capital gains tax has been made. Such earnings remain subject to tax reporting;

b) securities forming part of the fund assets but not subject to Austrian fiscal sovereignty provided that the right to benefit from advantages arising out of double taxation conventions has not been waived. Such earnings have to be reported in the income tax return in the column titled “Apart from the income reported, income subject to taxation by another country due to double taxation conventions has been received".

However, offsetting or reclaiming the deducted capital gains tax is possible according to § 240 BAO (Bundesabgabenordnung: Federal Fiscal Law).

Taxation at Fund Level:

Ordinary earnings of the fund (interest, dividends) are subject to 25% capital gains tax (27.5% as from 01.01.2016 for taxable inflows). Realized capital losses (after offsetting against realized capital gains) and new losses carried forward (loss from fiscal years beginning in 2013) also reduce ordinary earnings.

At least 60% of all realized extraordinary earnings including reinvested extraordinary earnings are also subject to 25% capital gains tax (27.5% capital gains tax as from 01.01.2016 for taxable inflows). In case realized capital gains are distributed, these are fully taxable (e.g. if 100% are distributed, these 100% are taxable; should 75% be distributed, these 75% are taxable).

Taxation at Unit Certificate Holder Level:

Sale of Shares in the fund:

To shares in the fund acquired before 01.01.2011 (old stock) a one-year speculative period applies (§ 30 income tax act as amended before budget accompanying act 2011). From a present-day perspective, these shares are not subject to taxation.

Shares in the fund acquired after 01.01.2011 (new stock) are subject to taxation of the increase in value at the time of realization. Taxation is done by the depositary bank withholding a 25% capital gains tax on the difference between the realized gains and the acquisition value carried forward for tax purposes (acquisition costs are increased by distribution equivalent earnings and reduced by non-taxable distributions).

Loss Compensation at Securities Account Level of the Unit Certificate Holder:

Since 01.04.2012 the depositary bank has to offset capital gains and losses as well as earnings accrued within one calendar year (except for coupons from old stock, interest earnings from money and savings deposits) from any kind of securities of all securities accounts belonging to one single securities account holder at the same financial institution (so-called loss compensation). The maximum amount that can be credited is the amount of capital gains tax already paid. In case 25% (27.5% as from 01.01.2016) of realized losses exceed the amount of capital gains tax already paid, the remaining loss is kept on record for offsetting against future gains and earnings until the end of the calendar year. Possible further losses not set off against (further) gains or earnings within the same calendar year lapse. It is not possible to carry forward losses beyond the calendar year.

Investors subject to an income tax rate below 25% or 27.5% as from 01.01.2016 respectively may choose to tax all capital gains subject to a 25% or 27.5% tax rate at the lower income tax rate when filing their tax return (standard taxation option). Deduction of income-related expenses (e.g. account carrying charges) is not possible. Capital gains tax already deducted will be refunded after filing the tax return. In case the taxable person wants to make use of loss compensation for income from capital taxed at 25% (27.5% as from 01.01.2016 for taxable inflows), s/he may choose the loss compensation option - apart from the standard taxation option. The same applies in the case of obligations to reduce the tax based on double taxation conventions. Disclosure of all income from capital subject to final taxation is not required.

Business Assets

Taxation and tax settlement for shares in a fund held as business assets by natural persons

Income tax on earnings subject to capital gains tax (interest from debt instruments, domestic and foreign dividends and other ordinary earnings) is deemed settled through deduction of capital gains tax for natural persons receiving income from capital assets or commercial activities (sole proprietors, partners).

Distributions (interim distributions) of capital gains from domestic funds and of distribution equivalent capital gains from foreign sub-funds had to be taxed at the applicable tax rate for fiscal years starting in 2012; subsequently a 25% special tax rate (27.5% as from 01.01.2016 for taxable inflows) applied (tax assessment).

For fund fiscal years starting after 31.12.2012, all capital gains realized in the fund assets are forthwith taxable (i.e. tax-exempt reinvestment of capital gains is no longer possible). However, deduction of capital gains tax at a rate of 25% or 27.5% as from 01.01.2016 does not constitute final taxation but only an advance payment on the special income tax rate applicable based on tax assessment.

In principle, gains from selling shares in the fund are subject to the 25% (or 27.5% as from 01.01.2016) capital gains tax rate. Nevertheless, this deduction of capital gains tax is only an advance payment on the special income tax rate in the amount of 25% or 27.5% as from 01.01.2016 levied by means of tax assessment (gains = difference between realized gains and acquisition costs; there from distribution equivalent earnings that have already been taxed during the holding period or at the time of realization are to be deducted; distribution equivalent earnings have to be reported off balance sheet in the form of a "memorandum item" over the holding period of the shares in the fund. Depreciation pursuant to corporate law of the shares in the fund reduces the distribution equivalent earnings in the respective year).

Loss compensation by the bank is not admissible for securities accounts forming part of business assets. Offsetting is only possible when filing the tax return.

Taxation of shares held as business assets by legal persons

In principle, ordinary earnings generated by the fund (e.g. interest, dividends) are taxable.

However

- Domestic dividends (capital gains tax deducted when accrued to the fund is refundable)
- Shares in profits from participations in EU entities
- Shares in profits from participations in foreign entities comparable to an entity pursuant to § 7 par. 3 KStG (Körperschaftssteuer: corporate tax act) and in case there is an administrative assistance agreement with the country of residence

are exempt from taxation.

Shares in profits from foreign entities are not exempt from taxation if the foreign entity is not subject to a tax comparable to Austrian corporation tax (this is the case when the foreign tax is more than 10% lower than Austrian corporation tax or when the foreign entity is subject to personal or factual tax exemption).

Dividends from other countries are subject to corporation tax.

For fund fiscal years starting after 31.12.2012, all capital gains realized in the fund assets are forthwith taxable (i.e. tax-exempt reinvestment of capital gains is no longer possible).

In case the bank has not received a tax exemption notification pursuant to § 94 Z 5 EStG (Einkommenssteuergesetz: income tax act), the withholding agent has to withhold capital gains tax on distributions also for shares held as business assets and / or to transfer payments made by accumulative funds as capital gains tax to the tax authority. Capital gains tax deducted and transferred to the tax authority may be offset or refunded against assessed corporate tax.

Gains from selling shares in the fund are subject to 25% corporate tax. Capital losses and current-value depreciation are forthwith deductible.

Entities Receiving Income from Capital Assets

In case entities (e.g. associations) receive income from capital assets, corporate tax is deemed settled by way of tax deduction. Capital gains tax on non-taxable dividends is refundable.

For inflows as from 01.01.2016, capital gains tax rate rises from 25% to 27.5%. Nevertheless, entities receiving income from capital assets will continue to pay 25% corporate tax on this income.

Should the withholding agent fail to keep applying the 25% capital gains tax rate, the taxable person may reclaim from the tax authority the amount of capital gains tax withheld in excess.

Private foundations are subject to a 25% interim tax for earnings generated by the fund.

However, domestic dividends (capital gains tax deducted when accrued to the fund is refundable) and shares in profits from participations in EU entities as well as from participations in foreign entities comparable to an entity pursuant to § 7 par. 3 KStG (corporate tax act) and in case there is an administrative assistance agreement with the country of residence are exempt from taxation.

Shares in profits from foreign entities are not exempt from taxation if the foreign entity is not subject to a tax comparable to Austrian corporation tax (this is the case when the foreign tax is more than 10% lower than Austrian corporation tax or when the foreign entity is subject to personal or factual tax exemption).

Dividends from other countries are subject to corporation tax.

At least 60% of all realized capital gains including reinvested capital gains (capital gains from realized shares and share derivatives as well as from bonds and bond derivatives) are also subject to a 25% interim tax. In case realized capital gains are distributed, these are fully taxable (e.g. if 100% are distributed, these 100% are taxable; should 75% be distributed, these 75% are taxable).

Shares in the fund acquired after 01.01.2011 are subject to taxation of the realized increase in value at the time of realization. Tax assessment is based on the difference between the realized gains and the acquisition price carried forward for tax purposes of the shares in the fund. Regarding the acquisition price carried forward for tax purposes, earnings taxed during the holding period increase the acquisition costs of the unit certificate while distributions and capital gains tax paid out give rise to a reduction of acquisition costs.

1.5 CUT-OFF DATE FOR ACCOUNTING AND FREQUENCY OF DISTRIBUTION

The accounting year for the investment fund shall run from 1 April to 31 March of the following calendar year. The payment of capital gains tax pursuant to Section 58 (2) InvFG in conjunction with Article 6 of the Terms and Conditions shall take place from 15 May of the following accounting year.

The Asset Management Company shall compile an Annual Report for the investment fund for every accounting year as well as an Interim Report for the first six months of each accounting year. After the end of the respective reporting period, the Annual Report shall be published within four months and the Interim Report within two months.

1.6 NAME OF PERSONS COMMISSIONED AS AUDITORS PURSUANT TO SECTION 49 (5) INVFG

PwC Wirtschaftsprüfung GmbH, Erdbergstraße 200, A-1030 Wien. Further details on the natural persons entrusted with the audit can be found in the respective Annual Report.

1.7 DETAILS OF THE TYPE AND MAIN FEATURES OF UNITS, IN PARTICULAR

- **TYPE OF RIGHT (RIGHT IN REM, RIGHT IN PERSONAM, OTHER RIGHT) WHICH THE UNIT REPRESENTS;**

- **ORIGINAL DEEDS OR CERTIFICATES FOR THESE DEEDS, ENTRIES IN A REGISTER OR ON AN ACCOUNT;**

- **CHARACTERISTICS OF THE UNITS: REGISTERED OR BEARER INSTRUMENTS, DENOMINATION AND FRACTIONS WHERE APPROPRIATE;**

- **VOTING RIGHTS OF UNIT HOLDERS, WHERE SUCH EXIST;**

- **CONDITIONS UNDER WHICH THE LIQUIDATION OF THE INVESTMENT FUND CAN BE RESOLVED AND DETAILS OF LIQUIDATION, IN PARTICULAR WITH REGARD TO THE RIGHTS OF UNIT HOLDERS**

Each purchaser of a unit certificate shall be entitled, depending on the number of co-ownership units recorded in the unit certificate, to a certain proportion of all the investment fund's assets (right in rem).

Co-ownership of the assets of the fund is subdivided into equal fund units. There is no limit to the number of fund units.

The fund units are embodied in unit certificates with the character of financial instruments.

The unit certificates shall be represented by global certificates (Section 24 of the Austrian Safe Custody of Securities Act No. 424/1969 in the currently applicable version).

With the consent of its Supervisory Board, the Asset Management Company may split the fund units and issue additional unit certificates to the unit holders or exchange the old unit certificates for new ones if a unit split is deemed to be in the interests of the co-owners given the calculated unit value.

Unit certificates shall be issued as bearer certificates.

The smallest possible fraction that can be acquired is 0.01 units (without taking account of a possible minimum investment with the institution managing the custody account).

The unit certificates confer no voting rights.

Conditions under which the liquidation of the investment fund can be resolved and details of liquidation, in particular with regard to the rights of unit holders

a) Termination of asset management:

The Asset Management Company shall be entitled to terminate management of the investment fund in the following cases:

aa) with the approval of the Austrian Financial Market Authority (FMA) and having made an announcement thereof, and upon notice of (at least) six months. This notice period can be reduced to (at least) 30 days if all investors were provably informed, whereby an announcement does not have to be made. Investors shall be entitled to return their fund units (subject to price suspension) during the notice period against payment of the redemption price.

ab) with immediate effect (date of announcement) and subject to the requirement that the FMA is simultaneously notified, if fund assets fall below EUR 1,150,000.

Termination pursuant to ab) shall not be permitted during termination pursuant to aa).

If management is terminated by notice, the Custodian Bank shall take over management on a provisional basis and must initiate the winding-up of the fund if it has not transferred the fund's management to another asset management company within a period of six months.

Upon commencement of the winding-up process, the unit holders' right to management shall be replaced by a right to due winding-up and their right to redemption of the value of a unit at any time shall be replaced by the right to the disbursement of the liquidation proceeds following the end of the winding-up process.

b) Assignment of asset management mandate

The Asset Management Company may assign asset management to another asset management company with the approval of the FMA and having made an announcement to this effect, subject to a notice period of (at least) three months. This notice period can be reduced to (at least) 30 days if all investors were provably informed, whereby an announcement does not have to be made. The unit holders can return their fund units during the aforementioned notice period against payment of the redemption price.

c) Amalgamation/merger of the fund with another investment fund

Subject to certain conditions as well as to approval from the FMA, the Asset Management Company may merge the investment fund with another investment fund or with several investment funds provided an announcement to this effect is made (subject to notice of (at least) three months) or information on the details is provided to unit holders (subject to notice of (at least) 30 days). The unit holders shall be entitled to return their units during the aforementioned notice period against payment of the redemption price or may exchange their units for units in another investment fund with a similar investment policy.

In the event of an amalgamation of funds, the unit holders shall also be entitled to exchange their units at the applicable rate of exchange and to receive payment for any fractional units.

d) Spin-off of fund assets

The Asset Management Company can spin off fund assets which have unforeseeably become illiquid, subject to approval from the FMA and announcement to this effect. Unit holders shall become co-owners of the spun-off investment fund in accordance with the number of units held, which will then be liquidated by the Custodian Bank. After liquidation, proceeds will be paid out to unit holders.

e) Other Reasons for Liquidating a Fund

The right of the management company to manage a fund terminates upon lapse of the concession for investment business or of the approval pursuant to EU directive 2009/65/EG or upon resolution of liquidation or revocation of license.

Upon commencement of liquidation, the right to administration of the unit certificate holder is supplanted by the right to orderly liquidation and the right to redemption at any time of the net asset value is supplanted by the right to payment of the liquidation proceeds upon termination of liquidation.

1.8 STOCK EXCHANGES OR MARKETS ON WHICH UNITS ARE LISTED OR TRADED

An initial public offering is currently not planned by the Asset Management Company.

The units are issued and redeemed by the Custodian Bank.

1.9 METHODS AND TERMS OF ISSUE AND/OR SALE OF UNITS

Issuance of units

The issuance of units shall be on the dates listed in the Terms and Conditions.

There is in principle no limit to the number of issued units and corresponding unit certificates. Units may be purchased from the paying and receiving agents or distribution offices listed in the Appendix. The Asset Management Company reserves the right to suspend the issuance of units either temporarily or completely.

Subscription fee and issue price

When the issue price is set, a subscription fee may be added to the value of a unit to cover issuing costs. The subscription fee to cover issuing costs is up to 4.00% of the value of a unit, rounded to the nearest cent in accordance with standard commercial practice.

Settlement date

If the order to issue unit certificates is received by the Custodian Bank on a bank working day before 14:30, the applicable issue price shall be the value calculated on the next bank working day (closing date) plus the subscription fee. The value date on which the purchase price shall be charged is three bank working days after the closing date.

1.10 METHODS AND TERMS OF UNIT REDEMPTIONS AND PAYMENTS, AND CIRCUMSTANCES UNDER WHICH THESE CAN BE SUSPENDED

Redemption of units

Unit holders can require the Custodian Bank to redeem units at any time by surrendering their unit certificates or by placing a redemption order. The Asset Management Company is obliged to redeem the units for the account of the respective investment fund at the current redemption price, which is the value of a unit.

Units shall be redeemed on the dates listed in the Terms and Conditions.

If extraordinary circumstances exist that make it appear necessary in the unit holders' legitimate interests, payments of the redemption price and the calculation and announcement of the redemption price may be temporarily suspended and made contingent upon the sale of the investment fund assets and upon the receipt of proceeds thereof, provided the Austrian Financial Market Authority (FMA) is simultaneously notified and the relevant announcement is made. Unit holders shall also be notified of the recommencement of redemption of unit certificates.

Redemption fee and redemption price

No redemption fee shall apply. The redemption price shall be the unit value.

Settlement date

If the order to redeem unit certificates is received by the Custodian Bank on a bank working day before 14:30, the applicable redemption price shall be the value calculated on the next bank working day (closing date). The value date on which the redemption price shall be credited is three bank working days after the closing date.

1.11 RULES FOR THE DETERMINATION AND APPROPRIATION OF INCOME

Appropriation of earnings from distribution unit certificates (distribution units)

Not applicable

Appropriation of income for accumulation unit certificates with capital gains tax deduction (accumulation units)

The income, after costs, accrued over the accounting year shall not be distributed. In the case of accumulation unit certificates, starting from 15 May the amount calculated pursuant to InvFG must be paid out that is needed, if applicable, to cover the capital gains tax due on the distribution-equivalent income of the unit certificate.

Appropriation of income on accumulation unit certificates without capital gains tax deduction (fully accumulating domestic and foreign tranche)

Not applicable

1.12 DESCRIPTION OF THE INVESTMENT OBJECTIVES OF THE INVESTMENT FUND, INCLUDING ITS FINANCIAL TARGETS, INVESTMENT POLICY, ANY RESTRICTIONS ON THIS INVESTMENT POLICY AS WELL AS DETAILS ON ANY TECHNIQUES AND INSTRUMENTS OR AUTHORISATIONS FOR BORROWINGS THAT CAN BE USED IN THE MANAGEMENT OF THE INVESTMENT FUND

Investment objectives:

The fund's assets consist of various investment funds. The fund seeks to generate absolute capital appreciation in the long term (absolute return approach). The aim of the investment policy is high capital growth in the long term while accepting very high fluctuations in value.

Investment policy:

Hypo Dynamic Selection may invest between 0% and 100% of fund assets in bond funds, money market funds, equity funds and mixed funds in any sector, credit rating and region.

The equity fund selection focuses worldwide on the most promising countries/regions, investment styles and themes/sectors.

The management seeks to identify market trends by means of mathematical-statistical calculations and models, and to implement them using investment funds.

The fund may add investments in money market instruments (in the form of individual securities) up to 49% of the fund's assets. It may likewise invest up to 100% of the fund's assets in sight or notice deposits with a term of up to 12 months.

The investment fund shall not acquire equities and bonds in the form of directly acquired securities.

The Asset Management Company may carry out transactions with derivatives as part of the investment strategy for Hypo Dynamic Selection only for hedging purposes. Indirect investments in derivative instruments, which are not used for hedging purposes but which may result from the investment in investment funds, are possible.

It is to be noted that securities entail the possibility of risks as well as gains. The value of unit certificates in Hypo Dynamic Selection may rise or fall in relation to the issue price. This means that under certain circumstances, an investor may receive back less money that he originally invested. No guarantee for the success of the investment can be given.

Based on the use of the investment instruments and techniques permitted pursuant to the Terms and Conditions, Hypo Dynamic Selection is subject to increased volatility, that is, unit values can fluctuate significantly, both up and down, also within short periods of time.

RISK PROFILE OF THE INVESTMENT FUND

The order of the risks listed in this section does not reflect their relative importance. The risks below can have various consequences for the fund.

Material risks of the investment policy and risks associated with assets:

market risk

The following risks can adversely affect the performance of the investment fund and the assets held in the investment fund, and so adversely affect unit value. If the investor sells units in the investment fund at a time when the prices of the assets in the investment fund have fallen, compared to the time the units were purchased, the investor will not get back the money invested, in full or at all. The investor could lose part or even all of the capital they invested in the investment fund.

Market-related low or even negative yields of money market instruments or bonds or other documented debt instruments may have a negative impact on the net asset value of the investment fund or even be insufficient to cover running costs.

Valuation risks

The assets in which the Asset Management Company invests for the investment fund's account may fall. For example, losses may arise because the market value of the assets falls compared to their purchase price, or spot and forward prices develop differently. The risk faced by the investor is, however, limited to the sum invested. There is no additional margin commitment beyond the money invested.

Range of possible investments

With due regard to the principles of and limits on investment in the Austrian Investment Fund Act and the Terms and Conditions, which provide for a very wide range for the investment fund, the actual investment policy can also focus on e.g. purchasing assets in only a few industries, markets or regions and countries. This concentration on a few specific investment sectors can be associated with special opportunities, but these are accompanied by corresponding risks (e.g. narrow markets, wide range of fluctuations within specific business cycles). The Annual Report provides information on the content of the investment policy in retrospect for the past reporting year.

Capital market risk

The performance of securities is particularly dependent on the performance of capital markets, which in turn is affected by the general state of the global economy and by the economic and political conditions in the relevant countries. General price trends, especially on stock exchanges, can also be affected by irrational factors such as sentiment, opinions and rumours. Fluctuations in prices and market value can also be due to changes in interest rates, exchange rates, or an issuer's rating. This can also lead to negative yields on debentures and money market instruments.

Settlement risk

In settling securities transactions through a transfer system, there is the risk that settlement may not carried out as expected due to payment or delivery which is delayed or not in compliance with the agreement. This risk can be increased for investment in non-listed securities.

Inflation risk

Inflation involves a risk of devaluation for all assets, including the assets held in the investment fund. The rate of inflation could possibly be above the growth in value of the investment fund.

Currency risk

If an investment fund invests in assets in currencies other than the fund currency, the investment fund receives income, redemptions and proceeds of such investments in the relevant currency. If the currency falls against the fund currency, this reduces the value of the investment fund.

Concentration risk

Further risks may result from a concentration of the investments on certain assets or markets. This makes the investment fund heavily dependent on the changes in these assets or markets.

Liquidity risk

Liquidity risk is the risk that a position in the investment fund portfolio cannot be sold, liquidated or closed out within a sufficiently short time with limited costs, and that this will impair the ability of the investment fund to meet the requirements for fulfilling a redemption request under InvFG or other payment obligations. As a result, the following risks can durably impair the liquidity of the fund. This could lead to a situation where the investment fund is unable to meet its payment obligations temporarily or permanently, or that it is unable to meet requests for redemption by investors temporarily or permanently. Investors would not be able to realise the planned holding period, and their invested capital or parts thereof could possibly be unavailable for an indefinite period. The actualisation of liquidity risks could further reduce the net asset value of the investment fund and the unit value, for example if the Asset Management Company is forced to sell assets for the investment fund below their market value, where this is legally permissible.

Risks from investing in assets

The investment fund may also acquire assets which are not listed on a stock exchange or included in another regulated market. Acquisition of such assets is linked to the danger that there might be problems with resale of assets to third parties. Even assets listed on the stock exchange may be difficult or impossible to sell, except with heavy discounts, depending on the market situation, volume, time available and planned costs.

Risks in purchasing equities

The purchase of equities for the investment fund may be associated with special market risks and corporate risks. Experience shows that equities are subject to sharp price fluctuations, and hence also to the risk of price decreases. These price fluctuations are particularly influenced by the

changes in earnings of the issuing company, and developments in the industry and the economy as a whole. The confidence of market participants in a given company can also influence the price. This is particularly the case with companies whose shares have only been listed relatively recently on the stock exchange or another regulated market; with these, even minor changes in forecasts can lead to sharp price movements. If, for a specific equity, the proportion of the freely tradable shares held by a large number of shareholders (so-called free float) is small, even minor buy and sell orders can have a strong effect on the market price, leading to larger fluctuations in the price. The price of shares also does not always reflect the actual value of the underlying company. There may as a result be wide and rapid fluctuations in these shares if market conditions or assessments of the value by market participants change. A further consideration is that the rights arising out of equities are always settled after the claims of all other creditors of the issuer. Equities are accordingly generally subject to greater fluctuations in value than e.g. fixed-interest securities.

Equities of primarily smaller and less mature companies in growth markets are particularly likely to experience wider fluctuations than the market generally. This is because the shares are generally traded in relatively small amounts, and these companies are subject to greater business risks.

In view of the danger of larger and more frequent fluctuations in the value of equities, an investment fund which focuses on equities may be subject to correspondingly large and frequent changes in the value of the investment fund.

Risks in connection with investment in units in investment funds

The risks of investment fund units which are acquired for the investment fund are closely linked to the risks associated with the assets held by these investment funds as well as the investment strategies pursued by these funds. The risks can, however, be reduced by diversifying investments between the investment funds whose units are being acquired and by diversification within the investment fund. Since the managers of the individual target funds act independently of one another, it may however also happen that several target funds pursue the same or opposite investment strategies. This can result in cumulative risks and possible opportunities may cancel each other out. The Asset Management Company is generally not able to control the management of the target funds. Their investment decisions need not necessarily agree with the assumptions or expectations of the Asset Management Company, which will often not know the current composition of the target funds on a timely basis. If the composition does not match its assumptions or expectations, it may only react with significant delay in offering target fund units for redemption. Special funds in which the fund purchases units may also temporarily suspend redemption of units. The Asset Management Company is then prevented from selling the units in the target fund.

Risks in connection with units in real estate funds

Not applicable.

Risk in investment in units in undertakings for collective investment pursuant to Section 166(1) 3 InvFG

Not applicable.

Risks in connection with borrowing

The Asset Management Company may take up loans for the account of the investment fund to the extent approved under TECHNIQUES AND INSTRUMENTS OF INVESTMENT POLICY / Borrowing. There is the risk that the Asset Management Company cannot obtain a loan or can only obtain a loan on significantly less favourable conditions. Loans at variable interest rates may also have a negative impact as a result of rising interest rates. Inadequate funding liquidity may affect the liquidity of the investment fund with the result that the Asset Management Company may be forced to sell assets prematurely or on worse conditions than planned.

Risks in purchasing fixed-interest securities (interest change risk)

Investment in fixed-interest securities involves the possibility that the market interest rate at the time of issue of a security may change. If market rates rise compared to the rates at the time of the issue, the prices of fixed-interest securities generally fall. Conversely, if market rates fall, the price of fixed-interest securities rise. This change in price results in the current yield on fixed-interest securities roughly corresponding to the current market rate. Price fluctuations are, however, different depending on the maturity of the fixed-interest security. Fixed-interest securities with shorter maturities are subject to lower price risks than those with longer maturities. Conversely, fixed-interest securities with shorter maturities generally have lower yields than those with longer maturities.

Due to their short maturity of 397 days at most, money market instruments tend to have lower price risks.

If the investment fund has the possibility of investing in assets of issuers headquartered in growth markets, it must be borne in mind that these are generally more speculative and subject to greater risk than investments in fixed-interest securities from developed countries.

Due to market conditions, interest rate risks may occur also for demand deposits and callable deposits in the form of negative interest earned or other unfavourable conditions which may suffer frequent changes in a positive or negative way.

Price change risk of convertible bonds and warrants

Convertible bonds and warrants securitise the right to exchange the bonds for shares or purchase shares. The change in the value of convertible bonds and warrants accordingly depends on the change of the underlying share. The risks in the change of price of the underlying shares can accordingly also affect the changes in value of convertible bonds and warrants. Warrants which give the issuer the right to issue the investor with a number of shares established in advance instead of repaying a nominal amount (reverse convertibles) are dependent to an even greater extent on the corresponding share price.

Derivatives

Besides disproportionate opportunities for gains, it is not impossible in trading in derivatives to rule out substantial losses in addition to the capital invested. Financial instruments which aim to modify or replace the investment return on certain securities, currencies, markets etc. are also mostly associated with counterparty risk. Markets on which derivatives can be traded include stock exchanges, the unlisted securities market and the interdealer market. In contrast to the participants in “stock exchange based” markets, the participants there generally are not subject to a rating review or regulatory controls. This subjects the investment fund to the risk that a counterparty may not be able to complete a transaction in accordance with the planned provisions and conditions due to problems with credit or liquidity. Delays in completing such transactions may also arise out of disputes of the contractual conditions (including disputes maliciously initiated), as such markets may under some circumstances not have fixed rules and procedures for quickly settling disputes, such as market participants have on the “stock exchange based” markets. These factors can result in losses to the investment fund in connection with executing replacement transactions or others due to an adverse market trend. The counterparty risk exists, for example, with all swaps, and is further increased for contracts with longer maturities, because events may arise at any time which prevent completion of transactions, particularly if the transactions were concentrated on a single counterparty or a small group of counterparties.

Futures contracts are generally entered into with the broker as principal and not as agent. This means that the investment fund is subject to insolvency risk with the broker.

Margin funds placed with a broker may be pooled with other margin funds, exposing them to the risk of the broker’s insolvency. In the event of a broker’s insolvency, client accounts may also be subject to averaging, with the result that not all the money paid can be refunded.

Options and financial futures transactions

The investment fund is authorized to invest in options and financial futures transactions. Development of these transactions depends directly or indirectly on the market and exchange price of securities or money market instruments, on exchange rates and units of account, interest rates or other earnings. Thus, these transactions used to hedge investments pose a high investment risk These transactions are often used to hedge investments, and are associated with high investment risks, arising particularly out of the volatility of investments. The rights which the investment fund acquires from such financial futures transactions may lapse or lose value, as the transactions always involve rights for a specific time. The shorter the time, the greater the risk may be. With liabilities from financial futures transactions the risk of loss may be incalculable and even higher than the margins paid. The minimal requirements for investment result in a strong leverage effect, which can be significantly reflected in a gain, but also in a loss. Transactions which can be used to exclude or limit the risks from financial futures transactions (closing transactions) may be impossible, or possible only at a loss-creating price.

OTC forward trading

In contrast to futures contracts, forward contracts are not traded on stock exchanges and are not standardised (over-the-counter or OTC transactions). Instead, banks and dealers act as principals in these markets, where each transaction is negotiated separately. Futures and spot transactions are essentially unregulated, there are no limits to daily price fluctuations or speculative positions. The principals engaging in futures transactions are not obliged to continue accepting buy or sell orders in connection with the currencies or goods they trade in, and these markets can at times have very low liquidity, where the times can be substantial. It has already happened in such markets that the participants were unable to give prices for specific currencies or goods, or gave prices with an unusually wide range between the price they were willing to buy at and the price they were willing to sell at. In all the markets in which the investment fund has invested, there may be disruptions due to an unusually large trading volume, political intervention or other factors. Market illiquidity or disruptions can accordingly lead to substantial losses for the investment fund.

Swaps

If the counterparty to a swap fails to meet their performance obligations, or meets them only partly or with delay, the investment fund suffers losses. The investment fund may also suffer losses from changes in the asset underlying the swap if expectations of market movements are not met. Swaps which convert into foreign currencies involve currency risks. The conclusion of a closing transaction which may be necessary involves costs. Swaps are transactions not listed on a stock exchange or regulated market. As a result, selling swaps to third parties and closing them out may be difficult or involve substantial costs.

Foreign exchange speculation

The investment fund may speculate in foreign exchange. In past years, exchange rates were characterised by very wide fluctuations. In this context, the combination of volatility and possible leverage offers tremendous potential for gains, but at the same time carries substantial risk of loss. Foreign exchange speculation is also characterised by counterparty risk, as foreign currency transactions are entered into on a principal to principal basis.

Risk with public holidays in certain regions and countries

Under the investment strategy, investments for the investment fund can be made in specific regions and countries in particular. Local holidays in these regions/countries can result in differences between the trading days on the exchanges in these regions/countries and the effective valuation days for the fund. It is therefore possible that on a day which is not a valuation day, the investment fund cannot react to market developments in regions/countries on the same day or cannot trade on local markets on a valuation day which is not a trading day in these regions/countries. This can prevent the investment fund from selling assets in the necessary time,

which in turn can adversely affect the investment fund's ability to meet redemption orders or other payment obligations.

Counterparty risk, including credit and debt risk

The following risks can adversely affect the performance of the investment fund, and so adversely affect unit value. Counterparty risk is the risk of a loss for fund assets due to the fact that a counterparty to a transaction may not meet its obligations in settling. If the investor acquires fund units at a time when a counterparty or CCP is in default, so that the value of the investment fund is permanently impaired, the investor might not get back their investment in the fund, in full or at all. The investor could accordingly lose part or even all of the capital they invested in the investment fund.

Counterparty risks (other than CCP)

The default of an issuer or counterparty can give rise to losses for the fund. The issuer risk describes the impact of special developments for the respective issuer which alongside the general trends of capital markets also have an impact on the price of the security. Even when securities are selected with the utmost care, it is not possible to exclude the risk of loss due to the issuers' pecuniary losses. The party for a contract entered into for the account of the fund may default, wholly or partly (counterparty risk). This applies for all contracts concluded for the fund's account.

CCP risks

A central counterparty acts as an intermediary in certain transactions for an investment fund, particularly in transactions in derivative financial instruments. In this case it acts as a buyer for the seller and a seller for the buyer. A CCP hedges its counterparty default risks through a range of protective mechanisms which enable it to offset losses from the transactions entered into at any time, for example through margin payments (e.g. collateral). Despite these protective mechanisms, the possibility of a CCP default cannot be ruled out, which could also affect claims of the Asset Management Company for the investment fund. This could lead to losses for the investment fund which are not hedged.

Operational and other risk

The following risks can adversely affect the performance of the investment fund, and so adversely affect unit value. Operational risk is the risk of loss for the investment fund from inadequate internal processes, from human or system error at the Asset Management Company as well as from external events. There are also legal, documentation and reputation risks as well as risks arising from the procedures used by the fund for trading, accounting and valuation. If the investor sells units in the investment fund at a time when the prices of the assets in the investment fund have fallen, compared to the time the units were purchased, the investor will not get back the money invested, in full or at all. The investor could accordingly lose part or even all of the capital they invested in the investment fund.

Risks due to criminal acts, irregularities or natural disasters

The fund can be the victim of fraud or other criminal acts. It may suffer losses due to irregularities or mistakes by employees of the Asset Management Company or third parties, or external events such as natural disasters.

Country or transfer risk

Country or transfer risk is the risk that a foreign debtor, despite the ability to perform, does not perform on time or is unable to perform as a result of the inability or unwillingness of the debtor's home country to make the transfer. For instance, payments to which the investment fund is entitled

may not be made or may be made in a currency which, due to foreign exchange restrictions, can no longer be exchanged.

Legal and political risks from investments abroad

The investment fund may invest in jurisdictions where Austrian law does not apply, or where the venue in the event of litigation is outside Austria. The resulting rights and obligations of the investment fund or Asset Management Company may differ from those in Austria to the detriment of the investment fund or investors. The Asset Management Company may recognise political or legal developments including changes in the legal framework in these jurisdictions too late or not at all, or lead to restrictions on assets for purchase or which have already been purchased. These consequences can also arise if the legal framework in Austria changes for the Asset Management Company and/or fund management.

Change in the tax environment, tax risk

Taxation information is provided on the basis of current legislation. It is directed at persons with unlimited liability for income tax or corporation tax in Austria. However, no guarantee can be provided that the tax treatment will not be changed by legislation, case law or decree by fiscal authorities.

If natural persons are investors in the investment fund, a change in the tax basis of the fund for previous financial years as a result of the identification of an error (e.g. due to a tax audit) can in principle result in a correction to the detriment of the investor and, under certain circumstances, the imposition on the investor of the additional tax liability that should have arisen, even in the case that the investor was not invested in the fund over the relevant period. Conversely, a correction to the benefit of the investor could be made to the tax basis for the current and previous financial years in which he was invested in the fund, but which does not benefit him as a result of redemption or sale of the units before the implementation of the corresponding correction. In addition, a correction of tax data can mean taxable income or tax benefits are assessed for tax purposes in a period that differs from when the assessment should have occurred, resulting in a negative impact on the individual investor.

Key person risk

Investment funds with very positive investment performance over a certain period have the skills of the respective managers and the correct choices they make to thank for this success. The personal composition of fund management can, however, change. New decision-makers may then be less successful.

Custody risk

Custody of assets, particularly abroad, is associated with a risk of loss due to insolvency, breaches of duty of care or force majeure.

The custodian may contract with sub-custodians. The Asset Management Company does not select or monitor these sub-custodians. Careful selection and regular monitoring of the sub-custodian are the responsibility of the custodian. As a result the Asset Management Company cannot evaluate the sub-custodian's rating. The rating of the designated sub-custodian may differ from that of the custodian.

Performance/settlement risk

This category includes the risk that a transaction is not settled within a settlement system as expected because a counterparty does not pay or deliver in good time or as expected. Settlement risk is the risk of not receiving corresponding consideration after performance.

The risk that a transaction is not settled as expected exists primarily in the case of the purchase of non-quoted financial products or in the case of settlement via a transfer agent. This risk arises when a counterparty does not pay or deliver, or because losses may occur due to operational errors when the transaction is being settled.

Material risks associated with techniques (use of derivatives, securities lending, repo transactions and other leverage)

The following risks can adversely affect the performance of the investment fund, and so adversely affect unit value. If the investor sells units in the investment fund at a time when the prices of the assets in the investment fund have fallen, compared to the time the units were purchased, the investor will not get back the money invested, in full or at all. The investor could accordingly lose part or even all of the capital they invested in the investment fund.

Risks with securities lending

Not applicable.

Risks with repo transactions

Not applicable.

Risks from the use of leverage

The Asset Management Company may use derivative transactions for the investment fund for the purposes described in TECHNIQUES AND INSTRUMENTS OF INVESTMENT POLICY / Derivative instruments. The resulting enhanced opportunities are associated with increased risk of loss. Hedging against loss using derivatives may also reduce the investment fund's opportunities for gain.

Purchase and sale of options and entering into futures contracts or swaps involve the following risks.

Changes in the price of the underlying asset may reduce the value of an option or futures contract to the point of worthlessness. Changes in the value of an underlying asset in a swap can also lead to losses for the investment fund.

The conclusion of a closing transaction which may be necessary involves costs.

The leverage effect of options may affect the value of the fund's assets more strongly than would be the case with direct acquisition of the underlying asset. The risk of loss may not be calculable at the time of entry into the transaction.

There may not be a liquid secondary market for a given instrument at a given time. Under certain circumstances it may not be possible to close a position in derivatives economically.

The purchase of options involves the risk that the option is not exercised because the price of the underlying security does not move as expected, so that the option premium paid by the investment fund is lost. When selling options there is the danger that the investment fund commits to accept assets at a higher price than the current market price or to deliver assets at a lower price than the current market price. The investment fund then suffers a loss in the amount of the price difference less the option premium received. In the case of futures contracts there is the risk that the investment fund may suffer losses on maturity due to an unexpected move in the market price. The risk of the loss is incalculable at the time of entry into the futures contract.

The forecasts by the Asset Management Company of the future development of underlying assets, interest rates, prices and foreign exchange markets may prove wrong in retrospect.

It may not be possible to buy or sell the assets underlying the derivatives, or they may have to be bought or sold at an unfavourable time.

The use of derivatives may result in potential losses which can be unpredictable depending on circumstances.

Over-the-counter (OTC) transactions can lead to the following risks.

There may not be a regulated market, so that it may be difficult or even impossible for the Asset Management Company to sell the financial instruments acquired on the OTC market for the account of the investment fund.

Under the terms of a specific agreement it may be difficult or impossible to enter into a closing transaction, or there may be substantial costs involved.

Risks in connection with receiving collateral

The Asset Management Company receives collateral for derivative, securities lending and repo transactions. Derivatives, loaned securities or securities delivered in repo transactions may increase in value. The collateral supplied may then not be sufficient to fully cover the Asset Management Company's delivery or retransfer claim against the counterparty.

The Asset Management Company can deposit cash collateral on accounts or invest it in high-quality sovereign bonds or money market funds with a short maturity structure. However, the bank holding the deposits may fail. Sovereign bonds and money market funds can lose value. At the end of the transaction the collateral supplied may no longer be available in full, although the Asset Management Company is obliged to return the full original value. The Asset Management Company may then be obliged to top up the collateral to the original amount for the fund's account, offsetting the loss suffered by the investment.

Risks independent of the investment policy associated with investing in a fund with more than one unit holder

Liquidity risk due to exit of investors

The liquidity of an investment fund with more than one investor is subject to fluctuations due to differences in inflows and outflows of funds. There may be more than one investor in the investment fund. Large demands for redemption by one or more investors can affect the liquidity of the investment fund. The Asset Management Company can suspend redemption of units if unusual circumstances make suspension appear desirable, taking the interests of the investors into account. As a result of suspension of redemptions, the unit value may fall, e.g. if the Asset Management Company is forced to sell assets below their market value during the suspension of redemptions.

Risks from increased redemptions or subscriptions

Buy and sell orders by investors result in an inflow and outflow of funds respectively for the fund assets. The inflows and outflows may result after offsetting to a net inflow or outflow of liquid assets for the investment fund. This net inflow or outflow can prompt the fund manager to buy or sell assets, resulting in transaction costs. This is particularly the case if the inflows or outflows lead to an overshoot or undershoot of a quota for liquid assets set for the fund by the Asset Management Company. Resulting transaction costs are charged to the fund, and may adversely affect its performance. Inflows may lead to an increase in fund liquidity which reduces the return if the Asset Management Company cannot invest the funds on sufficient terms.

Material risks to fund assets

The following risks can adversely affect the performance of the investment fund, and so adversely affect unit value. If the investor sells units in the investment fund at a time when the prices of the assets in the investment fund have fallen, compared to the time the units were purchased, the investor will not get back the money invested, in full or at all. The investor could lose part or even all of the capital they invested in the investment fund.

Fluctuations in net asset value

The value of assets in which the Asset Management Company invests for the investment fund's account may fall as well as rise. For example, losses may arise because the market value of the assets falls compared to their purchase price. If the investor sells units in the investment fund at a time when the prices of the assets in the investment fund have fallen, compared to the time the units were purchased, the investor will not get back the money invested in full. Although every investment fund aims at constant growth in value, this cannot be guaranteed. The risk faced by the investor is, however, limited to the sum invested. There is no additional margin commitment beyond the money invested.

Effect on individual performance of tax aspects

Tax treatment of capital gains depends on the individual circumstances of the investor and may be subject to change in future. For personal questions – particularly taking into account their individual tax situation – investors should contact their personal tax advisor. Investment decisions must also take into account the investor's circumstances excluding tax considerations.

Risk of suspending redemptions

The Asset Management Company can temporarily suspend redemption of units if unusual circumstances make suspension appear desirable, taking the interests of the investors into account. This shall be the case where an exchange on which a significant proportion of the securities held by the investment fund are traded is closed unforeseeably, a significant proportion of the securities cannot be valued, securities cannot be liquidated in good time or other extraordinary circumstances prevail. Investors cannot offer their units for redemption during this period. The unit value may fall even in the case of suspension of redemptions, , e.g. if the Asset Management Company is forced to sell assets below their market value during the suspension of redemptions. After the resumption of redemptions, units are to be redeemed at the prevailing redemption price. This price may be lower than before the suspension of redemptions.

Liquidation of the investment fund

The Asset Management Company has the right to give notice of termination of management of the investment fund, merge the fund or liquidate it (for details, see 1.7). After the end of the period of notice, management passes to the custodian. Taxes may be incurred on the transfer of the investment fund to the custodian. For the investor, there is therefore the risk that the planned holding period cannot be realised. On the transfer of the fund to the custodian, the fund may be charged with taxes other than Austrian income tax. If the fund units are booked off the investor's custody account after the end of the liquidation process, the investor may be charged income tax.

Profitability and meeting the investor's investment goals

It is not possible to guarantee that the investor will achieve the desired success with the investment. The unit value of the fund may fall, leading to losses for investors. Neither the Asset Management Company nor any third party offers any guarantee of a minimum payment on redemption or a specific investment success of the fund. Any issue premium on purchase of units or redemption discount on sale of units may also reduce or completely absorb any gains from an investment, particularly after only a short period. Investors may receive an amount which is smaller than the amount of the initial investment.

The risks described here are the key risks of the investment fund. In general, other risks can exist and materialise.

It is to be noted here that the information in Section 1.12 is a description that does not take account of the individual risk profile of the unit holder. It is therefore not a substitute for personal, expert investment advice.

TECHNIQUES AND INSTRUMENTS OF INVESTMENT POLICY

The fund invests in accordance with the limits placed on investments and issuers contained in InvG in conjunction with the Terms and Conditions and in accordance with the principle of risk diversification.

I. Sight or notice deposits

Bank balances in the form of sight deposits or deposits at notice with a maturity not exceeding 12 months may be purchased under the following conditions:

1. Investments in sight deposits or deposits at notice with a maturity not exceeding 12 months may be made at any one credit institution up to an amount of 20% of the fund assets if the relevant credit institution
   - is headquartered in an EU member state or
   - is located in a third country and is subject to supervisory regulations which in the opinion of the Austrian Financial Market Authority are equivalent to those set out in Community law.

2. Irrespective of all individual upper limits, an investment fund may not invest with any one credit institution more than 20% of its fund assets in a combination of securities or money market instruments issued by this credit institution and/or deposits held at this credit institution and/or OTC derivatives purchased from this credit institution.

No minimum amount is required, and there is no upper limit for the amount of such bank deposits.

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II. Money market instruments

Money market instruments are instruments normally traded on the money market which are liquid, whose value can be precisely determined at any time and which fulfil the requirements pursuant to Section 70 InvFG.

Money market instruments may be purchased for the investment fund when these are

1. officially licensed at one of the Austrian or foreign exchanges listed in the Appendix to the Terms and Conditions or traded on regulated markets listed in the Appendix to the Terms and Conditions, which are recognised and open to the general public and which function in an orderly manner.

2. normally traded on the money market, freely transferable and liquid, their value can be precisely determined at any time and for which appropriate information is available, including such information as enables an appropriate valuation of the credit risks associated with investing in such instruments. Such instruments may also be purchased even if they are not traded on regulated markets provided the issue or the issuer of these instruments is already subject to the relevant provisions concerning the protection of deposits and investors, and these instruments are either

   a) issued or guaranteed by a central, regional or local unit of government or by the central bank of an EU member state, the European Central Bank, the European Union or the European Investment Bank, a third country or – for federal states – a member state of a

federation or by an international institution established under public law of which at least one EU member state is a member, or

b) issued by companies whose securities are traded on one of the regulated markets listed in the Appendix to the Terms and Conditions, or

c) issued or guaranteed by an institution which is subject to supervision in accordance with the criteria stipulated in Community law, or issued or guaranteed by an institution which is subject to and complies with supervisory regulations which in the opinion of the Austrian Financial Market Authority are at least as stringent as those set out in Community law, or

d) issued by other issuers belonging to a category licensed by the Austrian Financial Market Authority, where investor protection provisions apply for investments in these instruments which are equivalent to those set out in items a) to c) and where the issuer is either a company with shareholders' equity of at least EUR 10 million, which prepares and publishes its annual financial statements in accordance with the provisions set out in Directive 78/660/EEC, or a legal entity which, within a business group comprising one or more listed companies, is responsible for the financing of this group, or a legal entity which, in business, corporate or contractual form, is intended to finance the securitisation of liabilities through a credit line granted by a bank; such credit line must be guaranteed by a financial institution which itself fulfils the criteria specified in item 2 c).

III. Securities

Securities are

a) shares and other securities equivalent to shares,

b) debt securities and other securitised claims,

c) all other marketable financial instruments (e.g. subscription rights) which grant an entitlement to purchase financial instruments within the meaning of InvFG by means of subscription or exchange in accordance with Section 69 InvG, with the exception of the techniques and derived financial instruments (derivatives) specified in Section 73 InvFG.

Within the meaning of Section 69 (2) InvFG securities also include

1. units in closed-end funds in the form of an investment company or investment fund,
2. units in closed-end funds in contract form,
3. financial instruments in accordance with Section 69 (2) Item 3

InvFG.

The Asset Management Company may purchase securities which are listed on one of the Austrian or foreign exchanges listed in the Appendix to the Terms and Conditions or traded on regulated markets listed in the Appendix to the Terms and Conditions and which are recognised and open to the general public and which function in an orderly manner. In addition, the Asset Management Company may also acquire securities from new issues whose terms and conditions of issue include the obligation to apply for an official listing on an exchange or regulated market subject to the proviso that their listing must actually take place not later than one year after their date of issue.

Non-listed securities and money market instruments

Up to 10% of the fund assets may be invested in securities or money market instruments not officially licensed on one of the exchanges listed in the Appendix to the Terms and Conditions or traded on one of the regulated markets listed in the Appendix to the Terms and Conditions and, in the case of new issues of securities, where there is no requirement to list before the expiry of one year after the issue date.

IV. Units in investment funds (Section 77 InvFG)

1. Units in investment funds (= open-ended investment funds and open investment companies) that comply with the Directive 2009/65/EC (UCITS) may be purchased insofar as these, for their part, do not invest more than 10% of fund assets in units of other investment funds.

2. Units in investment funds pursuant to Section 71 in conjunction with Section 77 (1) InvFG that do not comply with the provisions of Directive 2009/65/EC in full (UCI) and whose sole purpose is

   – to invest publicly procured monies in securities and other liquid financial investments for joint account and in accordance with the principle of risk diversification and

   – whose units are, at the request of the unit holders, repurchased or redeemed at the direct or indirect expense of the assets of the investment fund,

   may be purchased and account for up to 30% of the fund assets where

   a) these, for their part, do not invest more than 10% of fund assets in units of other investment funds and

   b) they are licensed in accordance with statutory provisions which make them subject to supervision which, in the opinion of the Austrian Financial Market Authority, is equivalent to supervision under Community law and there is an adequate guarantee of cooperation between the authorities,

   c) the level of protection afforded the unit holders is equivalent to the level of protection afforded the unit holders in investment funds which comply with the provisions set out in Directive 2009/65/EC (UCITS funds) and, in particular, the provisions concerning separate safekeeping of the portfolio of assets, borrowings, the granting of loans and uncovered sales of securities and money market instruments are equivalent to the requirements set out in Directive 2009/65/EC and

   d) the relevant business activity is the subject of annual and semi-annual reports which enable a judgment to be made as to the relevant assets and liabilities, income and transactions during the period under review.

   The criteria stated in Section 3 of the Austrian Information and Equivalency Determination Ordinance (IG-FestV), as amended, shall be consulted to assess the equivalency of the level of protection for unit holders within the meaning of item c).

3. The investment fund may also purchase units in investment funds which are directly or indirectly managed by the same Asset Management Company or by a company with which the Asset Management Company is affiliated through joint management or subordination or a substantial, direct or indirect investment.

4. Units in one and the same investment fund may account for up to 20% of overall fund assets.

V. Derivative financial instruments

a) Listed and non-listed derivative financial instruments

Derived financial instruments (derivatives) – including equivalent instruments settled in cash – which are traded on one of the regulated markets listed in the Appendix to the Terms and Conditions or derived financial instruments which are not officially licensed by an exchange or traded on a regulated market (OTC derivatives) may form part of an investment fund if

1. the underlying instruments are instruments as per Section 67 (1) Items 1-4 InvFG or financial indices, interest rates, exchange rates or currencies in which the investment fund is permitted to invest in pursuant to the investment objectives specified in its terms and conditions,
2. the counterparty in transactions involving OTC derivatives is a supervised institution belonging to a category licensed by the Austrian Financial Market Authority by regulation and
3. the OTC derivatives are subject to a reliable and verifiable daily valuation and at the initiative of the Asset Management Company can at any time and at an appropriate current market value be sold, liquidated or closed out through an offsetting transaction.
4. they do not result in the delivery or transfer of assets other than those specified in Section 67 (1) InvFG.

This includes instruments based on the transfer of the credit risk of the abovementioned assets.

The default risk for transactions conducted by an investment fund in OTC derivatives may not exceed the following levels:

1. if the counterparty is a credit institution as per Directive 2006/48/EEC, 10% of fund assets,
2. otherwise 5% of fund assets.

Investments made by an investment fund in index-based derivatives are not taken into consideration with regard to the specific investment limits. Where a derivative is embedded in a security or a money market instrument, it must be taken into consideration in respect to compliance with the above-mentioned provisions.

Collateral strategy:

The Asset Management Company has determined that only cash collateral shall be recognised as eligible collateral and that this is to be deposited with an independent third-party bank as sight deposits. The necessary extent of collateral shall be determined using threshold limits.

Sight deposits held by credit institutes are subject to general counterparty risk - further details here under "risk profile of the investment fund."

b) Use

The investment fund may use derivative instruments only for hedging purposes. Indirect investments in derivative instruments, which are not used for hedging purposes but which may result from investing via investment funds, are possible.

The use of derivative instruments for hedging purposes means the use of derivative instruments to reduce specific risks faced by the investment fund (e.g. market risk). The use of the hedge is tactical and therefore short term.

c) Risk management

The Asset Management Company shall employ a risk management method which enables it to monitor and measure at all times the risk associated with its investments and its share of the overall risk profile of the fund assets.

The overall risk shall be determined in accordance with the commitment approach or value-at-risk approach.

The Asset Management Company shall determine, implement and maintain appropriate and documented risk management principles. The risk management principles must include procedures which are necessary to evaluate market, liquidity and counterparty risks as well as other risks including operational risks.

d) Overall risk

Commitment approach

The Asset Management Company uses the commitment approach to determine overall risk. In this approach, all positions in derivative financial instruments including embedded derivatives within the meaning of Section 73 (6) InvG are converted into the market value of an equivalent position in the underlying security of the corresponding derivative (underlying equivalent).

In calculating overall risk, netting and hedging agreements are taken into account where these do not fail to reflect obvious and key risks and result in a clear reduction of risk.

Positions in derivative financial instruments which do not create an additional risk for the investment fund do not have to be included in the calculation.

The detailed method of calculation of overall risk using the commitment approach and its quantitative and qualitative structure can be found in the currently applicable version of the FMA's Derivatives Risk Measurement and Reporting Regulation.

The Asset Management Company may increase the investment level of this investment fund by using derivatives (leverage). For this investment fund, the company may increase the investment level (overall risk), taking account of possible investments in other investment funds, by using derivatives to up to 200% of the value of the investment fund.

VI. Borrowing

The Asset Management Company may take out short-term loans up to the amount of 10% of the fund's assets.

This can increase the risk of the investment fund to the same extent.

VII. Repurchase agreements

Not applicable.

VIII. Securities lending

Not applicable.

IX. Total Return Swaps

Not applicable.

1.13 RULES FOR THE VALUATION OF ASSETS

The **value of a unit** is calculated by dividing the entire value of the investment fund inclusive of its income by the number of units.

The **total value of the investment fund** shall be calculated on the basis of the current market prices of the securities, money market instruments, investment funds and subscription rights in the fund plus the value of the investment fund's financial investments, cash holdings, bank balances, receivables and other rights, less liabilities.

The total value of the investment fund is determined in accordance with the following principles:

a) The value of assets quoted or traded on an exchange or other regulated market shall be determined, in principle, on the basis of the most recently available price.

b) Where an asset is not quoted or traded on an exchange or other regulated market or where the market price of an asset quoted or traded on an exchange or other regulated market does not appropriately reflect the actual value, the prices supplied by reliable data providers or, alternatively, market prices for equivalent securities or other recognised valuation methods shall be used.

c) Units in a UCIT or UCI are valued at the last available prices, or if their units are traded on stock exchanges or regulated markets (e.g. ETFs) at the last available closing prices.

d) The liquidation value of futures and options quoted or traded on an exchange or other regulated market shall be determined, in principle, on the basis of the most recently available settlement price.

1.14 CALCULATION OF THE UNITS' SALE, ISSUE, PAYOUT AND REDEMPTION PRICES, IN PARTICULAR:

- **METHOD AND FREQUENCY OF CALCULATION OF THESE PRICES**
- **COSTS ASSOCIATED WITH THE SALE, ISSUE, REDEMPTION OR PAYOUT**
- **TYPE, PLACE AND FREQUENCY OF PUBLICATION OF THESE PRICES**

METHOD AND FREQUENCY OF CALCULATION OF THESE PRICES

For the calculation of prices for the investment fund, the last published (available) prices shall be used in principle.

When extraordinary circumstances exist due to the political or economic situation and thus the most recently published valuation price quite clearly and not merely in one individual case does not correspond to the actual values, a price calculation may be omitted and/or the issue and redemption of units may be suspended by the Asset Management Company taking into account the legitimate interests of investors. This shall be the case where an exchange on which a significant proportion of the securities held by the investment fund are traded is closed unforeseeably, a significant proportion of the securities cannot be valued, securities cannot be liquidated in good time or other extraordinary circumstances prevail.

The value of a unit and the issue and redemption prices are calculated on each day of exchange trading.

The unit value shall be calculated in euros.

COSTS ASSOCIATED WITH THE SALE, ISSUE, REDEMPTION OR PAYOUT

Units shall be issued and redeemed by the Custodian Bank or purchased by a paying or receiving agent or distribution office listed in the Appendix to the Terms and Conditions without any additional costs other than the calculation of the subscription fee when unit certificates are issued. No redemption fee shall be payable at the redemption of the unit certificates.

The imposition of additional fees for the individual investor on the purchase or redemption of unit certificates depends on the individual agreements of the investor with the respective bank where their securities account is held and is therefore not subject to influence by the Asset Management Company.

Subscription fee and issue price

When the subscription fee is set, it shall be added to cover issuing costs. The subscription fee to cover issuing costs is up to 4.0% of the value of a unit, rounded to the nearest cent in accordance with standard commercial practice.

In case of a short investment period, this subscription fee may reduce a fund's performance or even eliminate it entirely. For this reason, investors are advised to opt for a longer investment horizon if they wish to purchase unit certificates.

Redemption fee and redemption price

No redemption fee shall apply. The redemption price shall be the unit value.

TYPE, PLACE AND FREQUENCY OF PUBLICATION OF THESE PRICES

The value of a unit and the issue and redemption prices are calculated on each day of exchange trading, and

- published electronically on the Internet page of the issuing Asset Management Company (www.masterinvest.at).

1.15 METHOD, LEVEL AND CALCULATION OF THE REMUNERATION PAYABLE TO THE ASSET MANAGMENT COMPANY, THE CUSTODIAN BANK OR THIRD PARTIES AND CHARGED TO THE INVESTMENT FUND, AND REIMBURSEMENT OF COSTS TO THE ASSET MANAGEMENT COMPANY, THE CUSTODIAN BANK OR THIRD PARTIES BY THE INVESTMENT FUND

Costs of issuing and redeeming units

For information on the issue and redemption fee, see section I, 1.9 and 1.10.

If unit certificates are bought or sold by third parties, direct additional costs to the unit holder may be incurred.

Costs of safekeeping units

The costs of safekeeping of unit certificates are determined in accordance with the agreement of the unit holder with the institute managing the custody account.

Management fees

The Asset Management Company shall receive for its asset management activities an annual remuneration in the amount of up to **1.5% of the fund's assets**, which is calculated on a pro rata basis using the respective month-end values. This remuneration also contains the remuneration of the external fund manager.

In addition, the Asset Management Company is entitled to receive a performance-related management fee of 15**%** of the appreciation in value, with the appreciation in value defined as the increase in the unit value compared with the unit value as at the previous day. If the value of a unit declines, no reimbursement shall take place. In this case, the daily imposition of the performance-related management fee shall instead recommence only when the unit value reaches the value at which a performance-related management fee was previously charged (high water mark method).

The accrued monthly performance-related fee shall be charged to the fund with the first monthly management fee of the following month. Payouts pursuant to Article 6 of the Terms and Conditions will be taken into account when calculating the unit value (reinvested value in accordance with the OeKB method).

The fund may invest a significant portion of its assets in other funds whose management remuneration may total up to 3.00% per annum; in addition, in the case of capital appreciation a performance-related fee may be charged as well.

The Asset Management Company may issue refunds (in the form of commissions) from the collected management fee. The issue of such refunds shall not lead to additional costs for the fund.

Administration fee for management cost refund

Management cost refunds by third parties (in the sense of commissions) are forwarded to the investment fund after deduction of a reasonable administration fee by the Asset Management Company, the custodian or third party and are recognised in the accounts.

The administration fee for management cost refunds may be up to 10% of the amount received.

Costs of calculating the investment fund net asset value ("administration fee")

The Asset Management Company receives a prorated fee charged at the end of the month for fund bookkeeping and accounting, provision of price data, valuation of fund assets and calculating net asset value per unit, and price publication. Necessary costs may be charged to the fund assets in connection with procuring prices for valuation (data licences, external price suppliers) for valuing fund assets and calculating net asset value.

Costs of safekeeping ("custodian fee")

The custodian receives a monthly fee for the custodial functions prescribed by law. This item also includes costs for other functions provided by the custodian (see section I 2.2). The fee is prorated and charged on the basis of month-end values.

Depository costs

Depository costs can be charged directly to the fund's assets.

Transaction costs

This refers to those costs of external trading partners and the custodian (settlement) and transfer costs associated with the purchase and sale of investment fund assets which are not already taken into consideration through the transaction cost settlement.

Costs for auditing (year-end audit) and tax advice

The remuneration for the auditor for auditing the fund is based on the volume of the fund and the investment principles. Costs in connection with determining the tax treatment and representation for tax purposes are also charged to the fund's assets.

Publication costs (including regulatory costs)

The following:

- costs of statutory publications,
- costs for investor information using a permanent data storage medium,
- costs charged by the supervisory authorities,
- costs of fulfilling statutory reporting obligations, and
- costs resulting from statutory requirements for distribution in any states in which the fund is marketed

may be charged to the investment fund.

Other costs

a) Liquidation fee

On liquidation of the investment fund, the custodian bank or depository shall receive a fee of 0.50% of fund assets.

b) Costs in connection with EMIR

When derivative instruments are used, costs in connection with EMIR (European Market Infrastructure Regulation) can be charged to the fund assets. These include possible costs in connection with the transactions register, central counterparties (CCPs), clearing broker, costs of

external service providers etc. If the costs are incurred for multiple investment funds, the fund is billed on a prorated basis.

c) Costs associated with foreign sales

The investment fund is licensed for sale outside Austria, the associated expenses are included in this item, provided such costs are not included in the items specified above.

This shall include costs incurred in connection with the fund's licensing abroad (in particular, translation costs, registration costs, cost for authentication, etc.).

d) Costs of translation and certification

If it is necessary, independent of licensing abroad for distribution, to obtain translations of fund documents (fund Terms and Conditions, reports etc) and certifications (e.g. to open necessary depositories abroad) from an external translation bureau or notary, such costs can be charged to the investment fund.

e) Licensing costs

If it is necessary to acquire licences for investment (e.g. licence costs for financial indices, benchmarks, for calculation of value-at-risk, various certifications etc) or to register the name of the fund, the costs associated with this shall be charged to the investment fund.

f) Costs for exercise of voting rights

In the event of investment in equities, the exercise of voting rights for these equities can be delegated. Accordingly, additional costs may be incurred in this regard. If the costs are incurred for multiple investment funds, the fund is billed on a prorated basis. The number of shareholders meetings which the voting proxy for the fund attends depends on the current portfolio composition. In addition there are further internal and external costs for each exercise of voting rights for the Asset Management Company and the custodian.

g) Costs for external valuers

If an external valuer was appointed to value assets, there may be additional costs which are charged to the fund assets.

h) Costs for asserting and enforcing legal claims and other legal services

The law firm engaged can receive remuneration of the amounts received by the fund in this connection for active participation in a class action as lead complainant, for private claims or other claims or administrative proceedings.

In cases where a settlement or ruling was achieved for the fund in class actions through judicial or extrajudicial proceedings or for which active participation as lead complainant in a class action, for

private claims or other claims or administrative proceedings, the Asset Management Company may receive compensation for conducting litigation in the amount received for the fund.

External costs for other legal services and the assertion and enforcement of legal claims can be charged by the Asset Management Company for the account of the fund assets, as well as defence against claims against the Asset Management Company at the expense of the fund assets.

i) Costs of special reporting

Costs of IFRS reporting, GVA reporting, solvency reporting etc can be charged if necessary, given the corresponding investor structure.

In the current annual report, you will find more details of the fees and costs incurred in the reporting period under point III “Expenses” in the statement of net assets.

Current costs:

“Current costs” are shown in the key investor information document (KID) on the homepage of the Asset Management Company at http://www.masterinvest.at/Publikumsfonds/Fondsselektor.

2. INFORMATION ON THE CUSTODIAN BANK / DEPOSITORY

2.1 IDENTITY OF THE CUSTODIAN BANK OF OGAW AND DESCRIPTION OF ITS OBLIGATIONS AND POSSIBLE CONFLICTS OF INTERESTS THAT MAY ARISE

The Custodian Bank is Vorarlberger Landes- und Hypothekenbank AG, Hypo-Passage 1, 6900 Bregenz.

Pursuant to the notice from 27 March 2006, GZ FMA-IF25 4580/0001-INV/2006 from the Austrian Financial Market Authority, Vorarlberger Landes- und Hypothekenbank AG has assumed the function of Custodian Bank for the investment fund. Permission is required from the Austrian Financial Market Authority to appoint or change the Custodian Bank. Such permission may only be granted if it may be assumed that the bank guarantees fulfilment of the duties of a Custodian Bank. The appointment or replacement of the Custodian Bank must be publicly announced, and such announcement must cite the relevant approval notice.

The Custodian Bank is a bank within the meaning of Austrian law. Its principal areas of business are current accounts, deposits, lending and securities.

Pursuant to the investment fund act, it is responsible for safekeeping the investment fund's assets and managing the accounts and securities accounts of the fund (§ 40 par. 1 InvFG 2011) (Investmentfondsgesetz: investment fund act). Furthermore, it is in charge of holding in safe custody the unit certificates of the funds managed by the Managing Company (§ 39 par. 2 InvFG 2011). In particular, it has to make sure that in all transactions relating to the investment fund's assets it is transferred immediately the equivalent value and that the earnings of the investment fund are used in accordance with this federal act and the fund regulations.

The rights and obligations of the depositary / custodian bank result from the securities account act, the relevant provisions, all relevant statutory and supervisory provisions applying to depositary bank activities, the depositary bank agreement, the fund regulations and any other written agreements.

Moreover, the following tasks were delegated to the depositary / custodian bank:

- Distributions based on the resolution adopted by the Managing Company
- Issuance and redemption of unit certificates

Information on Possible Conflicts of Interest

The Managing Company points out that Vorarlberger Landes- und Hypothekenbank AG holds a qualified stake in the Managing Company.

Vorarlberger Landes- und Hypothekenbank AG offers its services not only to the Managing Company and its investors and may also act as custodian bank for funds of other managing companies and its investors.

The Managing Company has outsourced the issuance and redemption of the unit certificates to the custodian bank. The custodian bank has to ensure that issuance and redemption of the unit certificates are in accordance with the provisions of InvFG and the fund regulations.

Remuneration due to the Managing Company pursuant to the fund regulations for its management activities and reimbursement of expenses related to the management activities have to be paid by the depositary / custodian bank by debiting the accounts managed for the fund. The depositary / custodian bank is authorized to charge the costs for its abovementioned services directly to the fund assets. Regarding these measures, the depositary / custodian bank may only act based on a mandate by the Managing Company.

The Managing Company and the custodian bank have taken organizational and administrative precautions so as to avoid any potential conflicts of interest to the disfavor of investors**.** Further details on how to deal with activities entailing a potentially disadvantageous conflict of interest can be found at http://www.masterinvest.at/About/corporategovernance/MASTERINVEST or requested from the Managing Company.

2.2 DESCRIPTION OF ALL CUSTODY TASKS ASSIGNED TO THE CUSTODIAN BANK, LIST OF OFFICERS AND SUB-OFFICERS AND INFORMATION ON CONFLICTS OF INTEREST THAT MAY ARISE FROM ASSIGNEMENT OF TASKS

The custodian bank appoints sub-custodians. A list of all sub-custodians named by the custodian bank can be found at http://www.masterinvest.at/About/corporategovernance/Verwahrstellen. The Managing Company has checked the information for plausibility.

Upon request, the investor will receive free of charge a list of the sub-custodians as well as further information.

The Managing Company has taken organizational and administrative precautions so as to avoid any potential conflicts of interest to the disfavor of investors. Further information on how to deal with activities entailing a potentially disadvantageous conflict of interest may be requested from the custodian bank.

2.3 STATEMENT ENSURING THAT UPON REQUEST INVESTORS WILL RECEIVE UP-TO-DATE INFORMATION REGARDING THE INFORMATION MENTIONED IN THE SECTIONS ABOVE

Upon request, investors of the fund will receive up-to-date information on the details given above regarding the depositary / custodian bank.

3. EXTERNAL CONSULTANTS OR INVESTMENT ADVISERS WHERE THEIR SERVICES ARE USED ON A CONTRACT BASIS AND REMUNERATION FOR THIS IS CHARGED TO THE INVESTMENT FUND

3.1 NAME OF COMPANY OR ADVISER

HYPO TIROL BANK AG, Meraner Strasse 8, 6020 Innsbruck has been commissioned for investment management (investment management company) for Hypo Dynamic Selection.

3.2 DETAILS OF THE CONTRACT WITH THE ASSET MANAGEMENT COMPANY OR THE INVESTMENT MANAGEMENT COMPANY WHICH ARE OF INTEREST TO THE UNIT HOLDER

HYPO TIROL BANK AG is entitled to manage assets pursuant to Section 1 of the Austrian Banking Act (BWG) (credit institute).

The investment management company shall act for the investment fund on the basis of a contract concluded with the Asset Management Company on investment management. This contract may be terminated at any time for serious reasons. No costs impacting the fund assets shall arise in addition to those listed in Section 1.15.

3.3 OTHER SIGNIFICANT ACTIVITIES

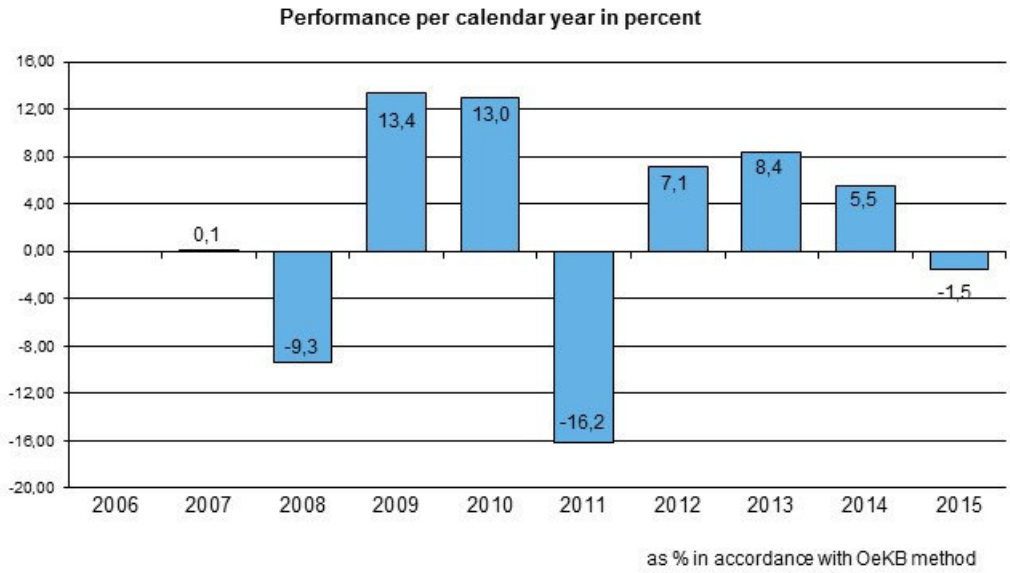
In addition to investment management, HYPO TIROL BANK AG is also commissioned with the marketing of Hypo Dynamic Selection.

4. INFORMATION ON MEASURES TAKEN TO MAKE PAYMENTS TO UNIT HOLDERS, TO REPURCHASE OR REDEEM UNITS AS WELL AS TO DISTRIBUTE INFORMATION ON THE INVESTMENT FUND

Commissioning the Custodian Bank ensures that investors receive distributions and that units are redeemed. The investor information mentioned in this Prospectus, for instance the Prospectus, Key Investor Information Document (KIID), contract terms, Annual and Interim Reports, can be obtained free of charge by request from the Asset Management Company as well as on the homepage (www.masterinvest.at) and from the Custodian Bank.

5. FURTHER INVESTMENT INFORMATION

5.1 HISTORICAL RESULTS OF THE INVESTMENT FUND



Average performance as per 30 December 2015

3 years: 4,1 % p.a.

5 years: 0,2 % p.a.

10 years: no data available

All performance data are compiled in accordance with the OeKB method and reflect net performance, that is, costs such as management fees or other costs charged to fund assets have already been taken into account. Not taken into account are any subscription or redemption fees or tax levies such as capital gains or EU withholding tax. **Past performance is no indication of the future performance of the fund.** If the fund is traded in foreign currencies or if the fund contains securities which are traded in foreign currencies, yields can rise or fall depending on foreign exchange fluctuations.

More recent data on performance can be found at

www.masterinvest.at/publikumsfonds/fondsselektor

5.2 PROFILE OF THE TYPICAL INVESTOR FOR WHICH THE INVESTMENT FUND IS CONCEIVED

The aim of the investment policy is high capital growth in the long term while accepting very high fluctuations in value. This investment fund is under certain circumstances not suitable for investors who wish to withdraw their money within a timeframe of less than 15 years.

6. ECONOMIC INFORMATION

6.1 POTENTIAL COSTS OR FEES WITH THE EXCEPTION OF THOSE COSTS SPECIFIED UNDER SECTION 1.14, BROKEN DOWN IN ACCORDANCE WITH THOSE PAID BY THE UNIT HOLDER AND THOSE PAID FROM THE ASSETS OF THE INVESTMENT FUND

Recurring costs of the investment fund, which include the charges under Section 1.15, are listed in the Key Investor Information Document (KIID).

The fees for safekeeping of unit certificates are determined in accordance with the agreement of the unit holder with the institute managing the custody account.

If unit certificates are bought from or sold to third parties, additional costs may be incurred.

SECTION II

1. INFORMATION ON THE ASSET MANAGEMENT COMPANY

1.1 COMPANY NAME, LEGAL FORM; REGISTERED OFFICE AND HEADQUARTERS IF THIS IS NOT THE SAME AS THE COMPANY'S REGISTERED OFFICE; REGISTER AND REGISTER ENTRY; APPLICABLE LEGAL SYSTEM

The Asset Management Company for the investment fund described in this Prospectus is MASTERINVEST Kapitalanlage GmbH (formerly HYPO-Kapitalanlage-Gesellschaft m.b.H.) headquartered in Landstrasser Hauptstrasse 1, Top 27, 1030 Wien. MASTERINVEST Kapitalanlage GmbH was founded on 12 July 1985. MASTERINVEST Kapitalanlage GmbH is an asset management company within the meaning of the Austrian Investment Fund Act (Investmentfondsgesetz, InvFG). It has the legal form of a company with limited liability (GmbH) and is registered in the Company Register: Vienna Commercial Court under the company number FN 80746 w. The Asset Management Company has no outlets in any other EU member state.

1.2 DATE OF THE COMPANY FOUNDATION

MASTERINVEST Kapitalanlage GmbH was founded on 12 July 1985.

1.3 INVESTMENT FUNDS MANAGED BY THE COMPANY

See Appendix at the end of the Prospectus

1.4 NAME AND FUNCTION OF MANAGEMENT AND SUPERVISORY BODIES. MAIN FUNCTIONS EXERCISED BY THESE PERSONS OUTSIDE OF THE COMPANY IF THESE FUNCTIONS ARE SIGNIFICANT FOR THE COMPANY

See Appendix at the end of the Prospectus

1.5 SUBSCRIBED CAPITAL AND PAID-IN CAPITAL

See Appendix at the end of the Prospectus

1.6 FINANCIAL YEAR

The financial year is the calendar year

1.7 SHAREHOLDERS

See Appendix at the end of the Prospectus

1.8 INFORMATION ON REMUNERATION POLICY

See the annex at the end of the prospectus for a summary of remuneration policy. Details regarding current remuneration policy can be found at http://www.masterinvest.at/About/corporategovernance. Upon request, we will send you a free hardcopy thereof.

1.9 ACTIVITIES DELEGATED BY THE ASSET MANAGEMENT COMPANY TO THIRD PARTIES

- Investment management
- Duties of Custodian Bank (see Section I / 2.1)
- Bookkeeping of the Asset Management Company, payroll, accounting (compilation of financial statements and tax declarations) and tax advice
- Compliance and money laundering requirements
- Administrative activities of fund bookkeeping and accounting and calculation of net asset value per unit including changes in the VAR rate and its calculation.
- Internal audit

- Maintenance of IT system (network operation including network management, PC services)
- Legal services
- Tax treatment and representation for tax purposes of investment fund

Delegation of duties

The Asset Management Company provides notice that it has delegated duties to a company closely associated with it and thus to an affiliated company within the meaning of Art. 4 Section 1 item 38 Regulation (EU) 575/2013.

1.10 FURTHER INFORMATION

Further information on the individual information duties pursuant to InvG 2011 can be found in the Appendix or on our homepage at www.masterinvest.at.

In accordance with InvFG 2011, any complaints can be submitted by e-mail to (office@masterinvest.at) or in writing to the headquarters of the Asset Management Company.

DI Andreas Müller
Managing Director

Dr. Hannes Leitgeb
Managing Director

APPENDIX

DATE MARCH 2016

1. MANAGEMENT BOARD

DI Andreas Müller (dob 12 April 1967)

Dr. Hannes Leitgeb (dob 2 December 1956)

2. SUPERVISORY BOARD, NOMINAL CAPITAL

Dr. Harald THURY (Chairman)
Board Member of Kathrein Capital Management AG
Board Member of Kathrein Privatbank Aktiengesellschaft
Board Member of Kathrein & Co. Private Equity I AG
Managing Director of Kathrein & Co Life Settlement GmbH

Mag. Emmerich SCHNEIDER (Deputy Chairman)
Authorised Signatory and Head of Investment Management of Vorarlberger Landes- und Hypothekenbank AG

Mag. Michael BLENKE

Head of Banking Book Management of HYPO TIROL BANK AG

Oliver HARTH
Deputy Speaker of Management of Universal-Investment-Gesellschaft mbH
Managing Director of subsidiary Universal-IT Services-GmbH

Harald P. HOLZER
Board Member of Kathrein Capital Management AG
Board Member of Kathrein Privatbank Aktiengesellschaft

Ulrich FETZ

Current information on the Management Board and the composition of the Supervisory Board can be obtained from the last published Annual Report.

Nominal capital:

EUR 2.5 million – fully paid-in

3. SHAREHOLDERS

Kathrein Capital Management AG
Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft
HYPO TIROL BANK AG
Universal-Investment-Gesellschaft mbH

4. DISTRIBUTION OFFICES

HYPO TIROL BANK AG
Vorarlberger Landes- und Hypothekenbank AG

5. RECENT PUBLICATIONS

Date	Description	Date	Description
30.03.2007	Prospectus amendment	28.03.2008	Prospectus amendment
31.03.2009	Prospectus amendment	06.02.2010	Prospectus amendment
30.12.2010	Prospectus amendment	30.03.2011	Prospectus amendment
31.08.2011	Prospectus amendment	13.10.2011	Supplement to Prospectus
23.02.2012	Use of new template; Simplified Prospectus replaced by "Key Investor Information Document - KIID"; Appendix updated		
12.10.2012	Terms and Conditions changed as per 15 October 2012; amendment of investment policy, amendment to InvFG 2011 and template, update of performance data		
14.03.2013	General amendments, updated performance data, change in cut-off time and value date, information on collateral management		
17.06.2015	Amendment of section I / 1.12, update of risk profile and remuneration, general amendments, update of performance data		
17.03.2016	Amendment company name Kathrein Capital Management AG, Changes in the information on the depositary / custodian bank, information on the remuneration policy of KAG, update of risk profile, update of performance data, general adjustments		

6. EXCHANGES AND MARKETS ON WHICH SECURITIES MAY BE PURCHASED

See Terms and Conditions (Appendix)

7. TERMS AND CONDITIONS OF Hypo Dynamic Selection

See enclosure

8. INVESTMENT FUNDS MANAGED BY MASTERINVEST KAPITALANLAGE GMBH

See enclosure

9. INFORMATION OBLIGATIONS PURSUANT TO INVFG 2011

See enclosure

10. SUMMARY OF THE PRINCIPLES OF REMUNERATION POLICY

See enclosure

TERMS AND CONDITIONS

Valid from 15 October 2012

for

Hypo Dynamic Selection

Mutual Fund pursuant to InvFG 2011

Accumulating Fund: ISIN AT0000A00X53

of

MASTERINVEST Kapitalanlage GmbH

Landstraßer Hauptstraße 1, Top 27

1030 Vienna

The fund regulations for the investment fund **Hypo Dynamic Selection**, a mutual fund according to the **2011 Austrian Investment Fund Acts (InvFG) as amended**, were approved by the Austrian Financial Market Authority (FMA).

The investment fund is a directive-compliant fund and is managed by MASTERINVEST Kapitalanlage GmbH (hereafter referred to as "management company") based in Vienna.

ARTICLE 1 CO-OWNERSHIP UNITS

The jointly owned units are incorporated in certificates of ownership (unit certificates), which have the legal nature of securities and are issued to the bearer.

The unit certificates are issued in the form of global certificates. Separate certificates shall therefore not be issued.

ARTICLE 2 CUSTODIAN BANK

The custodian bank (depositary) appointed for the investment fund is Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft, Bregenz.

The paying agents for the unit certificates are the custodian bank or any other paying agent specified in the prospectus.

ARTICLE 3 INVESTMENT INSTRUMENTS AND PRINCIPLES

The following assets may be selected for the investment fund in accordance with InvFG.

Hypo Dynamic Selection may invest **up to 100%** of fund assets in bond funds, money market funds, equity funds and mixed funds in any sector, credit rating and region.

Money market instruments may be acquired **up to 49 %** off fund assets in the form of directly acquired securities.

The investment fund shall not acquire equities and bonds in the form of directly acquired securities.

The following investment instruments shall be acquired for the fund assets in compliance with the Investment principles.

Securities

Not applicable.

Money market instruments

Money market instruments may be acquired **up to 49%** of the fund assets.

Securities and money market instruments

The acquisition of non-fully-paid-up money market instruments and of subscription rights or of other non-fully-paid-up financial instruments shall be permitted **up to 10%** of the fund assets.

Money market instruments may be acquired if they meet the criteria for listing or trading on a regulated market or securities exchange pursuant to InvFG.

Money market instruments that do not meet the criteria set out in the preceding paragraph may be acquired **up to 10%** of the fund assets.

Units in investment funds

Units in investment funds (UCITS, UCIs) may be acquired **up to 20%** each of the fund assets and in total up to the extent permitted by law, provided these investment funds (UCITS or UCIs) in turn do not invest more than 10% of their respective fund assets in units of other investment funds.

Units in UCIs may be acquired up to **a total of 30%** of the fund assets.

Derivative instruments

Derivative instruments may be used as part of the investment strategy and account for **up to 100 vH** of the assets and be used for hedging.

Risk measurement method(s) used by the investment fund:

The investment fund uses the following risk assessment method:

Commitment approach

The commitment value is calculated in accordance with Section 3 of the 4th Regulation on Risk Calculation and Reporting of Derivative Instruments, as amended.

The total risk of derivative instruments that are not used for hedging purposes may not exceed **100%** of the total net value of the fund assets.

For details and explanations, please refer to the prospectus.

Demand deposits and callable deposits

Demand deposits and callable deposits with a term of up to 12 months may account for **up to 100%** of the fund assets.

No minimum bank balance shall apply.

Temporary loans

The management company may take out temporary loans for the account of the investment fund **up to 10%** of the fund assets.

Repurchase agreements

Not applicable.

Securities lending

Not applicable.

Further details related to Article 3 can be found in the prospectus.

ARTICLE 4 ISSUE AND REDEMPTION PRICE

The calculation of the unit value shall be in EUR.

The date for calculating the unit value is the same as the calculation date of the issue and redemption price.

Issue and issue premium

The calculation of the issue price and/or the issue is carried out on Austrian banking days.

The issue price is based on the unit value, plus a premium per unit of **up to 4%**, rounded to the nearest cent, in accordance with standard commercial practice, to cover the management company's costs.

In general, the issue of units is not restricted, but the management company reserves the right to temporarily or completely suspend the issue of unit certificates.

Redemption and redemption charge

The calculation of the redemption price and/ or the redemption fee shall be carried out on Austrian banking days.

The redemption price is based on the unit value. No redemption fee shall apply.

Upon the request of a unit holder, units in the investment fund can be paid out at the current redemption price in exchange for the return of the unit certificates. However, the management company reserves the right to temporarily suspend the redemption and payment.

ARTICLE 5 FINANCIAL YEAR

The financial year of the investment fund runs from **01 April** to **31 March**.

ARTICLE 6 UNIT CLASSES AND APPROPRIATION OF INCOME

Accumulation units with capital gains tax withholding can be issued for the investment fund.

Appropriation of income for accumulation unit certificates with capital gains tax withholding (accumulation units)

The income, after costs, accrued over the financial year is not distributed. In the case of accumulation unit certificates, from 15 April, the amount calculated pursuant to InvFG must be paid out, which, if applicable, must be used to cover the capital gains tax due on the distribution-like income of the unit certificate.

ARTICLE 7 MANAGEMENT FEE, REIMBURSEMENT OF EXPENSES, PROCESSING FEE

For its management activities, the management company receives an annual fee of **up to 1.50%** of the fund assets, which is calculated on the basis of the month-end values.

In addition, the Asset Management Company is entitled to receive a performance-related management fee **of 15%** of the appreciation in value, with the appreciation in value defined as the increase in the unit value compared with the unit value as at the previous day. If the value of a unit declines, no reimbursement shall take place. In this case, the daily imposition of the performance-related management fee shall instead recommence only when the unit value reaches the value at which a performance-related management fee was previously charged (high water mark method). The accrued monthly performance-related fee shall be charged to the fund with the first monthly management fee of the following month. Payouts pursuant to Article 6 of the Terms and Conditions will be taken into account when calculating the unit value (reinvested value in accordance with the OeKB method).

The management company is entitled to reimbursement for all expenses incurred as a result of its management activities.

On settlement of the investment fund, the custodian bank receives a fee **of 0.50%** of the fund assets.

Further details can be found in the prospectus.

APPENDIX

List of exchanges with official trading and organised markets

1. Exchanges with official trading and organised markets in the member states of the EEA

Pursuant to Article 16 of Directive 93/22/EEC (Investment Services Directive), each member state must maintain a current list of the markets it has authorised. This list must be forwarded to other member states and the Commission.

Under this regulation, the Commission is obligated to publish once a year a list of the regulated communicated to it.

Due to reduced entry barriers and the trading segments' specialisation, the list of the regulated markets is subject to significant changes. Therefore, the Commission will make an updated version of the list available on its official website in addition to publishing it once a year in the Official Journal of the European Union.

1.1. The current list of regulated markets can be found at:

http://mifiddatabase.esma.europa.eu/Index.aspx?sectionlinks_id=23&language=0&pageName=REGULATED_MARKETS_Display&subsection_id=0[1]

1.2. The following exchanges are to be included in the list of *regulated markets*:

1.2.1.	Luxembourg	Euro MTF Luxembourg

1.3. *Recognised markets* in the EU pursuant to § 67 para. 2 item 2 InvFG:

1.3.1.	UK	London Stock Exchange Alternative Investment Market (AIM)

2. Exchanges in European countries outside the European Economic Area

2.1.	Bosnia Herzegovina:	Sarajevo, Banja Luka
2.2.	Croatia:	Zagreb Stock Exchange
2.3.	Montenegro	Podgorica
2.4.	Russia:	Moscow (RTS Stock Exchange); Moscow Interbank Currency Exchange (MICEX)
2.5.	Switzerland:	SWX Swiss-Exchange
2.6.	Serbia:	Belgrade
2.7.	Turkey:	Istanbul (for the stock market, only the national market)

3. Exchanges in non-European countries

3.1.	Australia:	Sydney, Hobart, Melbourne, Perth
3.2.	Argentina:	Buenos Aires
3.3.	Brazil:	Rio de Janeiro, Sao Paulo
3.4.	Chile:	Santiago
3.5.	China:	Shanghai Stock Exchange, Shenzhen Stock Exchange
3.6.	Hong Kong:	Hong Kong Stock Exchange
3.7.	India:	Mumbai
3.8.	Indonesia:	Jakarta
3.9.	Israel:	Tel Aviv
3.10.	Japan:	Tokyo, Osaka, Nagoya, Kyoto, Fukuoka, Niigata, Sapporo, Hiroshima

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To open the list, click on "View all". The link may be modified by the Austrian Financial Market Authority, FMA or the European Sales & Marketing Association, ESMA. Access the list via the FMA homepage using the following link:

http://www.fma.gv.at/de/unternehmen/boerse-wertpapierhandel/boerse.html – scroll down to – "List of regulated markets (MiFID database; ESMA)" link – "view all".]

3.11.	Canada:	Toronto, Vancouver, Montreal
3.12.	Colombia	Bolsa de Valores de Colombia
3.13.	Korea:	Korea Exchange (Seoul, Busan)
3.14.	Malaysia:	Kuala Lumpur, Bursa Malaysia Berhad
3.15.	Mexico:	Mexico City
3.16.	New Zealand:	Wellington, Christchurch/Invercargill, Auckland
3.17.	Philippines:	Manila
3.18.	Singapore:	Singapore Stock Exchange
3.19.	South Africa:	Johannesburg
3.20.	Taiwan:	Taipei
3.21.	Thailand:	Bangkok
3.22.	USA:	New York, American Stock Exchange (AMEX), New York Stock Exchange (NYSE), Los Angeles/Pacific Stock Exchange, San Francisco/Pacific Stock Exchange, Philadelphia, Chicago, Boston, Cincinnati
3.23.	Venezuela:	Caracas
3.24.	United Arab Emirates:	Abu Dhabi Securities Exchange (ADX)

4. Organised markets in countries outside the European Union

4.1.	Japan:	Over-the-counter market
4.2.	Canada:	Over-the-counter market
4.3.	Korea:	Over-the-counter market
4.4.	Switzerland:	SWX-Swiss Exchange, BX Berne eXchange; over-the-counter market members of the International Capital Market Association (ICMA), Zurich
4.5.	USA:	Over-the-counter market in the NASDAQ system, over-the-counter market (markets organised by NASD, such as over-the-counter equity market, municipal bond market, government securities market, corporate bonds and public direct participation programs) over-the-counter market for agency mortgage-backed securities

5. Exchanges with futures and options markets

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

8) STATEMENT OF ALL OF THE MASTERINVEST KAPITALANLAGE GMBH MANAGED INVESTMENT FUND

MI 23, ACATIS Value und Dividende, HYPO-RENT, MI 22, HYPO-INVEST, Short Term Fund, Hypo-Europa-Bond, Government Bond Fund, Niederoesterreich I, GOLDEN ROOF Europa, High Yield Bonds, GOLDEN ROOF Branchen, Hypo PF Anleihen long short, GOLDEN ROOF Welt, CRYSTAL ROOF Smaragd, MI 20, CRYSTAL ROOF Rubin, CRYSTAL ROOF Safir, Hypo Global Balanced, DJE Golden Wave, Hypo-Weltportfolio Aktien, HYPO CORPORATE BOND FUND, Oppenheim Asset Backed Securities Fonds, HYPO Rendite Plus, Hypo PF Absolute Return, HYPO-STAR „dynamisch“, MI 50, Tri Style Fund, Euro ABS Income Fund, Hypo PF Ausgewogen, Hypo PF Zinsertrag, R02, Hypo South Eastern European Opportunities, NÖ HYPO AUSGEWOGEN, NÖ HYPO WACHSTUM, MI 25, KCM Bond Select, MI Multi Strategy SRI, Hypo Dynamic Selection, Emerging Markets Bonds, StrategieInvest Classic, NÖ-VK VG1, StrategieInvest Dynamic, Hypo PF Kapitalgewinn, Global Stock Fund, Hypo PF Liquidität, Wirtschaftskammer NÖ, KCM Dynamic Value, Hypo Mündel Fonds, Niederoesterreich IV, ACATIS Aktien Global Value Fonds, MI 1, Hypo Vermögensmanagement 30, Hypo Vermögensmanagement 60, Niederoesterreich III, Corporate Bond Fund, MI 24, Hypo Vermögensmanagement 100, Hypo Dynamik Plus, Hypo IQ Maximum Return, NÖ-VK VG1 HTM, KCM Aktien Global SRI, BOND OPPORTUNITIES FUND, KCM Kathrein Pfandbrief +, SF 14, KCM Eurasian Pearls

9) INFORMATION OBLIGATIONS PURSUANT TO INVFG 2011

Strategies for exercising voting rights for investments

The management company has established a strategy that sets out when and how the voting rights that are associated with the assets in the investment funds managed by it are exercised so that such rights are exercised exclusively for the benefit of the affected investment fund(s).
More detailed information about the measures taken can be requested from MASTERINVEST Kapitalanlage GmbH.

Best possible trading decisions for the investment fund

The management company undertakes to act in the best interests of the investment funds it manages if it makes trading decisions for these funds or forwards trading orders to third parties for execution. In addition, it must take appropriate measures to achieve the best possible results for each individual investment fund, taking account during the selection of brokers or dealers of all relevant factors, such as the credit rating of the broker or dealer, the price, the costs, the speed and likelihood of execution and settlement, the scope and the type of order as well as all other aspects relevant to the execution of the order. The management company has set out principles that allow it to achieve the best possible results taking account of the aforementioned aspects. The management company has not concluded any agreements through which it can claim and avail itself of monetary advantages offered to it by brokers and dealers.

Scope of activities that could result in potentially disadvantageous conflicts of interest

The management company has taken organisational and administrative measures in order to avoid potentially disadvantageous conflicts of interests for investors.

The management company, where applicable the investment advisor or external fund manager (for the purpose of more efficient management of orders transmitted to third parties that act for the account of the unit holder), the custodian bank and all associated companies, brokers, dealers and counterparties, representatives or agents of the aforementioned bodies or persons (hereafter referred to as **"Associated Persons"**) can

- conduct among one another or for the investment fund any type of financial or bank transactions or other transactions or enter into corresponding agreement, including those that focus on the securities investments of the investment fund or investments of an Associated Person in a company or an undertaking, the assets of which are a component of the fund assets or participate in such agreements or transactions, and/or
- for their own account or the account of third parties, make investments in units, securities or assets of the same type as the components of the fund assets and deal in these,
- and/or in their own name or the name of a third party, participate in the sale or purchase of securities or other investments via or in conjunction with the company, the persons charges with the execution of the sale, or the custodian bank, where applicable the investment advisor or a subsidiary company, an associated company, representative or agent of the same.

Fund assets in the form of bank balances or securities can be deposited with an Associated Person in compliance with the legal provisions regarding the custodian bank. Fund bank balances can be invested in bank certificates of deposit offered by the Associated Person. Bank and similar transactions can also be conducted by an Associated Person.

The fund can also invest in issues of any type (e.g., securities, certificates) that are issued by companies of Associated Persons, or the companies of Associated Persons, their subsidiaries or associated companies in any form that are involved in the issue.

Companies of Associated Persons may be counterparties of derivatives transactions or contracts of the company ("counterparty"). Furthermore, the fund can invest in financial instruments, the underlying asset of which is the companies of Associated Persons, their subsidiaries or associated companies.

Finally, in some cases the valuation of such derivatives transactions or contracts may also be required on the basis of the information provided by the counterparties. This information serves in these cases as the basis for the valuation of certain assets in the fund by custodian bank. The management company is aware that Associated Persons and their employees may have a conflict of interests if they act as a counterparty and/or provide such information. However, the management company is of the view that these conflicts can be handled appropriately and assumes that the counterparty has the knowledge and ability to make such evaluations.

The interests of the management company and the above-mentioned parties may be in conflict. In the event of conflicts of interest, the management company will try to resolve them in favour of the management company. And to the extent that interests also affect investors, the management company will try to avoid conflicts of interest and, if this is not possible, see to it that unavoidable conflicts of interest are resolved while safeguarding the interests of investors.

10) SUMMARY OF THE PRINCIPLES OF REMUNERATION POLICY

The summary given below outlines the most important principles of the remuneration policy of MASTERINVEST Kapitalanlage Gesellschaft mbH.

Details regarding current remuneration policy can be found at http://www.masterinvest.at/About/corporategovernance. Upon request, we will send you a free hardcopy thereof.

General Principles of Remuneration Policy

The remuneration policy is in accordance with the business strategy, the objectives, values and long-term interests of the Managing Company as well as of the managed investment funds, it comprises precautions in order to avoid conflicts of interest and aims at promoting retention in the Managing Company of qualified staff so as to implement the strategy of customer loyalty. Normally, portfolio management of the managed investment funds is outsourced to third parties as far as permitted by law (see fund prospectus or fund information sheet). When transferring portfolio management to third parties (external asset manager) in accordance with the relevant statutory provisions, the Managing Company reviews the third party's remuneration policy in order to ensure that it is equivalent to the applicable provisions and that it is complied with. Decisions regarding remuneration are taken by the management or by the supervisory board if regarding the management.

Special Principles of Remuneration Policy

Special principles apply to managers and employees performing a monitoring function.

Determination and Granting of a Variable Remuneration

Determination of the variable remuneration as well as the use of the adjustment mechanism is done annually based on an individual written agreement on goals to be achieved comprising quantitative and qualitative indicators for performance evaluation and based on an appraisal of the employee's achievements. Goals which depend on the economic success of the company are in accordance with the business model, realistic market expectations and the owner's expectations and are guided by earnings before taxes. In any case, no performance-related variable remuneration will be paid out in case MASTERINVEST reports negative results.

Risk Relation and Risk Adjustment

Remuneration policy and practice are entirely compatible with the risk management of MASTERINVEST Kapitalanlage GmbH and do not induce to assume risks exceeding the degree of risk tolerated by the Managing Company or individual investment funds. Risk relation and thus risk adjustment are guaranteed by corresponding definition of goals. In order to ensure risk adjustment, any variable remuneration may be dropped in whole or in part also excluding any claims for subsequent years.

Threshold for Significance

A threshold for significance has been defined applying to the management and other employees concerned.

Adjustment Mechanism

Should profitability and reputation of MASTERINVEST Kapitalanlage GmbH have suffered a severely adverse effect, the supervisory board may decide on a possible reclaim of the variable remuneration paid out over the last five years.

Payment Procedure

The following payment procedure has been defined for payments above the threshold for significance:

50% of the variable remuneration will be paid out forthwith, 50% of the variable remuneration are deferred over 5 years and thus paid out annually at a maximum rate of 10% p.a. in the following years.

Compensation Committee

MASTERINVEST Kapitalanlage GmbH does not consider itself to be a complex investment company and therefore does not establish a compensation committee.