



Full Prospectus
including Terms and Conditions
March 2009

ETFlab Deutsche Börse EUROGOV[®]
Germany 1-3

(WKN ETF L18)

ETFlab Investment GmbH

The contractual relationship and any pre-contractual relationships between the Company and the investor are governed by German law. In accordance with Article 23 Para. 2 of the General Terms and Conditions, the location of the Company's registered office shall be the place of jurisdiction for any disputes arising from this contractual relationship if the investor does not have a general place of jurisdiction in Germany. According to Section 123 Investment Act (*Investmentgesetz, InvG*), all sales documentation must be prepared in German. In addition, the Company will communicate with its investors entirely in German.

In the event of any dispute arising from implementation of the provisions in the German Civil Code [BGB] applicable since 8 December 2004, concerning distance selling contracts for financial services, the parties involved may contact the Arbitration Board of the Deutsche Bundesbank, P.O. Box 11 12 32 in 60047 Frankfurt/Main, Germany, tel.: 069/2388-1907 or -1906, fax: 069/2388-1919. This does not affect the right to appeal to courts of law.

TABLE OF CONTENTS

1. General Provisions	7	12. Securities Repurchase Agreements	13
2. Management Company	7	13. Borrowing	13
3. Licensor and Licence Agreement	8	14. Valuation	13
4. Disclaimer of Liability by the Licensor	8	14.1 General rules for asset valuation ...	13
5. Custodian	8	14.2 Special valuation rules for individual assets	14
6. The Investment Fund	8	14.2.1 Unlisted bonds and note loans	14
7. Investment Objective	9	14.2.2 Money-market instruments...	14
8. Investment Principles	9	14.2.3 Derivatives	14
9. Assets in Detail	9	14.2.4 Bank balances, other assets, liabilities, time deposits and investment fund units	14
9.1 Securities	9	14.2.5 Lending transactions	14
9.2 Money-market instruments	9	14.2.6 Securities repurchase agreements	14
9.3 Bank balances	10	14.2.7 Assets denominated in currencies other than the fund currency	14
9.4 Investment fund units	10	15. Performance	14
9.5 Other investment instruments	10	16. Risk Notices	14
9.6 Derivatives	10	16.1 General	14
9.6.1 Forward contracts	11	16.2 Possible range of investment	15
9.6.2 Options transactions	11	16.3 Risk of deviation	15
9.6.3 Swaps	11	16.4 Risk of loss	15
9.6.4 Swaptions	11	16.5 Market risk	15
9.6.5 Credit default swaps	11	16.6 Country or transfer risk	15
9.6.6 Securitised financial instruments	11	16.7 Settlement risk	15
9.6.7 OTC Derivatives	11	16.8 Liquidity risk	15
10. Investment Limits for Securities and Money-Market Instruments	13	16.9 Risk of default	15
10.1 Issuer limits	13	16.10 Currency risk	15
10.2 Investment restrictions	13	16.11 Custodial risk	16
11. Lending Transactions	13	16.12 Concentration risk	16
		16.13 Performance risk	16
		16.14 Political risk/regulatory risk	16
		16.15 Inflation risk	16

16.16 Legal and tax risk.....	16	23. Subfunds and Unit Classes	20
16.17 Change in investment policy	16	24. Fiscal Year and Allocation of Income....	20
16.18 Amendment to terms and conditions; liquidation or merger	16	24.1 Fiscal year	20
16.19 Risk of suspension of redemption .	16	24.2 Distribution	20
16.20 Risk of changes in interest rates...	16	24.3 Crediting of distributions	20
16.21 Risks related to derivative transactions	16	25. Income Equalisation Procedure	20
17. Profile of a Typical Investor	17	26. Liquidation and Transfer of the Investment Fund.....	20
18. Units.....	17	Procedure upon the liquidation of the Investment Fund.....	21
19. Issue and Redemption of Units by the Company	17	27. Transfer of All Assets of the Investment Fund.....	21
19.1 Issue of units	17	Procedure for the transfer of an investment fund	21
19.2 Redemption of units.....	17	28. Summary of Tax Regulations Applicable to Investors	21
20. Stock Exchanges and Markets	17	28.1 Units held as personal assets (taxpayers resident in Germany).....	22
20.1 General.....	17	28.1.1 Gains from the sale of securities, gains from forward transactions and income from option writer premiums	22
20.2 Designated Sponsor	18	28.1.2 Interest and related income as well as foreign dividends	22
20.3 Risks of exchange trading	18	28.1.3 German dividends.....	23
20.4 Issue and redemption of units on the stock exchange.....	18	28.1.4 Negative taxable income.....	23
21. Suspension of the Redemption of Units	18	28.1.5 Repayments of capital.....	23
22. Issue and Redemption Prices and Expenses.....	18	28.1.6 Capital gains at investor level	23
22.1 Issue and redemption price	18	28.2 Units held as operating assets (taxpayers resident in Germany).....	23
22.2 Issue premium.....	18	28.2.1 Gains from the sale of securities, gains from forward transactions and income from option writer premiums	23
22.3 Redemption fee	19	28.2.2 Interest and related income ..	24
22.4 Publication of issue and redemption prices.....	19	28.2.3 German and foreign dividends	24
22.5 Costs incurred in the issue and redemption of units.....	19	28.2.4 Negative taxable income.....	24
22.6 Expenses	19	28.2.5 Repayments of capital.....	24
22.7 Composition of the total expense ratio (TER)	19	28.2.6 Capital gains at investor level	24
22.8 Special arrangements on acquisition of investment fund units.....	19	28.3 Non-resident taxpayers	25
		28.4 Solidarity surcharge.....	25
		28.5 Church tax	25

28.6 Foreign withholding tax.....	25	31. Payment to Unitholders / Distribution of the Reports and Other Information	27
28.7 Separate determination, external audit.....	26	32. Other Investment Funds Managed by the Company	27
28.8 Taxation of interim profits.....	26	33. Selling Restrictions.....	28
28.9 Consequences of the merger of investment funds.....	26	34. Notice regarding the purchaser's right of revocation pursuant to Section 126 Investment Act [InvG] (door-to-door sales).	28
28.10 Transparent, semi-transparent and non-transparent taxation	26	GENERAL TERMS AND CONDITIONS	28
28.11 EU Savings Tax Directive / Interest Information Regulation.....	26	SPECIAL TERMS AND CONDITIONS	35
29. Outsourcing.....	27		
30. Annual Reports / Semi-Annual Reports / Auditor	27		

The purchase and sale of investment units is based on the current version of the full prospectus and the General Terms and Conditions in conjunction with the Special Terms and Conditions. It is not permitted to issue information or statements differing from this prospectus. Any purchase or sale of units on the basis of information or statements not contained in this prospectus shall be at the exclusive risk of the purchaser. This prospectus is supplemented by the latest Annual Report. If the Annual Report is dated more than eight months in the past, the latest Semi-Annual Report must also be offered to the purchaser prior to entering into any agreement.

1. General Provisions

The investment fund ETFlab Deutsche Börse EUROGOV® Germany 1-3 (hereinafter referred to as the "Investment Fund") is a Directive-compliant investment fund as defined by the German Investment Act (InvG). It is managed by ETFlab Investment GmbH (hereinafter referred to as the "Company"). Management of the Investment Fund consists primarily of investing the money that investors have deposited with the Company in various assets, separated from the assets of the Company and in accordance with the principle of risk diversification. The Investment Fund is not part of the Company's insolvency assets.

The assets in which the Company may invest and the regulations to be observed when so doing are stated in the Investment Act and the terms and conditions, which govern the legal relationship between the investors and the Company. The terms and conditions contain a general and a special section ("General and Special Terms and Conditions"). Application of the terms and conditions to an investment fund is generally subject to approval by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* – BaFin). The only exception to this rule is the provision in the Special Terms and Conditions referring to the fees and reimbursement of expenses that may be charged to the Investment Fund. In the case of the Investment Fund, this is Article 29 of the Special Terms and Conditions (for details of fees and reimbursement of expenses see "Issue and redemption prices and expenses").

The full prospectus and the simplified prospectus, the terms and conditions as well as the current Annual and Semi-Annual Reports may be obtained free of charge from the Company. The terms and conditions are included in this prospectus. They are also available on the Internet website: www.etflab.de.

Information on investment limits indicated by risk management for this Investment Fund, risk management methods and the latest developments concerning risks and returns of the major categories of assets in this investment fund are available from the Company in electronic or written form.

The Company is entitled to amend the terms and conditions. Such amendments may also involve significant changes to the investment policy of the Investment Fund. Amendments to these terms and conditions require the approval of BaFin, with the exception of rules regarding fees and reimbursement of expenses. Amendments to the Investment Fund's investment principles additionally require the consent of the Company's Supervisory Board. The proposed amendments shall be announced in the electronic version of the Federal Gazette [*Bundesanzeiger*] and, additionally, in a business publication or daily newspaper with a sufficient circulation, or on the Internet website: www.etflab.de.

The amendments will take effect no earlier than the day after their publication in the online *Bundesanzeiger*. The earliest date on which amendments to the regulations concerning fees and reimbursement of expenses shall come into force is six months after the relevant announcement, unless an earlier date is specified with the consent of BaFin. The earliest date on which amendments to the Investment Fund's current investment principles shall come into force is six months after announcement in the online *Bundesanzeiger*. Such amendments are only permitted on the condition that the Company makes an offer to investors to exchange their units, free of charge, for units of investment funds with comparable investment principles, provided such investment funds are managed by the Company.

2. Management Company

The Management Company of the investment fund described in detail in this prospectus is ETFlab Investment GmbH, established on 7 February 2008 with registered office in Munich. The Company is an investment management company as defined in the German Investment Act (InvG) in the legal form of a limited liability company (GmbH).

The Company may also manage Mixed Investment Funds in addition to Directive-compliant investment funds.

For further information on the management of the Company, the composition of its Supervisory Board and shareholders, as well as the amount of its subscribed and paid-in capital, please consult the information in the final section of this prospectus.

3. Licensor and Licence Agreement

The Deutsche Börse EUROGOV® Germany 1-3 (Preis-Index) (hereinafter referred to as the "Underlying Index") is a registered trademark of Deutsche Börse AG (hereinafter referred to as the "Licensor") and is thus protected against unauthorised use. The Licensor grants licences for use of the Underlying Index in connection with the issue of financial products.

The Company has concluded a licence agreement with the Licensor which grants the Company the right to use the index as the Underlying Index for the Investment Fund.

4. Disclaimer of Liability by the Licensor

The Licensor is unrelated to the Company with the exception of the licence granted to the latter and the related trademark right for use in connection with the units of the Investment Fund.

The financial instrument is not sponsored, promoted, sold or supported in any other way by the Licensor and the Licensor does not make any warranty or representation whatsoever, either express or implied, either as to the results to be obtained from the use of the Underlying Index and/or the index trademark, or the index status at any particular time or on any particular day or in any other respect. The Underlying Index is calculated and published by the Licensor. Nevertheless the Licensor is not liable in respect of third parties for any errors in the Index, to the extent permitted by law. In addition, the Licensor is under no obligation to advise third parties, including investors and/or financial intermediaries for the financial instrument, of any errors in the Underlying Index.

Neither publication of the Underlying Index by the Licensor nor licensing of the Underlying Index and the index trademark for use in connection with the financial instrument or other securities or financial products that are derived from the Underlying Index, constitutes a recommendation

by the Licensor for investing capital or contains in any way a representation or opinion of the Licensor regarding the attractiveness of investing in this product.

The issuer of the financial instrument has been permitted by the Licensor as sole holder of the rights to the Underlying Index or, as the case may be, the index trademark, solely to use the Underlying Index or, as the case may be, the index trademark, and any reference to the Underlying Index or, as the case may be, the index trademark, in connection with the financial instrument.

5. Custodian

The German Investment Act (InvG) provides for a separation of the duties of management and custody for investment funds. The Company has appointed a credit institution as custodian to assume custody of the assets contained in each particular investment fund.

The custodian keeps the fund's assets in blocked custody accounts or blocked accounts, unless bank balances are held in blocked accounts at other credit institutions. The custodian shall ensure in particular that the issue and redemption of units and the calculation of the investment fund's net asset value complies with the requirements of the InvG and the terms and conditions, that the equivalent value of all transactions made for the joint account of the investors will be received within the usual time limits, and the income from the Investment Fund will be used in accordance with the provisions of the InvG and the terms and conditions. The custodian must also review whether the holding of assets in blocked accounts at another credit institution is in compliance with the InvG and the terms and conditions. If this is the case, it must grant its authorisation for such investment. The Company determines the value of the Investment Fund.

DekaBank Deutsche Girozentrale, whose registered office is located at Mainzer Landstr. 16, Frankfurt/Main, has assumed the function of custodian for the Investment Fund. DekaBank is a credit institution under German law. Its principal activities are the maintenance of current and deposit accounts, the provision of credit and securities transactions. The appointment of the custodian ensures that investors will receive any dividend distributions and that unit certificates will be redeemed. For more details on the custodian, please consult the final section in this prospectus.

6. The Investment Fund

The Investment Fund was launched on 16 March 2009 and is of unlimited duration. The investors are joint owners or creditors of a fraction of the assets of the Investment Fund in proportion to the number of units they hold. Unit certificates are made out to bearer and certify the bearer's claims against the Company.

7. Investment Objective

The purpose of asset selection for the Investment Fund is to track the Deutsche Börse EUROGOV® Germany 1-3 (price index) while maintaining an appropriate level of risk. The investment objective of the Investment Fund is to achieve performance which reflects that of the Underlying Index. For this purpose, the Fund will aim to track the Index as closely as possible. Income is distributed. To this end, the Underlying Index is used as the basis for making decisions on the purchase and sale of assets and their weighting in the Investment Fund (passive management). It must be noted, however, that there are certain factors forming an obstacle to exact tracking of the Index. For example, transaction expenses and management fees, which reduce the value of the unit price, are not included in the calculation of the Index.

NO ASSURANCE CAN BE GIVEN THAT THE INVESTMENT OBJECTIVE WILL BE ACHIEVED.

8. Investment Principles

The Company may acquire the following assets for the Investment Fund:

1. Securities as defined in Section 47 InvG
2. Money-market instruments as defined in Section 48 InvG
3. Bank balances as defined in Section 49 InvG
4. Investment fund units as defined in Section 50 InvG
5. Derivatives as defined in Section 51 InvG
6. Other investment instruments as defined in Section 52 InvG.

In accordance with Section 62 InvG, the Company may invest more than 35% of the value of the Investment Fund in securities and money market

instruments issued by the Federal Republic of Germany.

9. Assets in Detail

9.1 Securities

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

1. if they are admitted for trading on a stock exchange in a Member State of the European Union or in another state that is a party to the Agreement on the European Economic Area, or they are admitted for trading in another regulated market or included in such market in any of these states,
2. if they are exclusively admitted for trading on a stock exchange in a country that is not a Member State of the European Union or in another state that is not a party to the Agreement on the European Economic Area, or they are admitted for trading in another regulated market or included in such market in any of these states, provided the selection of such stock exchange or regulated market is approved by BaFin,
3. if they are units in closed funds that meet the criteria specified in Section 47 Para. 1 Sentence 1 No. 7 InvG,
4. if they are financial instruments that meet the criteria specified in Section 47 Para. 1 Sentence 1 No. 8 InvG.

Securities may be acquired from new issues if their conditions of issue require that an application for admission to one of the stock exchanges or regulated markets mentioned under 1 and 2 must be submitted, and admission or inclusion is completed within one year after issue.

Securities as defined in No. 1 and 2 as well as securities from new issues may also only be acquired if additionally the requirement specified in Section 47 Para. 1 Sentence 2 InvG is met. This provision refers to Art. 2 Para. 1 of Directive 2007/16/EC (UCITS Implementing Directive), which states that a security must meet the following criteria, among others, in order to be acquired as a security for the Investment Fund:

- the potential loss that the Investment Fund may incur through holding the security may not exceed the amount paid for it,
- acquisition of the security may not limit the liquidity of the Investment Fund such that it is no longer possible to service investors' requests to redeem their units,
- the security must be negotiable and its risks must be captured appropriately by the Investment Fund's risk management.

Securities may also be acquired in the form of equities to which the Investment Fund is entitled as part of a capital increase from company resources, or in exercise of subscription rights belonging to the Investment Fund. Partly paid-in equities and subscription rights on such equities may also be acquired.

Subscription rights are also considered to be securities provided the securities from which the subscription rights are derived could be included in the Investment Fund.

9.2 Money-market instruments

Money-market instruments are instruments that are usually traded on the money market, as well as interest-bearing securities that have a residual term of a maximum 397 days at the time of their acquisition for the Investment Fund, for which the interest payments are adjusted to market circumstances regularly throughout their entire term, although at least once in 397 days, on the basis of the conditions of issue, or their risk profile corresponds to the risk profile of such securities. Money-market instruments may only be acquired for the Investment Fund if they

1. are admitted for trading on a stock exchange in a Member State of the European Union or in another state that is a party to the Agreement on the European Economic Area, or they are admitted for trading in another regulated market or included in such market in any of these states,
2. are exclusively admitted for trading on a stock exchange in a country that is not a Member State of the European Union or in another state that is not a party to the Agreement on the European Economic Area, or they are admitted for trading in another regulated market or included in such market in any of these states, provided the selection of such stock exchange or regulated market is approved by BaFin,
3. are issued or guaranteed by the European Communities, the German Federal Government or one of its special-purpose entities, a German Federal State, another Member State or another central, regional or local authority or the central bank of a Member State of the European Union, the European Central Bank or the European Investment Bank, a state that is not a Member State of the European Union or, in the case of a Federal State, by one of the members making up the federation, or by a public international body of which one or more Member States of the European Union are members,
4. are issued by a company whose securities are traded on the markets described in No. 1 and 2,
5. are issued or guaranteed by a credit institution subject to official supervision in accordance with criteria defined by European Community law, or by a credit institution that is subject to and complies

with supervisory requirements considered by BaFin to be equivalent to those stipulated by Community law; or

6. are issued by other issuers that meet the requirements of Section 48 Para. 1 Sentence 1 No. 6 InvG.

Money-market instruments as defined in No. 1 to 6 may only be acquired if they meet the relevant requirements of Section 48 Para. 2 and 3 InvG.

9.3 Bank balances

The Company may hold on behalf of the Investment Fund bank balances with a term not exceeding twelve months. The bank balances, which must be held in the form of blocked accounts, may be held by a credit institution that has its registered office in a Member State of the European Union or another state that is a party to the Agreement on the European Economic Area, or by a credit institution that has its registered office in a non-Member State, provided that it is subject to the supervisory requirements considered by BaFin as equivalent to those stipulated in Community law. Bank balances may also be denominated in foreign currencies.

9.4 Investment fund units

The Company may invest in units of other investment funds (investment fund units). The terms and conditions of these other investment funds stipulate that no more than 10% of their net assets may be invested in units of other investment funds. Units in domestic Directive-compliant investment funds and joint-stock investment companies may be acquired, as well as EC investment fund units as defined in the InvG. Units of other German investment funds and joint-stock investment companies, as well as foreign investment fund units that are not EC investment fund units, may be acquired provided they meet the requirements of Section 50 Para. 1 Sentence 2 InvG.

It must be possible to redeem the units at any time.

No more than 20% of the value of the Investment Fund's assets may be invested in units of a single investment fund. No more than 30% of the value of the Investment Fund's assets may be invested in non-Directive-compliant investment funds.

The Company may acquire for the account of the Investment Fund no more than 25% of the issued units of another investment fund.

9.5 Other investment instruments

The Company may invest for the account of the Investment Fund up to 10% of the Investment Fund's net assets in other investment instruments as defined in Section 52 InvG.

9.6 Derivatives

The Company may only employ the following basic types of derivatives, or combinations of these derivatives, or combinations of other assets that may be purchased for the Investment Fund with these derivatives in the Investment Fund:

- a) forward contracts on securities, money-market instruments, recognised financial indices pursuant to Article 9 Para. 1 of the Directive 2007/16/EC, interest rates, exchange rates or currencies,
- b) options or warrants on securities, money-market instruments, recognised financial indices pursuant to Article 9 Para. 1 of the Directive 2007/16/EC, interest rates, exchange rates or currencies, and on forward contracts as defined in letter - if the option may be exercised either during the entire term or at the end of the term, - and the option value is a fraction or a multiple of the difference between the underlying price and the market price of the underlying security and becomes zero if the difference has the opposite sign;
- c) interest rate swaps, currency swaps or interest rate/currency swaps,
- d) options on swaps as defined in c), if they have the characteristics as defined in b) (swaptions).
- e) Credit default swaps, to the extent that they are used exclusively and transparently for the purpose of hedging the credit risk of specific assets held by the Investment Fund.

The above financial instruments may be independent assets or a component of other assets.

The Company may conduct transactions with derivatives and financial instruments with a derivative element on behalf of the Investment Fund as part of its investment strategy. This may increase the risk of loss for the Investment Fund, at least temporarily.

If derivatives are used, the potential market risk of the Investment Fund may be doubled. Market risk is the risk associated with the unfavourable performance of market prices for the Investment Fund. When determining the potential market risk for the use of derivatives, the Company applies the simple approach as defined in the Derivatives Regulation (DerivateV).

9.6.1 Forward contracts

The Company may, for the account of the Investment Fund and within the scope of the investment principles, enter into forward contracts on all securities and money-market instruments acquirable for the Investment Fund, and on financial indices pursuant to Article 9 Para. 1 of the Directive 2007/16/EC, interest rates, exchange rates or currencies. Forward contracts are agreements which unconditionally bind both

parties to buy or sell a particular amount of a certain underlying asset at a predetermined price (strike price) at a certain point in time (settlement date), or within a certain period.

9.6.2 Options transactions

The Company may, for the account of the Investment Fund and within the scope of the investment principles, buy and sell call and put options on securities and money-market instruments, and on financial indices pursuant to Article 9 Para. 1 of the Directive 2007/16/EC, interest rates, exchange rates or currencies, as well as trade in warrants. Options transactions involve granting to a third party, against payment of a premium, the right to demand delivery or acceptance of assets during a specific period of time or at the end of a specific period at a predetermined price (strike price), or to demand payment of a cash settlement, or to itself acquire equivalent options. The options or warrants must provide for exercise during the entire term or at the end of the term. In addition, the option value at the time of being exercised must be a fraction or a multiple of the difference between the underlying price and the market price of the underlying security and becomes zero if the difference has the opposite sign.

9.6.3 Swaps

The Company may, for the account of the Investment Fund and within the scope of the investment principles, enter into interest rate swaps, currency swaps or interest rate/currency swaps. Swaps are exchange contracts in which the cash flows or risks on which the transaction is based are exchanged between the contracting parties.

9.6.4 Swaptions

Swaptions are options on swaps. Only those swaptions that comprise the options and swaps described above may be acquired for the account of this Investment Fund. A swaption is the right, but not the obligation, to enter into a swap, specified precisely with regard to the conditions, at a certain point in time or within a certain period. In all other respects the principles established in relation to options transactions shall apply.

9.6.5 Credit Default Swaps

Credit default swaps are credit derivatives which enable a potential volume of credit default to be transferred to others. In return for assuming the credit default risk, the seller of the risk pays a premium to the other party. The Company may only acquire simple, standardised credit default swaps for the Investment Fund that are used to hedge specific credit risks within the Investment Fund.

In all other respects, the comments on swaps apply analogously.

9.6.6 Securitised financial instruments

The Company may also purchase the financial instruments described above if they are securitised. The transactions pertaining to financial instruments may also be only partially included in securities (e.g. warrant-linked bonds). The statements on opportunities and risks apply accordingly to such securitised financial instruments, but subject to the condition that the risk of loss in the case of securitised instruments is limited to the value of the security.

9.6.7 OTC Derivatives

The Company may conduct both derivative transactions that are admitted for trading on a stock exchange or are included in another regulated market, and over-the-counter (OTC) transactions.

Derivative transactions that are not admitted for trading on an exchange and not included in another regulated market may only be conducted by the Company with appropriate credit institutions or financial services institutions and on the basis of standardised master agreements. In the case of OTC derivatives, the counterparty risk of a contracting party is limited to 5% of the Investment Fund's net assets. If the counterparty is a credit institution that has its registered office in the European Union, the European Economic Area or a state that is not a member of either of those organisations but has comparable levels of regulatory supervision, the counterparty risk may total up to 10% of the value of the Investment Fund. OTC derivative transactions that are concluded with a central clearing unit of a stock exchange or another regulated market as contracting partner, shall not be counted towards the counterparty limits if the derivatives are subject to daily valuation at market prices with daily margin settlement.

10. Investment Limits for Securities and Money-Market Instruments

10.1 Issuer limits

The Company must comply with the limitations and restrictions specified in the Investment Act (InvG) and in the terms and conditions in its management of the Investment Fund.

The Company may invest up to 10% of the value of the Investment Fund in securities and money market instruments of the same issuer (borrower). The total value of the securities and

money market instruments of these issuers (borrowers) may not exceed 40% of the Investment Fund. In addition, only 5% of the Investment Fund may be invested in securities and money market instruments of the same issuer.

The Company may invest up to 35% of the value of the value of the Investment Fund in bonds, note loans and money market instruments of special public issuers as defined in Section 60 Para. 2 Sentence 1 InvG.

The Company may invest no more than 25% of the value of the Investment Fund in covered bonds. If the Company invests more than 5% of the value of the Investment Fund in these bonds, it must ensure that the total value of these bonds does not exceed 80% of the value of the Investment Fund.

The Company may invest no more than 20% of the value of the Investment Fund in a combination of the following assets:

- securities or money market instruments issued by any one institution,
 - deposits with that institution,
 - the applicable amounts for the counterparty risk of the derivative transactions entered into with this institution that are not admitted for trading on an exchange or included in another regulated market.
- In the case of special public issuers as defined in Section 60 Para. 2 Sentence 1 InvG, the Company may invest up to 35% of the value of the Investment Fund in a combination of the assets detailed in sentence 1. The respective individual upper limits remain unaffected in both cases.

The Company may invest more than 35% of the value of the Investment Fund in bonds, note loans and money-market instruments from one or more of the following issuers: the Federal Republic of Germany.

If this option is used, the securities/money market instruments held in the Investment Fund must be attributable to at least six different issues, whereby no more than 30% of the Investment Fund may be held in one issue. The Investment Fund may also be invested fully in bonds from one of the specified issuers.

Securities purchased under repurchase agreements are counted towards these investment limits.

10.2 Investment restrictions

Up to 10% of the value of the Investment Fund may be invested in securities as defined in Article 5 of the General Terms and Conditions. Securities purchased under repurchase agreements are counted towards these investment limits.

11. Lending Transactions

Assets contained in the Investment Fund may be lent to third parties at market rates. If the securities are transferred to a third party for an unlimited period, the Company may give notice to terminate the loan at any time. It shall be a term of contract that assets of the same kind, quality and quantity shall be returned to the Investment Fund at the end of the term of the loan. A requirement for the transfer of assets by way of a loan is that the Investment Fund be provided with sufficient collateral. Cash balances may be assigned or pledged, or securities can be assigned or pledged to satisfy this requirement. The Investment Fund shall receive the income from the collateral.

The borrower is also obliged to pay the interest accrued on the borrowed securities upon maturity of the loan to the custodian for the account of the Investment Fund. If securities are lent for a fixed period, such lending is limited to 15% of the value of the Investment Fund. The securities transferred to one borrower may not exceed 10% of the value of the Investment Fund.

The Company may not grant cash loans to third parties on the account of the Investment Fund.

12. Securities Repurchase Agreements

The Company may conclude securities repurchase agreements for the account of the Investment Fund with credit institutions and financial services institutions for a maximum period of twelve months. Repurchase agreements are only permitted in the form of "genuine repurchase agreements". In doing so, the pledgee assumes the obligation to re-transfer the assets at a specific time or at a time to be determined by the pledgor.

13. Borrowing

On the joint account of the investors, the Company may raise short-term loans for amounts of up to

10% of the value of the Investment Fund, provided the terms of the loan are at market rates and the custodian consents to the loan.

14. Valuation

14.1 General rules for asset valuation

Assets that are admitted for trading on an exchange or that are listed on or included in another regulated market, as well as subscription rights for the Investment Fund, will generally be valued at their market price, unless indicated otherwise in the section below entitled "Special valuation rules".

Assets that are admitted for trading on an exchange or listed on or included in another regulated market, or for which there is no trading price, will be valued at their current market value deemed appropriate on the basis of a careful assessment using suitable valuation models and consideration of current market conditions, unless indicated otherwise in the section below entitled "Special valuation rules".

14.2 Special valuation rules for individual assets

14.2.1 Unlisted bonds and note loans

For the purposes of valuing bonds that are not admitted for trading on an exchange or listed on or included in a regulated market (e.g. unlisted debt instruments, commercial papers and certificates of deposit) and for the valuation of note loans, the market prices agreed for comparable bonds and note loans and, if applicable, the market prices of bonds from comparable issuers and with equivalent maturities and interest rates shall be used, less a discount to compensate for limited marketability, if necessary.

14.2.2 Money-market instruments

In the case of the money market instruments in the Investment Fund, interest and related income as well as expenses (e.g. management fees, auditors' fees, publication costs, etc.) shall be taken into account up to and including the day prior to the value date.

14.2.3 Derivatives

Options owned by an investment fund and liabilities from options granted to third parties that are admitted for trading on an exchange or included in another regulated market shall be valued at the last known price.

The same shall apply to claims and liabilities arising from forward contracts concluded for the account of the Investment Fund. The initial margins charged to the Investment Fund shall be

included in the value of the Investment Fund, taking into account the gains and losses in valuation established on the exchange trading day. Swaps shall be valued at the market value deemed appropriate on the basis of a careful assessment using suitable valuation models and taking into consideration overall circumstances.

14.2.4 Bank balances, other assets, liabilities, time deposits and investment fund units

Bank balances and certain other assets (e.g. interest claims), claims, e.g. accrued interest claims as well as liabilities are generally valued at their nominal value.

Time deposits are valued at the yield price if the time deposit can be terminated at any time and repayment upon termination is at the yield price. Investment fund units are generally valued at redemption price. Exchange-traded investment funds may also be valued at the last known daily price.

14.2.5 Lending transactions

The market price of the assets transferred as loans shall be applied in the valuation of repayment claims arising from securities lending.

14.2.6 Securities repurchase agreements

Securities subject to repurchase agreements for the account of the Investment Fund shall continue to be taken into account in the valuation. The amounts received for the account of the Investment Fund under securities repurchase agreements shall be shown as liquid funds (bank balance).

Securities acquired under repurchase agreements for the account of the Investment Fund shall not be included in the valuation. Because of the payment made by the Investment Fund, a claim against the pledgor in the amount of the discounted repayment obligations shall be taken into account in the valuation.

14.2.7 Assets denominated in currencies other than the fund currency

Assets denominated in currencies other than the fund currency shall be converted to euros on a same-day basis, using the The WM Company's afternoon fix for the currency for the exchange rate.

15. Performance

As the Investment Fund was only launched on 16 March 2009, no statement can yet be made concerning its performance.

Past performance of the Investment Fund is not necessarily a guide to future results.

16. Risk Notices

Due to its composition and the techniques used by fund management, the Investment Fund possesses a high degree of volatility, i.e. even within short periods of time the unit prices may be subject to significant fluctuations upwards or downwards.

The performance of the Investment Fund is influenced in particular by the following factors, which give rise to both opportunities and risks:

- performance on bond markets.

16.1 General

The assets in which the Company invests for the account of the Investment Fund contain risks as well as opportunities for growth. Losses may be incurred if the market value of the assets decreases in relation to the purchase price. If an investor sells units in the Investment Fund on a date on which the prices of the assets in the Investment Fund have fallen in comparison with the date on which the units were purchased, this will result in his getting back none of the money he invested in the Investment Fund or less than the full amount. Although each Investment Fund seeks steady growth, such growth cannot be guaranteed. However, investor risk is limited to the amount invested. Investors will not be required to make any payments beyond the sum invested.

16.2 Possible range of investment

In observance of the investment principles and limits stipulated in the InvG and the terms and conditions, the investment policy may be directed at acquiring assets primarily, for example, from only a few sectors, markets or regions/countries. The focus on a few specific investment sectors may be associated with particular opportunities, but they are countered by corresponding risks (e.g. narrow markets, a broad range of fluctuation within certain economic cycles). The annual report contains information on the content of investment policy retrospectively for the past reporting year.

16.3 Risk of deviation

Temporary unavailability of certain securities on the market or other exceptional circumstances may lead to a deviation from the exact index performance. Furthermore, the Investment Fund incurs transaction costs and other costs, fees or taxes and levies when tracking the Underlying Index, which are not reflected in calculating the index. As a result, the Investment Fund may not be able to completely replicate the performance of the Underlying Index.

16.4 Risk of loss

If the Underlying Index decreases in value, investors are fully exposed to the risk of falling market price of their fund units.

16.5 Market risk

The price performance or market performance of financial products is especially dependent on the performance of the capital markets, which in turn are influenced by the general state of the global economy and by the economic and political conditions in the respective countries. Irrational factors such as sentiment, opinions and rumours have an effect on general price performance, particularly on a stock exchange.

16.6 Country or transfer risk

Country risk refers to the risk that a foreign debtor, despite solvency, cannot make payments on time or cannot make them at all, due to lack of the ability or willingness to transfer payments on the part of his country of residence. This means that, for example, payments to which the Investment Fund is entitled may not be made, or they may be made in a currency that is no longer convertible due to restrictions on currency exchange.

16.7 Settlement risk

In particular when investments are made in unlisted securities, there is the risk that the settlement through a transfer system may not be executed as expected because of delayed payment or delivery or because of payment or delivery not as agreed by contract.

16.8 Liquidity risk

It is also permitted to acquire for the Investment Fund assets that are not admitted for official trading on an exchange or included in a regulated market. Acquiring assets of this type incurs the risk that there may in particular be problems in selling the assets on to third parties.

16.9 Risk of default

The default of an issuer or counterparty may result in losses for the Investment Fund. Issuer risk describes the effect of the particular developments concerning the respective issuer

which, in addition to the general trends on the capital markets, have an effect on the price of a security. Even when securities are carefully selected, the possibility cannot be excluded that losses may result from a decline in the assets of issuers. Counterparty risk comprises the risk that a counterparty to a reciprocal contract partially or completely defaults on its liabilities. This applies to all contracts that are entered into on behalf of an investment fund.

16.10 Currency risk

If assets of an investment fund are invested in currencies other than the fund currency, the Investment Fund receives the income, repayments and proceeds from such investments in the respective currency. If the value of this currency falls in relation to the fund currency, this reduces the value of the Investment Fund.

16.11 Custodial risk

When assets are held in custody, especially in foreign countries, there is a risk of loss resulting from the insolvency, violation of due diligence or improper conduct on the part of the custodian or a sub-custodian.

16.12 Concentration risk

Since the Underlying Index is tracked, the Investment Fund focuses on investing in assets of a particular market. This makes the Investment Fund dependent on the performance of this market, and not on the overall market.

16.13 Performance risk

Positive performance cannot be assured in the absence of a guarantee provided by a third party. In addition, assets acquired for investment may develop differently from performance expected on acquisition.

16.14 Political risk/regulatory risk

The Investment Fund may invest abroad. This involves the risk of detrimental international political developments, changes in government policy, taxation and other changes in the legal status.

16.15 Inflation risk

All assets are subject to devaluation through inflation.

16.16 Legal and tax risk

The legal and tax treatment of investment funds may change in ways that cannot be predicted or influenced. A change in mistakenly established tax bases for previous fiscal years (e.g. by the external auditor) may lead, when a correction is disadvantageous to the investor, to the investor having to bear the tax burden for previous fiscal years even though that investor may not have been

invested in the Investment Fund at that time. Conversely, the situation may arise where an investor may no longer benefit from an advantageous correction relating to the current and previous fiscal years in which he was invested in the Investment Fund because he has redeemed or sold his units before the related change is implemented.

Furthermore, a correction to tax data may lead to taxable income or tax advantages being assessed in a tax year other than the one to which it/they actually relate and to this having a negative effect on the individual investor.

16.17 Change in investment policy

A change to the investment policy within the investment spectrum permitted for the Directive-compliant investment fund can change the substance of the risk associated with the Investment Fund.

16.18 Amendment to terms and conditions; liquidation or merger

In the terms and conditions for the Investment Fund, the Company reserves the right to change those terms and conditions. In addition, the Company may, in accordance with the terms and conditions, completely liquidate the Investment Fund or merge it with another investment fund which it also manages. For the investor, this entails the risk that the holding period planned by the investor will not be realised.

16.19 Risk of suspension of redemption

Investors may request the redemption of their units from the Company on any valuation day. The Company may, however, temporarily suspend redemption of units for a limited time in exceptional circumstances and then redeem the units at a later date at the applicable price at that time. This price may be lower than the one before suspension of redemption.

16.20 Risk of changes in interest rates

Investing in fixed-interest securities is associated with the possibility that the level of market interest rates existing at the time a fixed-interest security is issued can change. If market interest rates rise in comparison with the interest rates at the time of issue, the prices of fixed-interest securities will generally fall. If, on the other hand, the market interest rate falls, the price of fixed-interest securities will rise. This price trend means that the current return on a fixed-interest security is roughly equivalent to the current market interest rate. The price fluctuations are different, however, depending on the maturity of the fixed-interest securities. Fixed-interest securities with shorter maturities generally have lower price risks than fixed-interest securities with longer maturities.

However, fixed-interest securities with shorter maturities generally have lower returns in comparison with fixed-interest securities with longer maturities.

Due to their short maturity of not more than 397 days, money-market instruments tend to have lower price risks.

16.21 Risks related to derivative transactions

Buying and selling options as well as entering into forward contracts or swaps involve the following risks:

- Price changes in the underlying security may reduce the value of an option right or forward contract such that it is valueless. The Investment Fund may also suffer losses due to change in value of the asset on which a swap is based.

- Any necessary back-to-back transactions (closing of position) incur costs.

- The leverage effect of options may affect the value of the fund's assets more than would be the case with the direct purchase of the underlying securities.

- The purchase of options entails the risk that the option is not exercised because the prices of the underlying securities do not rise as expected, and therefore the Investment Fund loses the option premium it paid. If options are sold, there is the risk that the Investment Fund may be obliged to buy assets at a price that is higher than the current market price, or obliged to deliver assets at a price which is lower than the current market price. In that case, the Investment Fund suffers a loss amounting to the price difference minus the option premium which had been received.

- Forward contracts also entail the risk that the Investment Fund may make losses due to market prices not having performed as expected at maturity.

17. Profile of a Typical Investor

Investment in the Investment Fund is suitable for investors who already have some experience in the financial markets. The investor must be willing and able to accept fluctuations in the value of the units and the possibility of a significant loss of capital. The investment horizon should be at least 5 years.

18. Units

The rights of the investors in the Investment Fund are certificated exclusively in global certificates. These global certificates shall be held in custody

by a central depository for securities. No claim can be made by an investor for the delivery of individual unit certificates. It is only possible to acquire units in conjunction with depository custody. The units are bearer units and certify the claims of the bearer vis-à-vis the Company.

19. Issue and Redemption of Units by the Company

The Company prohibits all activities involving market timing or similar practices and reserves the right to refuse subscription and exchange applications if such practices are suspected. In such cases, the Company will take all measures necessary to protect the other investors in the Fund.

19.1 Issue of units

The number of units issued is not restricted. The units may be acquired from a Designated Sponsor. Units shall be issued by the custodian at the issue price, which corresponds to the net asset value per unit plus an issue premium. The Company reserves the right to temporarily suspend or to terminate the issue of units.

Concerning the issue of units, the Company defines a daily order acceptance deadline. For the Investment Fund, this is 4:30 pm at the Company or at the custodian. If a purchase order is received at the Company or the custodian before the order acceptance deadline, it shall be settled at the issue price corresponding to this order acceptance deadline. If a purchase order is not received until after the order acceptance deadline, issue and settlement shall be postponed to the next unit price. The order acceptance deadline may be amended by the Company at any time and is announced on the Internet website: www.etflab.de. The equivalent value is charged two banking days after issue of the units.

19.2 Redemption of units

Investors may demand the redemption of units on any valuation day. The custodian is the redemption agent. The Company is obliged to redeem units at the applicable redemption price, which corresponds to the net asset value per unit less a redemption fee, if applicable.

Concerning the redemption of units, the Company defines a daily order acceptance deadline. For the Investment Fund, this is 4:30 pm at the Company or at the custodian. If a sales order is received at the Company or the custodian before the order acceptance deadline, it shall be settled at the redemption price corresponding to this order acceptance deadline. If a sales order is not received until after the order acceptance deadline,

redemption of the units and settlement shall be postponed to the next unit price. The order acceptance deadline may be amended by the Company at any time and is announced on the Internet website: www.etflab.de. The equivalent value is credited two banking days after redemption of the units.

20. Stock Exchanges and Markets

The Investment Fund units may also be acquired and sold through a stock exchange.

20.1 General

The units of the Investment Fund are admitted for trading on the following stock exchange: Frankfurt Stock Exchange, Deutsche Börse AG, Neue Börsenstrasse 1, 60487 Frankfurt/Main, Germany

The possibility of units being traded on other markets cannot be excluded.

Deutsche Börse calculates the indicative net asset value of the Investment Fund continuously during trading hours. The Company provides Deutsche Börse AG with the information required to calculate the indicative net asset value once a day. The market price underlying exchange trading or dealing in other markets is not determined exclusively by the value of the assets held in the Investment Fund. Supply and demand are also contributing factors. For this reason, the market price may deviate from the calculated price of the units.

20.2 Designated Sponsor

The Designated Sponsor, also called "market maker", ensures sufficient liquidity for both buyers and sellers. A Designated Sponsor provides a purchase (bid) price and a sales (ask) price at which investors can purchase or sell fund units at any time.

20.3 Risks of exchange trading

The obligation of the Designated Sponsor to maintain liquidity is limited to certain volumes (minimum quotation volumes) at maximum spreads. The minimum quotation periods of bid and offer prices do not usually extend to the entire effective trading period. Consequently, there may be short interruptions in the provision of prices, with the result that an order may be executed outside the quality criteria specified for that exchange.

20.4 Issue and redemption of units on the stock exchange

Investors can place orders on the relevant stock exchange through their banks or brokers to purchase or sell units in the Investment Fund.

Investors are generally charged for this service. The Company has no control over these charges. No issue premiums or redemption fees apply to units purchased or sold on an exchange. Normal costs and fees associated with stock exchange trading and custody are not affected by the above.

21. Suspension of the Redemption of Units

The Company may temporarily suspend redemption of units in exceptional circumstances when suspension appears necessary to protect the interests of the investors. Exceptional circumstances include, for example, if there is an unscheduled closing of a stock exchange on which a significant portion of the securities of the Investment Fund is traded or if the assets of the Investment Fund cannot be valued.

The Company reserves the right to redeem or exchange the units at the current price only after it has promptly sold assets held by the Investment Fund with due consideration of the interests of all investors.

The Company shall notify the investors about suspension of the redemption of units and its resumption by means of an announcement in the electronic version of the Federal Gazette [*Bundesanzeiger*] and additionally in business publications or daily newspapers with sufficient circulation, or on the Internet website: www.etflab.de.

22. Issue and Redemption Prices and Expenses

22.1 Issue and redemption price

On each valuation day, the Company shall determine the value of the assets held in the Investment Fund less liabilities (net asset value) for the purpose of calculating the issue and redemption prices for the units.

The net asset value of the Investment Fund calculated in this manner divided by the number of issued units shall be equal to the net asset value per unit, hereinafter referred to as the "Net Asset Value per unit".

All exchange trading days are valuation days for units of the Investment Fund. On public holidays in Germany which are trading days, as well as on 24 December and 31 December of each year, the Company and the custodian may refrain from calculating the value. No calculation of unit price currently takes place on New Year's Day, Good Friday, Easter Monday, May Day, Ascension Day,

Whit Monday, Corpus Christi, Day of German Unity (3 October), 24 December, Christmas Day and Boxing Day, and New Year's Eve.

The Company may temporarily suspend calculation of the issue and redemption prices under the same conditions as for redemption of units. These circumstances are explained in more detail in the section entitled "21. Suspension of the Redemption of Units".

22.2 Issue premium

When the issue price is determined, an issue premium shall be added to the Net Asset Value per unit. The issue premium for the Investment Fund is 2% of the Net Asset Value per unit. The Company may adopt a lower issue premium at its discretion. This issue premium may reduce or even completely eliminate the performance, especially in the case of a short investment period. For this reason, a longer investment period is recommended when considering the purchase of units. The issue premium is basically a fee for distribution of the units of the Investment Fund. The Company may pass on the issue premium as compensation for distribution services provided by any intermediaries. No issue premium applies to units purchased on an exchange.

22.3 Redemption fee

When the redemption price is determined, a redemption fee is deducted from the Net Asset Value per unit. The redemption fee is 1% of the Net Asset Value per unit. The Company may charge a lower redemption fee at its discretion. This redemption fee may reduce or even completely eliminate the performance, especially in the case of a short investment period. For this reason, a longer investment period is recommended when considering the purchase of units. The redemption fee accrues to the Investment Fund. No redemption fee applies to units sold on an exchange.

22.4 Publication of issue and redemption prices

The issue and redemption prices will be published regularly in daily newspapers and business journals with sufficient circulation, and/or on the Internet website: www.etflab.de.

22.5 Costs incurred in the issue and redemption of units

No additional charges shall be levied for the issue and redemption of units by the Company or the custodian. Issue and redemption shall take place at the issue price (Net Asset Value per unit plus issue premium) and the redemption price (Net Asset Value per unit less redemption fee), respectively.

If units are redeemed via third parties, there may be charges associated with the redemption of units. If units are purchased via third parties, there may also be additional costs beyond the issue price.

22.6 Expenses

Fees and reimbursements of expenses from the Investment Fund to the Company, the custodian or third parties are not subject to approval by the German Federal Financial Supervisory Authority (BaFin).

The Company shall receive out of the assets of the Investment Fund a daily all-in fee of 0.15% p.a. of the Investment Fund's assets, based on the net asset value calculated each exchange trading day. The following fees and expenses are included in the all-in fee, and will not be charged separately to the Investment Fund:

- fee for managing the Investment Fund (fund management, administrative functions, distribution costs);
- customary bank custody fees including, if applicable, the customary bank expenses for holding foreign securities in custody abroad;
- the costs for printing and mailing the Annual Reports and Semi-Annual Reports intended for the unitholders;
- the cost of announcing the Annual Reports and Semi-Annual Reports, the issue and redemption prices and, if applicable, the distributions and any liquidation report;
- expenses for the audit of the Investment Fund by the Company's auditors;
- expenses for publication of the basis for taxation and certification that the tax information was determined in accordance with German tax law;
- the cost of the licence agreement;
- custodian fee.

The all-in fee can be withdrawn from the Investment Fund at any time.

In addition to the all-in fee payable to the Company, the following expenses can also be charged to the Investment Fund:

- any costs that may arise in connection with the acquisition and disposal of assets;
- any taxes that may arise in connection with administrative and custodial costs;
- costs for asserting and enforcing legal claims of the Investment Fund.

Ancillary costs incurred in connection with the purchase and sale of assets (transaction expenses) are not covered by the all-in fee and are charged additionally to the Investment Fund.

In addition, the Company may receive up to one half of the income from the conclusion of securities lending transactions for the account of the Investment Fund as an all-in fee in relation to

the expenses incurred in the preparation and execution of such transactions.

22.7 Composition of the total expense ratio (TER)

The management costs incurred by the Investment Fund (management fee and additional expenses that may be charged to the Investment Fund in accordance with Article 29 of the Special Terms and Conditions) are disclosed in the Annual Report and are expressed as a ratio of the Fund's average assets under management, the total expense ratio (TER). Transaction costs are not taken into account in the TER.

The Company does not obtain any reimbursement of the fees and reimbursement of expenses payable from the Investment Fund to the custodian and third parties.

Currently none of the fees paid from the Investment Fund to the investment company are used to remunerate agents for units in the investment fund on the basis of the number of units sold.

The Company may, at its discretion, agree with individual investors to refund to these investors some of the management fee received. This can be considered in particular if an institutional investor directly invests a large amount as a long-term investment.

22.8 Special arrangements on acquisition of investment fund units

In addition to the remuneration for management of the Investment Fund, management fees are charged for other investment fund units held in the Investment Fund. This involves the Investment Fund indirectly being charged target fund management fees, including performance-related fees, as well as issue premiums and redemption fees for the target funds. This applies likewise to other fees, reimbursement of expenses or other costs. In total, this can incur a high level of charges for investors.

The Annual Report and Semi-Annual Report shall contain a disclosure of the issue premiums and redemption fees that have been charged to the Investment Fund, over the period covered by the report, for the acquisition and redemption of units of other investment funds.

The Company may not charge issue premiums or redemption fees for the purchase of investment fund units that are managed directly or indirectly by the Company itself or by another company with which the Company is affiliated through a major direct or indirect participation; any such other company may not charge issue premiums or redemption fees for aforementioned transactions. The Company must furthermore disclose in the Annual Report and Semi-Annual Report the

management fees charged to the Investment Fund for the units held in the Investment Fund by another investment management company or an investment corporation with variable capital or another company affiliated with the Company through a significant direct or indirect participation, or a foreign investment company, including its management company.

23. Subfunds and Unit Classes

The Investment Fund is not a subfund of an umbrella fund. All units issued have the same rights. There are currently no unit classes.

24. Fiscal Year and Allocation of Income

24.1 Fiscal year

The fiscal year of the Investment Fund begins on 1 March and ends on 28/29 February.

24.2 Distribution

Within three months after the end of each fiscal year, the Company distributes the interest, dividends and income from investment fund units as well as compensation from securities lending and repurchase agreements that have accrued for the account of the Investment Fund during the fiscal year and have not been applied to cover costs. Interim distributions may be made in the course of the fiscal year. Further details can be obtained from the Internet website: www.etflab.de. Capital gains and other income may also be used for distributions.

24.3 Crediting of distributions

If the units are held in a custody account at the custodian, the custodian's branches credit the distributions to the account free of charge. If the custody account is held at another credit institution, there may be additional expenses.

25. Income Equalisation Procedure

The Company applies an income equalisation procedure for the Investment Fund. This means that the proportional income accruing during the fiscal year which the acquirer of the units must pay as part of the issue price and which the seller of the units receives in payment as part of the redemption price is continuously netted. The expenses incurred are taken into account in the calculation of the income equalisation procedure.

This income equalisation procedure serves to even out fluctuations in the ratio between income and other assets caused by the net capital inflows and outflows associated with the issue and redemption of units. Otherwise, every net inflow of liquid funds would reduce the income element of the Investment Fund's net asset value and every outflow would increase that element.

The overall effect of the income equalisation procedure is that the income per unit shown in the Annual Report is not influenced by the number of units in circulation. In the case of distributing investment funds, it is accepted that investors acquiring units shortly before a distribution date, for instance, will receive back the portion of the issue price attributable to income in the form of a dividend, even though their paid-in capital did not contribute to the generation of that income.

26. Liquidation and Transfer of the Investment Fund

Investors are not entitled to demand the liquidation of the Investment Fund. The Company may, however, terminate its management of an investment fund by giving six months' notice by way of an announcement in the online *Bundesanzeiger* and additionally in the Annual Report or Semi-Annual Report.

Moreover, the right of the Company to manage the Investment Fund shall lapse if insolvency proceedings concerning the assets of the Company are opened, or with the entering into legal force of the court decision by which a petition to open insolvency proceedings is rejected for lack of assets in accordance with Section 26 of the Insolvency Ordinance (*Insolvenzordnung* – InsO). In this case, the right of disposal with respect to the Investment Fund shall pass to the custodian, which shall wind it up or, with the approval of the Federal Financial Supervisory Authority (BaFin), shall transfer management to a different investment company.

Procedure upon the liquidation of the Investment Fund

In the event that the Investment Fund is liquidated, this shall be announced in the online *Bundesanzeiger* and, additionally, in a business publication and a daily newspaper with sufficient circulation, or on the Internet website www.etflab.de. The issue and redemption of fund units will be discontinued. Proceeds from the sale of Investment Fund assets, less the Investment Fund's liabilities and liquidation costs, will be distributed to the investors. Investors shall be entitled to claim their share of the proceeds on

sale of the Investment Fund's assets in proportion to fund units owned. The custodian has the right to deposit any unclaimed proceeds of the liquidation after a period of six months with the district court (*Amtsgericht*) having jurisdiction over the Company.

On the day on which its right to manage lapses, the Company shall prepare a liquidation report that meets the requirements of an annual report. No later than three months after the date of liquidation of the Investment Fund, the liquidation report shall be published in the online *Bundesanzeiger*.

27. Transfer of All Assets of the Investment Fund

All assets of the Investment Fund may be transferred to another investment fund at the end of the fiscal year, or with the consent of BaFin, on another transfer date. Likewise, all assets of another investment fund may be transferred to the Investment Fund.

The other investment fund must also be managed by the Company. Its investment principles and limits, the issue premiums and redemption fees, as well as the fees payable to the Company and the custodian, may not differ substantially from those of the Investment Fund.

Procedure for the transfer of an investment fund

On the transfer date, the values of the absorbing fund and the transferring fund are calculated, the exchange ratio is established, and the entire procedure is reviewed by an auditor. The exchange ratio is determined based on the ratio between the net asset value of the transferred fund and that of the absorbing fund as at the date of the transfer. The investor receives the number of units in the new investment fund, the value of which corresponds to the value of his units in the transferred investment fund.

All the assets of an investment fund may only be transferred to a different one with the approval of the Federal Financial Supervisory Authority (BaFin).

28. Summary of Tax Regulations Applicable to Investors (Law applicable from 1 January 2009)

All statements regarding tax regulations apply exclusively to investors who have unlimited tax liability in Germany. We recommend that, before

acquiring units in the Investment Fund described in this prospectus, foreign investors consult their tax advisors in order to clarify possible tax implications arising in their own country of residence as a result of the acquisition of units. As a special-purpose fund (*Zweckvermögen*), the Investment Fund is exempt from German corporation tax and trade tax. The taxable income of the Investment Fund is, however, treated as investment income (*Einkünfte aus Kapitalvermögen*) in the income tax returns of individual investors insofar as it, together with other investment income, exceeds the annual saver's allowance of EUR 801 (for single persons or spouses assessed separately) or EUR 1,602 (for spouses assessed jointly).

Investment income (*Einkünfte aus Kapitalvermögen*) is generally subject to a tax deduction of 25% (plus solidarity surcharge and, if applicable, church tax). Investment income also includes the income distributed by the Investment Fund, income equivalent to distributions and the interim profit, as well as the gain from the purchase and sale of fund units acquired after 31 December 2008.¹

The tax deduction is generally treated as a withholding tax, such that the investment income should not normally be declared in the investor's income tax return. When applying the withholding tax, the institution maintaining the custody account generally carries out loss offsetting and counts foreign withholding taxes towards the liability. However, the tax deduction does not have any withholding effect if the personal rate of taxation is less than the withholding rate of 25%. In this case, investment income may be declared on the income tax return. The tax office then applies the lower personal rate of taxation and offsets the tax deduction made against the individual tax liability ("higher-yield test").

Insofar as investment income was not subject to tax deduction (because, for example, a gain from the sale of fund units is obtained in a foreign custody account), such income must be declared on the tax return. In the context of tax assessment, investment income is then likewise subject to the withholding rate of 25% or the personal rate of taxation, whichever is lower.

Notwithstanding the tax deduction and higher personal rate of taxation, information about investment income may be required if exceptional

¹ Gains from the sale of fund units acquired before 1 January 2009 are tax-exempt for individual investors if the period between acquisition and sale is more than one year.

charges or special expenses (e.g. donations) are being claimed on the income tax return.

If the units are included in operating assets (*Betriebsvermögen*), the income will be taxable as operating income (*Betriebseinnahmen*). Under current tax legislation, the taxable income and taxable investment income components are calculated differently.

28.1 Units held as personal assets (taxpayers resident in Germany)

28.1.1 Gains from the sale of securities, gains from forward transactions and income from option writer premiums

Investors are not assessed for gains from the sale of equities, participation certificates similar to equity capital and investment fund units, gains from forward transactions as well as income from option writer premiums obtained at the level of the Investment Fund, provided they are not distributed. In addition, investors are not assessed for gains from the sale of equity claims indicated in Section 1 Para. 3 Sentence 3 No. 1 Letters a) to f) InvStG, provided they are not distributed.

These include the following equity claims:

- a) Equity claims that have an issue yield,
- b) "Normal" bonds and uncertificated claims with fixed coupon as well as down-rating bonds, floaters and reverse floaters,
- c) Risk certificates that track the price of a stock or a published index for a majority of equities in the ratio 1:1,
- d) Equity-linked bonds, exchange bonds and convertible bonds,
- e) Flat-traded income bonds and debt capital participation certificates, and
- f) Warrant-linked bonds acquired "cum".

If gains from the sale of the above securities/equity claims, gains from forward transactions and income from option writer premiums are distributed, they are generally taxable and are subject to a withholding tax of 25% (plus solidarity surcharge and, if applicable, church tax) if the units are held in custody within Germany. Distributed gains from the sale of securities and from forward transactions are tax-exempt, however, if the securities were acquired at the level of the Investment Fund prior to 1 January 2009 or the forward transactions were entered into prior to 1 January 2009.

Gains from the sale of equity claims not included in the above list are treated like interest for tax purposes (see below).

28.1.2 Interest and related income as well as foreign dividends

Interest and related income as well as foreign dividends are generally taxable for the investor. This applies irrespective of whether such income is accumulated or distributed.

Distributed or accumulated interest and related income as well as foreign dividends of the Investment Fund are generally subject to a tax deduction of 25% (plus solidarity surcharge and, if applicable, church tax).

The tax deduction will not apply if the investor is resident in Germany for tax purposes and submits an application for exemption (*Freistellungsauftrag*), provided that the taxable income element does not exceed EUR 801 per individual assessment and EUR 1,602 per couple filing a joint return.

The same applies to those who submit a tax exemption certificate (*NV-Bescheinigung*), and to foreign investors upon verification of their status as non-resident taxpayers.

If the units of an investment fund that distributes dividends in accordance with tax law are held by a domestic investor in a domestic custody account with the investment company or at a credit institution (custody arrangement), the tax deduction will not be withheld by the credit institution maintaining the custody account as paying agent if an official application for exemption made out in a sufficiently high amount or a tax exemption certificate, issued by the tax authorities for a maximum period of three years, is presented to it before the specified distribution date.

If it is a German investment fund that accumulates in accordance with tax law, the tax deduction on accumulated interest, related income as well as foreign dividends of the Investment Fund at 25% (plus solidarity surcharge) will be withheld by the investment company itself. Issue and redemption prices of fund units will be correspondingly reduced by the tax deduction at the end of the fiscal year. Since the investment company's investors are not usually known, church tax cannot be withheld in this case. In this respect, investors who are subject to church tax must provide the relevant information in their income tax returns. If the units are held in a custody account with a German credit institution or a German investment company, investors who submit an application for exemption made out in a sufficiently high amount or a tax exemption certificate to the custodian of the account before the end of the Investment Fund's fiscal year will have the paid tax deduction credited to their account.

If the application for exemption or tax exemption certificate is not presented or not presented in time, the investor will, upon request, receive a tax certificate from the credit institution maintaining

the custody account stating the amount of tax deduction withheld and paid and the solidarity surcharge. The investor then has the opportunity to offset the tax deduction against his individual income tax liability on submission of his income tax return.

If units of distributing investment funds are not held in custody in a custody account and coupons are not presented to a domestic credit institution (self-custody arrangement), the tax deduction in the amount of 25% plus solidarity surcharge.

28.1.3 German dividends

German dividends that are distributed or accumulated by the Investment Fund are generally taxable for the investor.

On distribution or accumulation, a withholding tax of 25% (plus solidarity surcharge) is made from the German dividend by the investment company.

On distribution, the institution maintaining the custody account also takes into account any application for withholding of church tax. The investor will receive an immediate full refund of the tax deduction of 25% (plus solidarity surcharge), provided that the units are held in a custody account at the investment company or at a German credit institution and that an application for exemption made out in a sufficiently high amount or a tax exemption certificate has been submitted. Alternatively, the investor can have the tax deduction of 25% (plus solidarity surcharge) offset against his personal income tax liability, on submission of the tax certificate from the credit institution maintaining the custody account.

28.1.4 Negative taxable income

If negative income remains after offsetting against the same type of positive income at the level of the Investment Fund, such income is carried forward for tax purposes at the level of the Investment Fund. It can be used at the level of the Investment Fund to offset future positive taxable income of the same type in subsequent years. It is not possible to allocate negative taxable income directly to the investor. These negative amounts thus have no effect on the investor's income tax until the assessment period (tax year) in which the fiscal year of the Investment Fund ends, or that in which the distribution for the fiscal year of the Investment Fund takes place, for which the negative taxable income is offset at the level of the Investment Fund. It is not possible for the investor to apply these amounts to his income tax prior to this time.

28.1.5 Repayments of capital

Repayments of capital are not taxable.

Repayments of capital that investors have received during their period of ownership shall nevertheless be added to the taxable result from

the sale of the fund units, i.e. they increase the taxable gain.

28.1.6 Capital gains at investor level

If units in an investment fund that were acquired after 31 December 2008 are sold by a private investor, the capital gain is subject to the withholding rate of 25%. Insofar as the units are held in a German custody account, the institution maintaining the custody account applies the tax deduction. The tax deduction of 25% (plus solidarity surcharge and, if applicable, church tax) may be avoided by submission of an application for exemption made out in a sufficiently high amount or a tax exemption certificate.

If an individual investor sells units of an investment fund that were acquired prior to 1 January 2009 within one year following their acquisition ("speculation period"), capital gains are generally taxable as income from personal sales transactions. If the total gain from "personal sales transactions" during one calendar year is less than EUR 600, it is tax-exempt (exemption limit). If the exemption limit is exceeded, all personal capital gains are taxable in full.

If an individual investor sells units acquired prior to 1 January 2009 outside of the speculation period, such capital gains are tax-exempt. When calculating capital gains, interim profits obtained at the time of acquisition must be deducted from the acquisition costs, and interim profits obtained at the time of sale must be deducted from the sales price, in order to avoid double assessment of income tax on interim profits (see below). Accumulated income on which investors have already paid tax must also be deducted from the sales price in order to avoid double taxation in this case as well.

Gains from the sale of fund units acquired after 31 December 2008 are tax-exempt insofar as such gains are attributable to income that accrued during the period of ownership in the fund, that has not yet been recognised at investor level, and that is tax-exempt under double taxation agreements (so-called pro rata real estate profit). The investment company publishes the real estate profit as a percentage of the Investment Fund's net asset value per unit on each valuation day.

28.2 Units held as operating assets (taxpayers resident in Germany)

28.2.1 Gains from the sale of securities, gains from forward transactions and income from option writer premiums

Investors are not assessed for gains from the sale of equities, participation certificates similar to equity capital and investment fund units, gains from forward transactions as well as income from option writer premiums obtained at the level of the

Investment Fund, provided they are not distributed. In addition, investors are not assessed for gains from the sale of equity claims indicated in Section 1 Para. 3 Sentence 3 No. 1 Letters a) to f) InvStG, provided they are not distributed.

These include the following equity claims:

- a) Equity claims that have an issue yield,
- b) "Normal" bonds and uncertificated claims with fixed coupon as well as down-rating bonds, floaters and reverse floaters,
- c) Risk certificates that track the price of a stock or a published index for a majority of equities in the ratio 1:1,
- d) Equity-linked bonds, exchange bonds and convertible bonds,
- e) Flat-traded income bonds and debt capital participation certificates, and
- f) Warrant-linked bonds acquired "cum".

If these gains are distributed, investors must take them into account in their tax returns. Capital gains on equities are completely² exempt from taxes for incorporated investors, while 40% of these gains are tax-exempt for other business investors, such as sole traders (partial income procedure). The full amount of capital gains on bonds/equity claims, profits from forward transactions and income from option writer premiums is subject to tax.

Gains from the sale of equity claims not included in the above list are treated like interest for tax purposes (see below).

Distributed gains on the sale of securities, distributed profits from forward transactions and distributed income from option writer premiums are generally subject to withholding tax (investment income tax 25% plus solidarity surcharge). This does not apply to gains from the sale of securities acquired prior to 1 January 2009 and profits from forward transactions entered into prior to 1 January 2009. The paying agent makes no withholding in particular when the investor is a corporation with unlimited tax liability or the capital gains represent business income from a domestic company and the holder of the capital gains has made an official declaration to the paying agent in this regard.

28.2.2 Interest and related income

Interest and related income is generally taxable³ for the investor. This applies irrespective of

whether such income is accumulated or distributed.

An exemption from or refund of the tax deduction is only possible on submission of a relevant tax exemption certificate. Otherwise, the investor receives a tax certificate on the tax deduction.

28.2.3 German and foreign dividends

Dividends from German and foreign public limited companies, which are distributed or accumulated in respect of units held as operating assets, are tax-exempt for corporations, with the exemption of dividends under the REITG [Real Estate Investment Trust Act].⁴ Sole traders are taxed on 60% of this income (partial income procedure).

Domestic dividends are subject to the withholding tax (investment income tax 25% plus solidarity surcharge).

Foreign dividends are generally subject to the withholding tax (investment income tax 25% plus solidarity surcharge). The paying agent makes no withholding in particular when the investor is a corporation with unlimited tax liability (whereby corporations as defined in section 1 sub-section 1 nos. 4 and 5 of the German Corporation Tax Act (Körperschaftsteuergesetz – KStG) are required to present a certificate from the competent tax office to the paying agent) or the foreign dividends represent business income from a domestic company and the holder of the capital gains has made an official declaration to the paying agent in this regard.

28.2.4 Negative taxable income

If negative income remains after offsetting against the same type of positive income at the level of the Investment Fund, such income is carried forward for tax purposes at the level of the Investment Fund. It can be used at the level of the Investment Fund to offset future positive taxable income of the same type in subsequent years. It is not possible to allocate negative taxable income directly to the investor. These negative amounts thus have no effect on the income tax or corporation tax of the investor until that assessment period (tax year) in which the fiscal year of the Investment Fund ends, that in which the distribution for the fiscal year of the Investment Fund takes place, for which the negative taxable income is offset at the level of the Investment Fund. It is not possible for the investor

² 5% of the capital gains from equities are considered to be non-deductible operating expenses in the case of corporations and are therefore subject to tax.

³ In accordance with section 2 sub-section 2a InvStG, the taxable interest income is taken into account in the

interest ceiling rule under section 4h of the German Income Tax Act (Einkommensteuergesetz – EstG).

⁴ 5% of the tax-exempt capital gains are considered to be non-deductible operating expenses in the case of corporations and are therefore subject to tax.

to apply these amounts to his income tax or corporation tax prior to this time.

28.2.5 Repayments of capital

Repayments of capital are not taxable. For investors required to prepare accounts, this means that the repayments of capital must be recognised as income in the financial accounts and an offsetting liability must be recorded as an expense in the tax accounts, thus technically reducing the historical acquisition cost without affecting tax.

28.2.6 Capital gains at investor level

Gains from the sale of units held as operating assets are generally tax-exempt for corporations. However, the income already received by the investor from a tax viewpoint, although still included in the redemption price of the Investment Fund, for which the investor had previously recorded an offsetting asset, reduces the taxable capital gain. Conversely, previous capital distributions increase the taxable capital gain.

Gains from the sale of units held as operating assets are generally tax-exempt⁵ for corporations provided the gains originate from dividends that have not yet accrued, or dividends that are regarded as not yet accrued, and realised as well as unrealised capital gains of the Investment Fund from German and foreign equities ("equity gain"). Sole traders are taxed on 60% of these capital gains.

The investment company publishes the equity gain as a percentage of the Investment Fund's net asset value per unit on each valuation day.

Gains from the sale of fund units are also tax-exempt insofar as such gains are attributable to income that accrued during the period of ownership in the fund, that have not yet been recognised at investor level, and that are tax-exempt under double taxation agreements (so-called pro rata real estate profit).

The investment company publishes the real estate profit as a percentage of the Investment Fund's net asset value per unit on each valuation day.

28.3 Non-resident taxpayers

If a non-resident taxpayer has units of distributing investment funds held in custody at a credit institution in Germany (custody arrangement), the units will be exempt from tax deduction on interest, related income, the sale of securities, profits from forward transactions and foreign

dividends, provided that he can furnish proof of his status as a non-resident. Any possible credit or refund of the tax deduction on German dividends for foreign investors is dependent on existing double taxation treaties between the country in which the residence or corporate registered office of the investor is located and the Federal Republic of Germany. If that custodian has no knowledge of the investor's status as a non-resident or if proof of such non-resident status is not provided on time, the foreign investor must apply for a refund of the tax deduction in accordance with Section 37 Para. 2 of the German Fiscal Code (*Abgabenordnung* – AO). The competent tax office for this procedure is the tax office of the custodian maintaining the custody account.

If a non-resident investor has units of accumulating investment funds held in custody at a credit institution in Germany, 25% of the tax deduction plus solidarity surcharge will be reimbursed to him upon verification of his status as a non-resident, provided such deduction is not attributable to German dividends. If the refund application is delayed, a refund can be applied for even after the accumulation date in accordance with Section 37, Para. 2 of the German Fiscal Code (AO), as is the case if there is a delay in verification of non-resident status for distributing funds.

28.4 Solidarity surcharge

A solidarity surcharge of 5.5% is levied on the tax deduction payable on dividends or accumulations. This solidarity surcharge can be offset against income tax and corporation tax.

If there is no liability for tax deduction or if there is a credit of the tax deduction on accumulation, e.g. in the case of an application for exemption made out in a sufficiently high amount, a tax exemption certificate or proof of status as a non-resident taxpayer, no solidarity surcharge is payable or, in the case of accumulation, the withheld solidarity surcharge is credited.

28.5 Church tax

Insofar as the income tax is already levied by a German credit institution maintaining the custody account (withholding agent) through the tax deduction, the applicable church tax, based on the rate applied by the religious community to which the taxpayer belongs, is levied as a surcharge to the tax deduction. For this purpose, the person liable to church tax must notify the withholding agent of his religious affiliation in a written application. In the application, spouses must also indicate the ratio of the investment income portion attributable to each of the spouses to the total investment income of the spouses, in order that the church tax can be split, withheld and paid in line with this ratio. If no indication is made in this regard, the tax will be split evenly.

⁵ 5% of the tax-exempt capital gains are considered to be non-deductible operating expenses in the case of corporations and are therefore subject to tax.

The church tax is taken into account as a special expense at the time of the deduction of the withholding tax.

28.6 Foreign withholding tax

Some foreign income earned by the Investment Fund is subject to withholding taxes retained in the country of origin.

The investment company may deduct the allowable withholding tax as income-related expenses at the level of the Investment Fund. In such a case, foreign withholding tax is neither allowable nor deductible at investor level.

If the investment company elects not to exercise its option to deduct the foreign withholding tax at fund level, the allowable withholding tax is recognised as reducing the tax deduction. Portions of the issue price attributable to income for issued units that may be used for distribution (income equalisation procedure) shall be treated for tax purposes in the same way as the income to which these portions of the issue price are attributable.

28.7 Separate determination, external audit

The bases of taxation calculated at the level of the Investment Fund shall be determined separately. To this end, the investment company must submit an assessment return (*Feststellungserklärung*) to the competent tax authorities. Amendments to the assessment return, e.g. amendments made in the course of an external audit (Section 11 Para. 3 Investment Taxes Act (InvStG)) by the tax authorities, shall become effective for the fiscal year in which the amended assessment can no longer be contested. The tax allocation of this amended assessment to the investor is then carried out at the end of the fiscal year or on the distribution day for that fiscal year.

Economically, therefore, error adjustments affect those investors who are invested in the Investment Fund at the time of adjusting for errors. The tax effects may be either positive or negative.

28.8 Taxation of interim profits

Interim profits consist of income from interest received or accrued that is included in the sales or redemption price, as well as gains from the sale of equity claims indicated in Section 1 Para. 3 Sentence 3 No. 1 Letters a) to f) InvStG which have not yet been distributed or accumulated by the fund and consequently have not yet become taxable for the investor (comparable to accrued interest from fixed-income securities). The interim profit earned by the Investment Fund is subject to income tax when units are redeemed or sold by resident taxpayers. The withholding tax on interim profits is 25% (plus solidarity surcharge and, if applicable, church tax).

The interim profits paid upon acquisition of units can be offset as negative income against income tax in the year in which they were paid. They are already recognised for purposes of withholding, thus reducing tax liability. If interim profits are not published, 6% p.a. of the payment for redemption or sale of the investment unit is measured as interim profits.

Interim profit amounts are also usually included in the statements and performance reports provided by the banks.

28.9 Consequences of the merger of investment funds

If all the assets of an investment fund are transferred to another investment fund in accordance with Section 40 Investment Act (InvG), this does not result in the disclosure of unrealised gains either for the investors or for the investment funds concerned, i.e. such a transaction is not relevant for tax purposes.

28.10 Transparent, semi-transparent and non-transparent taxation

The taxation principles outlined above ("transparent taxation") only apply if full information is provided on the bases of taxation as defined in Section 5 Para. 1 InvStG ("tax information notification requirement"). This also applies in cases where the Investment Fund has acquired units of other German investment funds and joint-stock investment companies, EC investment fund units, and foreign investment fund units that are not EC investment fund units (target funds as defined in Section 10 InvStG), and where these are in compliance with the notification requirements applicable to them. The investment company makes every effort to disclose all bases of taxation to which it has access.

The required notification cannot be guaranteed, however, particularly if the Investment Fund has acquired target funds, and these funds do not fulfil the tax notification requirements to which they are subject. In this case, the distributions and the interim profits of the respective target fund, as well as 70% of the increase in value of the respective target fund during the prior calendar year (but being no less than 6% of the redemption price), shall be stated as taxable income at the level of the Investment Fund.

The investment company also makes every effort to disclose all bases of taxation outside Section 5 Para. 1 InvStG (such as, in particular, equity gain, property gain and interim profits).

28.11 EU Savings Tax Directive / Interest Information Regulation

The German Interest Information Regulation (ZiV), by which Council Directive 2003/48/EC dated 3

June 2003, Official Journal of the EU No. L 157 p. 38 is implemented, is intended to ensure that the interest income of natural persons in the territory of the EU is taxed effectively across borders. The EU has concluded treaties with several other states (in particular Switzerland, Liechtenstein, Channel Islands, Monaco and Andorra), which are for the most part in conformity with the EU Savings Tax Directive.

Interest income credited by a German credit institution (acting as paying agent in this respect) to a natural person residing in a European country other than Germany or in specific other states is generally reported by the German credit institution to the German Federal Central Tax Office, which ultimately reports the interest income to the local tax offices in the foreign countries.

Likewise, interest income received by a natural person residing in Germany from a European credit institution outside of Germany or in specific other states is ultimately reported by the foreign bank to the local tax office in Germany. As an alternative, some foreign states withhold taxes that may be offset in Germany.

This primarily affects private investors living within the European Union or in the participating other states who maintain their custody accounts or accounts in another EU country on a cross-border basis and earn interest income.

Luxembourg and Switzerland, among others, have agreed to withhold taxes of 20% (35% from 1 July 2011) on interest income. As part of the tax documentation, the investor receives a certificate which can be used to have the deducted withholding tax offset on his income tax return. The private investor has the alternative option of applying for exemption from withholding in a foreign country by authorising the foreign bank to voluntarily disclose his interest income. This allows the financial institution to waive the tax deduction and instead report the income to the statutory tax authorities.

According to the Interest Information Regulation, the investment company must indicate for each domestic and foreign fund whether it is subject to the Interest Information Regulation (in scope) or not (out of scope).

For this evaluation, the Interest Information Regulation contains two substantial investment restrictions.

If no more than 15% of the assets of a fund consist of claims within the meaning of the Interest Information Regulation, the paying agents, which ultimately use the data reported by the investment company, are not required to notify the German Federal Central Tax Office. On the other hand, if the 15% limit is exceeded, this triggers an obligation for the paying agents to report the

interest element contained in the distribution to the German Federal Central Tax Office.

If the 40% limit is exceeded, the interest element contained in the redemption or sale of the fund units must be reported. In the case of a distributing fund, the interest element contained in a distribution must also be reported to the For an accumulating fund, the reporting obligation exists only if the fund unit is redeemed or sold.

Notice:

The information on taxes is based on current tax legislation and regulations. The information is directed towards those who have unlimited liability for income tax or corporation tax in Germany. However, we accept no responsibility for any changes in tax treatment as a result of legislation, court judgments or decrees issued by the tax authorities.

29. Outsourcing

The Company has outsourced the following activities to other companies:

- Fund administration
- Human resources
- Auditing
- Compliance
- IT support
- Financial accounting
- Legal

30. Annual Reports / Semi-Annual Reports / Auditor

The Annual Reports and Semi-Annual Reports are available from the Company.

The auditing firm PricewaterhouseCoopers, Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft, Olof-Palme-Strasse 35, 60439 Frankfurt/Main, is engaged to audit the Investment Fund and Annual Report.

31. Payments to Unitholders / Distribution of Reports and Other Information

The contract with the Custodian Bank ensures that investors receive distributions, if the distribution of income is provided for by the Investment Fund, and that units can be redeemed.

The information sources mentioned in this prospectus, such as the prospectus, terms and conditions, Annual Reports and Semi-Annual Reports, may be obtained from the Company. They shall be provided by the Company free of charge to investors, on request. The information mentioned in this prospectus may also be obtained from the Internet website: www.etflab.de.

32. Other Investment Funds Managed by the Company

The following investment funds are managed by the Company:

ETFlab DAX®
ETFlab DAX® (distributing)
ETFlab DJ EURO STOXX 50®
ETFlab DJ EURO STOXX® Select Dividend 30
ETFlab DJ STOXX® Strong Growth 20
ETFlab DJ STOXX® Strong Value 20
ETFlab DJ STOXX® Strong Style Composite 40
ETFlab MSCI Europe LC
ETFlab MSCI Japan LC
ETFlab MSCI USA LC
ETFlab iBoxx € Liquid Sovereign Diversified 1-10
ETFlab iBoxx € Liquid Sovereign Diversified 1-3
ETFlab iBoxx € Liquid Sovereign Diversified 3-5
ETFlab iBoxx € Liquid Sovereign Diversified 5-7
ETFlab iBoxx € Liquid Sovereign Diversified 7-10
ETFlab iBoxx € Liquid Sovereign Diversified 10+
ETFlab Deutsche Börse EUROGOV® Germany
ETFlab Deutsche Börse EUROGOV® Germany 1-3
ETFlab Deutsche Börse EUROGOV® Germany 3-5
ETFlab Deutsche Börse EUROGOV® Germany 5-10
ETFlab Deutsche Börse EUROGOV® Germany 10+
ETFlab Deutsche Börse EUROGOV® Germany Money Market

33. Selling Restrictions

The issued units of this investment fund may only be offered for sale or sold in countries in which such offer or sale is permitted. The following should not be construed as representing a solicitation to purchase investment units unless the Company, or a third party authorised by it, has filed a notice with the local regulatory authorities or obtained permission to do so from the local regulatory authorities, and insofar as a notice has not been filed or permission obtained.

The units have not been and will not be registered under the United States Securities Act of 1933 as amended (the "1933 Act") or under the securities statutes of any federal state or local authority of

the United States of America or its territories, possessions or other areas over which it has jurisdiction, including the Commonwealth of Puerto Rico ("United States"). The units may not be offered, sold or otherwise transferred in the United States. The units are offered and sold on the basis of exemption from the registration requirements of the 1933 Act in accordance with Regulation S of this Act. The Company has not been and will not be registered either under the United States Investment Company Act of 1940 as amended, or under any other US federal statutes. Consequently, units will not be offered or sold either in the United States, or to or on the account of US persons (as defined for the purposes of the US federal statutes on securities, commodities and taxes, including Regulation S to the 1933 Act) (collectively "US Persons"). Subsequent transfers of units to the United States or to US Persons are not permissible.

The units have not been approved or disapproved by the Securities and Exchange Commission ("SEC") or other regulatory body in the United States; in addition, neither the SEC nor another regulatory body in the United States has ruled on the accuracy and adequacy of this prospectus or the merits of the units. Any representation to the contrary is unlawful. The United States Commodity Futures Trading Commission has neither examined nor approved this document or other sales documentation for the Company.

It is not permitted for anyone to make statements or representations that are not contained in the prospectus and/or in the documentation to which reference is made in the prospectus. This documentation is accessible to the public at the registered offices of the Company.

This prospectus may not be circulated in the United States.

Investors who are deemed to be "Restricted Persons" as defined in US Regulation No. 2790 of the National Association Security Dealers (NASD 2790) must notify their investment in the Investment Fund promptly to the Company.

34. Notice regarding the purchaser's right of revocation pursuant to Section 126 Investment Act [InvG] (door-to-door sales).

1. If a purchaser of units has been induced to deliver a declaration of intent to make a purchase by verbal agreement off the regular business premises of the party selling the units

or brokering their sale, the purchaser shall only be bound by such declaration if it is not rescinded by him in writing to the investment company within a period of two weeks. This also applies if the party selling the units or brokering their sale has no regular business premises.

2. The time limit is deemed to have been met if the notice of cancellation is sent prior to the deadline. The cancellation period shall not commence until a copy of the application to conclude the contract or a contract note has been delivered to the purchaser, containing advice on the right to cancel that satisfies the requirements of Section 355 Para. 2 Sentence 1 BGB [German Civil Code]. In the event of dispute as to whether or when the copy of the application to conclude the contract or a contract note was delivered to the purchaser, the burden of proof shall be on the seller.
3. The right to cancel is void if the seller can prove that the purchaser acquired the units within the scope of his business operations or that he made a visit to the purchaser which led to the sale of the units as a result of a previously-made appointment in accordance with Section 55 Para. 1 of the Trade Code (*Gewerbeordnung*).
4. If the purchase is rescinded and the purchaser has already made payments, the investment company is obliged to pay to the purchaser, simultaneously with the transfer of the purchased units, if possible, the costs paid and an amount equivalent to the value of the units paid for on the day after the receipt of the notice of cancellation.
5. The right of cancellation cannot be waived.
6. The provisions of paragraphs 1 to 5 apply accordingly to the sale of units by the investor.

GENERAL TERMS AND CONDITIONS

governing the legal relationship between the investors and ETFlab Investment GmbH (Munich), Germany, (hereinafter referred to as the "Company") for the Directive-compliant investment funds issued by the Company. These General Terms and Conditions are only valid in conjunction with the Special Terms and Conditions laid down for the particular investment fund.

Article 1 General Provisions

1. The Company is an investment company subject to the German Investment Act (*Investmentgesetz – InvG*).
2. The investment company invests the money deposited by the unitholders in its own name for the collective account of the investors in

accordance with the principle of risk diversification in assets permitted by the InvG and separated from its own assets in the form of investment funds. Global certificates (unit certificates) will be issued regarding the rights of the investors resulting therefrom.

3. The legal relationship between investment company and investor is based on these terms and conditions and the InvG.

Article 2 Custodian

1. The Company shall appoint a credit institution as custodian; the custodian shall act independently of the Company and exclusively in the interests of the investors.
2. The custodian is obliged to carry out the duties required by the InvG and these terms and conditions.

Article 3 Fund Management

1. The Company shall acquire and manage the assets in its own name for the collective account of the investors with the due care and diligence of a prudent businessman. In performing its duties, it acts independently of the custodian and exclusively in the interests of the investors and the integrity of the markets.
2. The Company has the right to use the money deposited with it by the investors to acquire assets, resell them and invest the proceeds in other assets; the Company is furthermore authorised to undertake all other legal actions arising out of management of the assets.
3. The Company may not grant loans for the collective account of the investors, nor may it enter into guarantees or surety obligations; it may not sell assets as defined in Sections 47, 48 and 50 InvG that are not part of the Investment Fund at the time the transaction is concluded. The application of Section 51 InvG shall remain unaffected.

Article 4 Investment Principles

The Company shall acquire for the Investment Fund only assets that are expected to produce income and/or capital appreciation. The Company specifies which assets may be purchased for the Investment Fund in the terms and conditions.

Article 5 Securities

Provided that the Special Terms and Conditions do not include any additional restrictions, the Company may, subject to Section 52 InvG, only acquire securities if

- a) they are admitted for trading on a stock exchange in a Member State of the European Union or in another state that is a party to the Agreement on the European Economic Area, or

they are admitted for trading in another regulated market or included in such market in any of these states,

b) if they are exclusively admitted for trading on a stock exchange in a country that is not a Member State of the European Union or in another state that is not a party to the Agreement on the European Economic Area, or they are admitted for trading in another regulated market or included in such market in any of these states, provided the selection of such stock exchange or regulated market is approved by BaFin⁶,

c) their conditions of issue stipulate the obligation to apply for admission to trading on a stock exchange in a Member State of the European Union or another state that is a party to the Agreement on the European Economic Area or admission to a regulated market or their inclusion in such market in a Member State of the European Union or another state that is a party to the Agreement on the European Economic Area, provided admission or inclusion of such securities takes place within one year after issue,

d) their conditions of issue stipulate the obligation to apply for admission to trading on a stock exchange or admission to a regulated market or inclusion in such in a country that is not a Member State of the European Union or in another state that is not a party to the Agreement on the European Economic Area, provided the selection of such stock exchange or regulated market is approved by BaFin and the admission or inclusion of such securities takes place within one year after issue,

e) they are equities to which the Investment Fund is entitled in the course of a capital increase from company resources;

f) they were acquired in exercise of subscription rights belonging to the Investment Fund,

g) if they are units in closed funds that meet the criteria specified in Section 47 Para. 1 Sentence 1 No. 7 InvG,

h) they are financial instruments that meet the criteria specified in Section 47 Para. 1 Sentence 1 No. 8 InvG.

Securities may only be acquired on the basis of Sentence 1 a) to d) if additionally the requirements of Section 47 Para. 1 Sentence 2 InvG are met.

Article 6 Money-Market Instruments

1. Provided that the Special Terms and Conditions do not include any additional restrictions, the Company may acquire on behalf of the Investment Fund, subject to Section 52 InvG, instruments that

are usually traded on the money market, as well as interest-bearing securities that have a residual term of a maximum 397 days at the time of their acquisition for the Investment Fund, for which the interest payments are adjusted to market circumstances regularly throughout their entire term, although at least once in 397 days, on the basis of the conditions of issue, or their risk profile corresponds to the risk profile of such securities (money-market instruments). Money-market instruments may only be acquired for the Investment Fund if they

a) are admitted for trading on a stock exchange in a Member State of the European Union or in another state that is a party to the Agreement on the European Economic Area, or they are admitted for trading in another regulated market or included in such market in any of these states,

b) are exclusively admitted for trading on a stock exchange in a country that is not a Member State of the European Union or in another state that is not a party to the Agreement on the European Economic Area, or they are admitted for trading in another regulated market or included in such market in any of these states, provided the selection of such stock exchange or regulated market is approved by BaFin⁷,

c) are issued or guaranteed by the European Communities, the German Federal Government or one of its special-purpose entities, a German Federal State, another Member State or another central, regional or local authority or the central bank of a Member State of the European Union, the European Central Bank or the European Investment Bank, a state that is not a Member State of the European Union or, in the case of a Federal State, by one of the members making up the federation, or by a public international body of which one or more Member States of the European Union are members,

d) are issued by a company whose securities are traded on the markets described in a) and b),

e) are issued or guaranteed by a credit institution subject to official supervision in accordance with criteria defined by European Community law, or by a credit institution that is subject to and complies with supervisory requirements considered by BaFin to be equivalent to those stipulated by Community law, or

f) are issued by other issuers and meet the requirements of Section 48 Para. 1 Sentence 1 No. 6 InvG.

2. Money-market instruments as defined in paragraph 1 may only be acquired if they meet the

⁶ The list of stock exchanges is published on BaFin's website: www.bafin.de

⁷ see Footnote 6

relevant requirements of Section 48 Para. 2 and 3 InvG.

Article 7 Bank Balances

The Company may hold on behalf of the Investment Fund bank balances with a term not exceeding twelve months. The bank balances, which must be held in the form of blocked accounts, may be held by a credit institution that has its registered office in a Member State of the European Union or another state that is a party to the Agreement on the European Economic Area, or by a credit institution that has its registered office in a non-Member State, provided that it is subject to the supervisory requirements considered by BaFin as equivalent to those stipulated in Community law. Unless specified otherwise in the Special Terms and Conditions, these bank balances may also be denominated in foreign currencies.

Article 8 Investment Units

1. Unless specified otherwise in the Special Terms and Conditions, the Company, on behalf of an investment fund, may acquire units in other domestic Directive-compliant investment funds and joint-stock investment companies as well as EC investment fund units as defined in the InvG. Units of other German investment funds and joint-stock investment companies, as well as foreign investment fund units that are not EC investment fund units, may be acquired provided they meet the requirements of Section 50 Para. 1 Sentence 2 InvG.

2. The Company may only acquire units of German investment funds and joint-stock investment companies, EC investment fund units and foreign investment fund units if, in accordance with the terms and conditions of the fund or the articles of association of the investment company, the joint-stock investment company or the foreign investment company, a total not exceeding 10 percent of the value of the assets of such funds is invested in units of other German investment funds, joint-stock investment companies or foreign investment funds as defined in Section 50 InvG.

Article 9 Derivatives

1. Unless specified otherwise in the Special Terms and Conditions, the Company, in the context of managing the Investment Fund, may use derivatives in accordance with Section 51 Para. 1 Sentence 1 InvG and financial instruments with a derivative component in accordance with Section 51 Para. 1 Sentence 2 InvG. Depending on the type and volume of the derivatives and financial

instruments with a derivative component employed, the Company may use either the simple or the qualified approach as defined in DerivateV in order to determine the extent to which the market risk limit for the use of derivatives and financial instruments with a derivative component stipulated in accordance with Section 51 Para. 2 InvG is reached; details are included in the prospectus.

2. If the Company uses the simple approach, it may only employ the following basic types of derivatives, financial instruments with a derivative component or combinations of these derivatives, financial instruments with a derivative component or combinations of underlying securities that may be purchased for the Investment Fund in accordance with Section 51 Para. 1 Sentence 1 InvG. In doing so, the attributable amount of the Investment Fund determined in accordance with Section 16 DerivateV for the interest-rate and equity-price risk or the currency risk may at no time exceed twice the value of the Investment Fund's assets.

a) Forward transactions on the underlying securities as defined in Section 51 Para. 1 InvG, with the exception of investment units as defined in Section 50 InvG;

b) Options or warrants on the underlying securities as defined in Section 51 Para. 1 InvG, with the exception of investment units as defined in Section 50 InvG and on forward transactions as defined in a), if they have the following properties:

aa) the option may be exercised either during the entire term or at the end of the term, and

bb) at the time the option is exercised, its value depends directly on the positive or negative difference between the strike price and the market price of the underlying security, and becomes zero if the difference has the opposite sign;

c) interest rate swaps, currency swaps, or interest-rate/currency swaps;

d) options on swaps as defined in c), if they have the properties as defined in aa) and bb) of letter b) (swaptions);

e) Credit default swaps, to the extent that they are used exclusively and transparently for the purpose of hedging the credit risk of specific assets held by the Investment Fund.

3. If the Company uses the qualified approach, it may – provided an appropriate risk management system is in place – invest in any financial instruments with a derivative component or derivatives that are derived from an underlying security which may be purchased for the Investment Fund in accordance with Section 51 Para. 1 Sentence 1 InvG. In this respect, the potential risk amount attributable to the Investment Fund for the market risk may at no time exceed twice the potential risk amount for the

market risk of the respective benchmark asset in accordance with Section 9 DerivateV.

4. In these transactions, the Company may under no circumstances deviate from the investment policies and limits specified in the general and Special Terms and Conditions or in the prospectus.

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

6. In determining the market risk limit for the use of derivatives and financial instruments with a derivative component, the Company may at any time switch from the simple to the qualified approach in accordance with Section 7 DerivateV. The switch to the qualified approach does not require approval by BaFin; however, the Company must inform BaFin immediately of the change and publish it in the next Semi-Annual or Annual Report.

7. When derivatives and financial instruments with a derivative component are used, the Company will observe the regulation on risk management and risk measurement in investment funds (DerivateV) issued pursuant to Section 51 Paragraph 3 InvG.

Article 10 Other Investment Instruments

Unless specified otherwise in the Special Terms and Conditions, the Company may invest, for the account of an investment fund, up to 10 percent of the investment fund's net assets in other investment instruments as defined in Section 52 InvG.

Article 11 Limits on Issuers and Investment Limits

1. In its management of assets, the Company must comply with the limitations and restrictions specified in the InvG, DerivateV and in the terms and conditions.

2. In individual cases, securities and money market instruments from the same issuer (debtor), including securities purchased under repurchase agreements and money market instruments, may be acquired in excess of 5% and up to 10% of the value of the Investment Fund; the total value of the securities and money market instruments of these issuers (debtors) may not exceed 40% of the Investment Fund.

3. The Company may invest no more than 35% of the value of the Investment Fund in bonds, note loans and money market instruments issued or guaranteed by the German Federal Government, a German state, the European Communities, a Member State of the European Union or its local authorities, another state that is a party to the

Agreement on the European Economic Area, a non-Member State or an international organisation to which at least one Member State of the European Union belongs. The Company may invest no more than 25% of the value of the Investment Fund in mortgage bonds and municipal bonds, as well as in bonds issued by credit institutions having their registered offices in a Member State of the European Union or in another state that is a party to the Agreement on the European Economic Area, if those credit institutions are legally subject to special public supervision intended to protect the holders of such bonds, and if the sums deriving from the issue of such bonds are invested in conformity with the law in assets that, during the entire term of the bonds, are capable of covering claims attaching to the bonds and that, in the event of default of the issuer, would be used on a priority basis for the repayment of the principal and payment of the accrued interest. If the Company invests more than 5% of the value of the Investment Fund in bonds from the same issuer according to Sentence 2 above, it must ensure that the total value of these bonds does not exceed 80% of the value of the Investment Fund.

4. In accordance with Section 60 Para. 2 Sentence 1 InvG, the limit in Para. 3 Sentence 1 may be exceeded for securities and money market instruments from the same issuer if the Special Terms and Conditions provide for this while naming the issuer. In these cases, the securities and money market instruments held on behalf of the Investment Fund must be attributable to at least six different issues, whereby no more than 30% of the Investment Fund may be held in one issue.

5. The Company may invest no more than 20% of the value of the Investment Fund in bank accounts at any one financial institution as defined in Section 49 InvG.

6. The Company must ensure that a combination of:

- a. securities or money market instruments issued by any one institution,
- b. deposits with that institution,
- c. the applicable amounts for the counterparty risk of the derivative transactions entered into with this institution that are not admitted for trading on an exchange or included in another regulated market, does not exceed 20% of the value of the respective investment fund. Sentence 1 applies to the issuers and guarantors specified in Paragraph 3 with the proviso that the Company must ensure that a combination of the assets and applicable amounts specified in sentence 1 does not exceed 35% of the value of the respective investment fund. The respective individual upper limits remain unaffected in both cases.

7. The bonds, note loans and money market instruments specified in Paragraph 3 are not taken into consideration when applying the 40% limits specified in Paragraph 2. Notwithstanding the provision in Paragraph 6, the limits specified in Paragraphs 2 and 3 and Paragraphs 5 to 6 may not be combined.

8. In accordance with Article 8 Paragraph 1, the Company may invest no more than 20% of the value of the Investment Fund in units of any one investment fund. The Company may invest a total of no more than 30% of the value of the Investment Fund in investment fund units in accordance with Article 8 Paragraph 1 Sentence 2. The Company may acquire for the account of the Investment Fund no more than 25% of the issued units of another domestic or foreign investment fund.

Article 12 Transfer of all the Assets in an Investment Fund to a Different Investment Fund

1. The Company may transfer all the assets of this Investment Fund to another investment fund, or this Investment Fund may acquire all the assets of another investment fund, if

a) both investment funds are managed by the Company,
b) the investment principles and limits stipulated in the terms and conditions for these investment funds do not differ substantially,
c) the fees payable to the Company and the custodian, as well as the issue premiums and redemption fees, do not differ substantially,
d) all the Investment Fund's assets are transferred at the end of the fiscal year of the transferring investment fund ("Key Date of Transfer"), on the Key Date of Transfer the net asset values of the absorbing investment fund and of the transferring investment fund are calculated, the conversion ratio is determined, the assets and liabilities are transferred, and the entire transfer procedure is audited by the Auditor, and BaFin has approved the transfer of the assets, in which the interests of the investors must be adequately safeguarded. A different Key Date of Transfer may be specified with the consent of BaFin; Section 44 Para. 3 and 6 InvG shall apply accordingly.

2. The exchange ratio is determined based on the ratio between the net asset value of the transferred fund and that of the absorbing fund as at the date of the transfer. The Company's resolution to transfer all assets of an investment fund to another investment fund must be published; Section 43 Para. 5 Sentence 1 InvG shall apply accordingly. The transfer may not be made prior to the end of a three-month period after announcement, unless an earlier date is specified with the consent of BaFin. The new units of the absorbing fund will be deemed to have been

issued to investors of the transferring fund as of the beginning of the day following the Key Date of Transfer.

3. Paragraph 1 c) does not apply to the consolidation of separate investment funds into a single investment fund with different unit classes. In such a case, instead of the exchange ratio described in Paragraph 2 Sentence 1, the proportion of that unit class in the Investment Fund will be calculated. The issue of the new units to the investors in the transferring investment fund is not deemed to be an exchange. The issued units replace the units in the transferred investment fund.

Article 13 Loans

1. The Company may grant a securities loan on behalf of the Investment Fund to a securities borrower at a market rate for an unlimited or limited period, subject to the transfer of sufficient collateral. The market price of the securities to be transferred plus the market value of the securities already transferred to the same securities borrower as a securities loan on behalf of the Investment Fund must not exceed 10 percent of the assets of the Investment Fund. The market value of securities subject to fixed-term transfers plus the market value of the securities previously transferred as fixed-term securities loans on behalf of the Investment Fund may not exceed 15 percent of the assets of the Investment Fund.

2. If the collateral for the securities transferred is maintained in accounts, the Company may make use of the opportunity to invest these accounts in money-market instruments as defined in Section 48 InvG in the currency of the account. The Investment Fund shall receive the income from the collateral.

3. The Company may also make use of an organised system for brokerage and settlement of securities loans provided by a central depository for securities or by another company specified in the Special Terms and Conditions whose corporate objective is the settlement of international securities transactions for third parties, and which deviates from the requirements of Sections 54 and 55 InvG, if the regulations governing this system guarantee that investors' interests are upheld.

4. Unless specified otherwise in the Special Terms and Conditions, the Company may also grant securities loans in relation to money-market instruments and investment units, provided these assets may be acquired for the Investment Fund. The provisions of Article 13 apply by analogy in this respect.

Article 14 Repurchase Transactions

1. The Company may conclude securities repurchase agreements with credit institutions or

financial services institutions for valuable consideration as specified under Section 340 b Para. 2 German Commercial Code (HGB) on behalf of the Investment Fund.

2. The securities repurchase agreements must be based on securities that may be acquired by the Investment Fund in accordance with its terms and conditions.
3. The repurchase agreements must have a maximum term of 12 months.
4. Unless specified otherwise in the Special Terms and Conditions, the Company may also grant securities repurchase agreements in relation to money-market instruments and investment units, provided these assets may be acquired for the Investment Fund. The provisions of Article 14 apply by analogy in this respect.

Article 15 Borrowing

Short-term borrowing by the Company on behalf of all the investors of amounts of up to 10 percent of the Investment Fund is permissible if the terms of the borrowing are at market rates and the custodian approves the borrowing. For this purpose, short-term loans include amounts that the Company has received as pledgor in conjunction with a securities repurchase transaction.

Article 16 Unit Certificates

1. The unit certificates are bearer certificates, each of them representing one or more Investment Fund units.
2. The rights of the units may vary, in particular with respect to use of income, issue premiums, redemption fees, unit currency, management fees, minimum investment amount, or a combination of these characteristics (unit classes). The details are specified in the Special Terms and Conditions.
3. At a minimum, the unit certificates bear the handwritten or facsimile signatures of the Company and the custodian. In addition, they will bear the original signature of a supervisory person from the custodian.
4. The units are transferable. When a unit certificate is transferred, the rights attached thereto are also transferred. The Company will always assume that the holder of the unit certificate is the beneficiary.
5. If the rights of investors established upon the creation of the Investment Fund, or those of investors in a unit class established upon the creation of the unit class, are not to be represented by one global certificate, but rather by individual unit certificates or multiple certificates, this will be governed by appropriate provisions in the Special Terms and Conditions.

Article 17 Issue and Redemption of Unit Certificates, Suspension of Redemption

1. In principle, the number of units and corresponding unit certificates issued is not restricted. The Company reserves the right to temporarily suspend or to terminate the issue of units.
2. Units may be acquired from the Company, the custodian, or through third parties.
3. Investors may demand the redemption by the Company of their units. The Company is obliged to redeem units at the applicable redemption price on the account of the Investment Fund. The custodian is the redemption agent.
4. The Company nevertheless retains the right to suspend redemption of the units in accordance with Section 37 InvG in exceptional circumstances when suspension appears necessary to protect the interests of the investors.

Article 18 Issue and Redemption Prices

1. For the calculation of unit issue and redemption prices, the value of the assets (net asset value) held in the Investment Fund will be determined at points in time specified in Paragraph 4 and divided by the number of units in circulation (net asset value per unit). If different unit classes are introduced for the Investment Fund in accordance with Article 16 Para. 2, then the net asset value per unit as well as the issue and redemption prices for each unit class shall be determined separately.

Assets are valued in accordance with Section 36 InvG or on the basis of a regulation issued under Section 36 InvG.

2. The issue price is equal to the net asset value per unit plus any issue premium specified in the Special Terms and Conditions. The redemption price is equal to the net asset value per unit less any redemption fee specified in the Special Terms and Conditions. If there are any other costs payable by the investor in addition to the issue premium and the redemption fee, the amount and calculation of such fees will be indicated in the Special Terms and Conditions.
3. The settlement date for purchase and redemption orders is no later than the next valuation date following the receipt of the purchase or redemption order, unless specified otherwise in the Special Terms and Conditions.
4. Issue and redemption prices will be determined on each exchange trading day. On public holidays that are exchange trading days, as well as on 24 and 31 December each year, the Company and the custodian may refrain from determining the value; details are discussed in the prospectus.

Article 19 Charges

Fees and other expenses payable to the Company, the custodian and third parties, which can be charged to the Investment Fund, are specified in the Special Terms and Conditions. The Special Terms and Conditions also detail the method, the amount, and the calculation basis for the payment of any fees as defined in Sentence 1.

Article 20 Accounting

1. The Company publishes an annual report with a statement of income and expenses no later than four months after the end of the fiscal year of the Investment Fund in accordance with Section 44 Para. 1 InvG.
2. The Company publishes a semi-annual report no later than two months after the end of the first half of the fiscal year in accordance with Section 44 Para. 2 InvG.
3. If the right to manage the Investment Fund is transferred to another investment company during the fiscal year, the Company must prepare an interim report for the period ending on the transfer date that meets the requirements of an annual report in accordance with Section 44 Para. 1 InvG.
4. The reports can be obtained from the Company and the custodian and other locations to be listed in the prospectus; they will also be published in the online *Bundesanzeiger* (Federal Gazette).

Article 21 Termination and Liquidation of the Investment Fund

1. The Company may terminate its management of the Investment Fund by giving at least six months' notice through an announcement in the online *Bundesanzeiger* and additionally in the Annual or Semi-Annual Report.
2. The right of the Company to manage the Investment Fund lapses when the termination becomes effective. In this case, the Investment Fund and the right to sell the Investment Fund's assets are transferred to the custodian, which shall liquidate the assets and distribute them to the investors. The custodian may claim any fees due to the Company during the liquidation period. With the approval of BaFin, the custodian may refrain from liquidation and distribution, and transfer management of the Investment Fund to another investment company in accordance with the existing terms and conditions.
3. The Company must prepare a liquidation report for the period ending on the date on which its right to manage lapses as defined in Section 38 InvG; this liquidation report must fulfil the requirements of an annual report in accordance with Section 44 Para. 1 InvG.

Article 22 Amendments to the Terms and Conditions

1. The Company is entitled to change the terms and conditions.
2. Changes to these terms and conditions require the prior approval of BaFin, with the exception of rules regarding expenses and the fees payable to the Company, the custodian and third parties that are charged to the Investment Fund (Section 41 Para. 1 Sentence 1 InvG). To the extent that the changes indicated in Sentence 1 above affect the Investment Fund's investment principles, they require the prior approval of the Company's Supervisory Board.
3. All proposed changes will be published in the online *Bundesanzeiger* as well as in a business or daily newspaper with sufficient circulation, or in the electronic information media designated in the prospectus, and will take effect no earlier than one day after their publication in the online *Bundesanzeiger* – with the exception of changes according to Paragraphs 4 and 5. The proposed changes and their effective dates must be stated in any publication made in accordance with Sentence 1 above.
4. Changes to rules for expenses and fees payable to the Company, the custodian and third parties (Section 41 Para. 1 Sentence 1 InvG) will take effect 6 months after publication, unless an earlier date is specified with the consent of BaFin. Publication will be in accordance with Paragraph 3 Sentence 2.
5. Changes to the Investment Fund's existing investment principles will take effect 6 months after publication. Publication will be in accordance with Paragraph 3 Sentence 2. The Company must also make an offer to investors to exchange the units, free of charge, into units of investment funds with comparable investment principles.

Article 23 Place of Performance, Jurisdiction

1. The place of performance is the registered office of the Company.
2. If the investor has no general place of jurisdiction in Germany, the place of jurisdiction shall be the registered office of the Company.

SPECIAL TERMS AND CONDITIONS

governing the legal relationship between the investors and ETFlab Investment GmbH (Munich), Germany, (hereinafter referred to as the "Company") for the Directive-compliant securities investment fund ETFlab Deutsche Börse EUROGOV® Germany 1-3 issued by the Company. These Special Terms and Conditions are only valid

in conjunction with the General Terms and Conditions for directive-compliant investment funds laid down for the particular investment fund.

INVESTMENT PRINCIPLES AND INVESTMENT LIMITS

Article 24 Assets

The Company may acquire the following assets for the Investment Fund:

Securities as defined in Section 47 InvG,

Money-market instruments as defined in Section 48 InvG,

Bank balances as defined in Section 49 InvG,

Investment fund units as defined in Section 50 InvG;

Derivatives as defined in Section 51 InvG,

Other investment instruments as defined in Section 52 InvG.

Article 25 Investment Limits

1. Securities and money market instruments purchased under repurchase agreements are counted towards the investment limits stipulated in Section 60 Para. 1 and 2 InvG.

2. In observance of Section 62 InvG, the Company may invest more than 35% of the value of the Investment Fund in securities and money market instruments issued by the Federal Republic of Germany. Securities purchased under repurchase agreements are counted towards the investment limit stipulated in Section 62 InvG.

3. Up to 10% of the Investment Fund's net assets may be invested in units of investment assets as defined in Article 4 and Article 8 of the General Terms and Conditions, which for their part invest in assets as defined in Article 24. Investment fund units purchased under repurchase agreements are counted towards the investment limits stipulated in Sections 61 and 64 Para. 3 InvG.

UNIT CLASSES

Article 26 Unit Classes

1. Units may be issued with different structural characteristics. Units sharing the same structural characteristics form a unit class. The creation of new unit classes is permitted at the discretion of the Company.

2. It is permitted to differentiate units in terms of use of income, issue premium, redemption fee, minimum investment amount and management fee. A combination of the structural characteristics is possible.

3. The purchase of assets is permissible only en bloc for the Investment Fund as a whole, and not for a single unit class or group of unit classes.

4. The existing unit classes are listed individually in the Full Prospectus and in the Annual and Semi-Annual Reports. The structural characteristics defining the unit classes are described in detail in the Full Prospectus and in the Annual and Semi-Annual Reports. The issue premiums and redemption fees, minimum investment amount, use of income and the management fees for each unit class are listed in detail in the Full Prospectus and in the Annual and Semi-Annual Reports. A separate simplified prospectus may be prepared for an individual unit class provided this prospectus contains a corresponding reference to the other unit classes in the Investment Fund.

5. When units are first issued for a unit class, their value is calculated on the basis of the value determined for the entire Investment Fund in accordance with Section 36 Para. 1 Sentence 1 German Investment Act (InvG). On this basis, the value of a unit class is the sum of the change in the Investment Fund's net value compared to the prior valuation date that is attributable on a prorated basis to this unit class and the value of the unit class on the prior valuation date. The value of a unit class must be determined each exchange trading day, subject to Section 36 Para. 1 Sentence 3 InvG. The value of one unit in a unit class is found by dividing the total value of the unit class by the number of issued units in this unit class.

6. The unit value is calculated separately for each unit class by allocating the costs of launching new unit classes, the distributions (including any taxes that may be payable from the Investment Fund's assets) and the management fee incurred by a particular unit class, including income adjustment if applicable, exclusively to this unit class.

ISSUE PRICE, REDEMPTION PRICE, REDEMPTION OF UNITS AND COSTS

Article 27 Units

The investors own an interest in the assets of the Investment Fund as co-owners in proportion to the number of units held.

Article 28 Subscription and Redemption Price

1. The issue premium is 2% of the net asset value per unit. The Company may adopt a lower issue premium at its discretion.

2. The redemption fee is 1% of the net asset value per unit. The Company may charge a lower redemption fee at its discretion. The Investment Fund shall receive the redemption fee.

Article 29 Charges⁸

1. The Company shall receive out of the assets of the Investment Fund an all-in fee of 0.15% p.a. of the Investment Fund's assets. The following fees and expenses are included in the all-in fee, and will not be charged separately to the Investment Fund:

- a) fees for managing the Investment Fund (fund management, administrative functions, distribution costs);
- b) customary bank custody fees including, if applicable, the customary bank expenses for holding foreign securities in custody abroad;
- c) the costs for printing and mailing the Annual Reports and Semi-Annual Reports intended for the unitholders;
- d) the cost of announcing the Annual Reports and Semi-Annual Reports, the issue and redemption prices and, if applicable, the distributions and any liquidation report;
- e) the costs of having the Investment Fund audited by the Company's auditor;
- f) the costs of announcing the basis for taxation and of the certification that taxation details were determined in accordance with the regulations of German tax legislation;
- g) the cost of the licence agreement;
- h) the custodian fee.

The all-in fee can be withdrawn from the Investment Fund at any time.

2. In addition to the all-in fee payable to the Company as indicated in Paragraph 1, the following expenses may also be charged to the Investment Fund:

- a) expenses incurred in connection with the purchase and sale of assets;
- b) any taxes which may be incurred in connection with management and custodial duties;
- c) the costs for asserting and enforcing legal claims of the Investment Fund.

3. In addition, the Company may receive up to one half of the income from the conclusion of securities lending transactions for the account of the Investment Fund as an all-in fee in relation to the expenses incurred in the preparation and execution of such transactions.

4. The Company shall disclose in the Annual Report and Semi-Annual Report the amount of the issue premiums and redemption fees that have been charged to the Investment Fund, over the period covered by the report, for the acquisition and redemption of units as defined in Section 50 InvG. The Company may not charge issue premiums or redemption fees for the purchase of units that are managed directly or indirectly by the Company itself or by another company with which the Company is affiliated through a major direct or indirect participation; any such other company may not charge issue premiums or redemption fees for aforementioned transactions. The Company must disclose in the Annual Report and in the Semi-Annual Report the fees charged as management fees for the units held in the Investment Fund when such fees are charged by the Company itself, by another investment company, a joint-stock investment company or another company with which the Company is affiliated through a significant direct or indirect equity interest, or by a foreign investment company, including its management company.

USE OF INCOME AND FISCAL YEAR

Article 30 Distribution

1. The Company distributes the interest, dividends and income from investment fund units as well as compensation from securities lending and repurchase agreements that have accrued for the account of the Investment Fund during the fiscal year and have not been applied to cover costs, taking into account the relevant income equalisation. Capital gains and other income, taking into account the relevant income equalisation, may also be included in the distribution. Distributions are also possible during the course of the year.

2. Distributable income as defined in Paragraph 1 may be carried forward for distribution in subsequent fiscal years if the total income carried forward does not exceed 15% of the respective value of the Investment Fund at the end of the fiscal year. Income from short financial years may be carried forward in its entirety.

3. In the interest of preserving the capital of the Investment Fund, income may be partially retained in the Investment Fund for reinvestment; in exceptional circumstances it may be fully retained.

4. The annual distribution takes place annually within three months after the close of the fiscal year.

Article 31 Fiscal Year

The fiscal year of the Investment Fund begins on 1 March and ends on 28/29 February.

⁸ This provision is not subject to the approval of BaFin.

NAMES AND ADDRESSES

Investment company

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info@etflab.de
www.etflab.de

Commercial register: HRB Munich 172 117

Equity capital

The Company's share capital is
EUR 1.0 million
This amount is fully paid-in

Legal representatives

Andreas Fehrenbach, Ottobrunn, date of birth
11.06.1964
Michael Langmack, Ismaning, date of birth
15.01.1956

Supervisory Board

Walter Groll (Chairman)
Member of the Management Board of DekaBank
Deutsche Girozentrale,
Frankfurt/Main

Dr. h.c. Friedrich Oelrich (Deputy Chairman)
Member of the Management Board of DekaBank
Deutsche Girozentrale,
Frankfurt/Main

Steffen Matthias
Advisor
Tervuren

Custodian (paying agent and depository)

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Auditors

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft
Olof-Palme-Strasse 35
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