

COUNTRY SUPPLEMENT
E.I. STURDZA FUNDS PLC (THE "COMPANY")

ADDITIONAL INFORMATION FOR INVESTORS IN THE FEDERAL REPUBLIC OF GERMANY

This Country Supplement forms part of and should be read in conjunction with the Prospectus for E.I. Sturdza Funds, plc (the "Company") dated 29th November 2018, which includes the Supplements for the Strategic China Panda Fund, the Strategic Euro Bond Fund, the Nippon Growth (UCITS) Fund, the Strategic Global Bond Fund, the Strategic US Momentum and Value Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund, the Strategic Quality Emerging Bond Fund, the Strategic Beta Flex Fund, the Strategic Bond Opportunities Fund and the Strategic Japan Opportunities Fund each of which is dated 29th November 2018, the Supplement for the Sturdza Family Fund dated 14th February 2019, the Supplement for Strategic Europe Quality Fund dated 26th July 2019, and the First Addendum dated 15th January 2020 (collectively the "Prospectus" as same may be amended from time to time).

This Country Supplement amends the Table of Contents in the Prospectus for the Company such that reference is specifically made to this Country Supplement.

All capitalised terms contained herein shall have the same meaning in this Country Supplement as in the Prospectus unless otherwise indicated.

The Directors of the Company, whose names appear under the heading "Management and Administration" are the persons responsible for the information contained in the Prospectus and accept responsibility accordingly. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of the information.

No notification pursuant to Sec. 310 of the German Capital Investment Code (*Kapitalanlagegesetzbuch*) has been filed for the following Funds and the shares in these Funds may not be marketed to investors in the Federal Republic of Germany:

- **Strategic Quality Emerging Bond Fund**
- **Strategic Euro Bond Fund**
- **Strategic Global Bond Fund**
- **Strategic Beta Flex Fund**

- **Strategic US Momentum & Value Fund**
- **Strategic Bond Opportunities Fund**

Marcard, Stein & Co AG with its registered office at Ballindamm 36, D-20095 Hamburg, Germany has been appointed as German paying and information agent of the Company in the Federal Republic of Germany (the “German Paying and Information Agent”).

Requests for the redemption and switching of Shares, which may be distributed in the Federal Republic of Germany, may be submitted to the German Paying and Information Agent. Redemption proceeds and dividends, if any, may be paid, and any other payments may be made, to Shareholders upon their request through the German Paying and Information Agent.

The German Paying and Information Agent is entitled to an annual fee for each 12 month period payable by the Company.

The Prospectus, the Key Investor Information Documents, the Memorandum and Articles of Association of the Company and the annual and semi-annual reports of the Company, each in paper form, as well as the Net Asset Value per Share, issue and redemption prices and any switching prices are available and may be obtained free of charge at the registered office of the German Paying and Information Agent.

The issue and redemption prices will be published in the Federal Republic of Germany in the Börsen-Zeitung, Frankfurt am Main. Any notices for shareholders in the Federal Republic of Germany will be sent by post to the shareholders and also may be obtained free of charge from the German Paying and Information Agent. Moreover, an additional notice for shareholders will be published in the Federal Gazette in the following instances: suspension of the redemption of Shares; liquidation of the Company or termination of a Fund; changes to the Articles of Association that differ with the existing investment principles, affect significant investor rights, or relate to remuneration or compensation of expenses; the merger of a Fund or the possible conversion of a Fund into a feeder fund.

In addition, the documents listed in the section of the Prospectus headed "6 GENERAL INFORMATION - 15. “Documents available for Inspection” are available for inspection at the registered office of the German Paying and Information Agent during the customary business hours.

Special tax risks resulting from amendments to taxation bases in Germany

Amendments to inaccurately determined taxation bases of an investment fund for preceding financial years (e.g. as a result of external tax audits) may result, in the case of a correction with,

in general, negative tax consequences for an investor, in an investor having to bear the tax burden resulting from the correction for preceding financial years although the investor may not have been invested in the Company at the time. Contrary, the situation may arise for an investor in which he or she no longer benefits from a, in general, favourable correction for the current or preceding years in which he or she was invested in the Company because he or she has redeemed or sold the fund units before the corresponding correction is implemented.

In addition, a correction of tax data can result in taxable income and tax benefits being assessed in a different tax assessment period than that actually applicable, which may have negative effects on individual investors.

Summary of important tax regulations

The summary of important tax regulations is based on the legal situation in Germany as of 1 January 2018 known at the date of the Prospectus and is intended for persons who are subject to an unlimited income or corporate income tax liability. However, no responsibility can be assumed for potential changes in the tax treatment as a result of legislation, court decisions or decrees issued by the tax authorities.

Given the complexity of German tax law and especially the recently amended German Investment Tax Act, Shareholders and potential investors are strongly advised to consult their tax advisor.

The Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund are partially subject to corporate income tax with their domestic participation income (*Beteiligungseinnahmen*) and other domestic income within the meaning of the rules governing the limited income tax liability (*beschränkte Einkommensteuerpflicht*), with the exception of gains from the sale of shares in corporations (*Kapitalgesellschaften*). The tax rate is 15%. To the extent that the taxable income is levied by means of the withholding tax on capital investment income (*Kapitalertragsteuerabzug*), the tax rate of 15% already comprises the solidarity surcharge (*Solidaritätszuschlag*).

However, in the case of a private investor, earnings from investment funds (*Investmenterträge*) are, as capital investment income (*Einkünfte aus Kapitalvermögen*), subject to income tax to the extent that they, together with other investment income (*Kapitalerträge*), exceed the lump-sum allowance (*Sparer-Pauschbetrag*) of EUR 801 p.a. (for singles or separately assessed married couples) or EUR 1,602 (for jointly assessed married couples).

Capital investment income is, as a rule, subject to a tax withholding of 25% (plus solidarity surcharge and church tax (*Kirchensteuer*), where applicable). Capital investment income also

includes the earnings from investment funds, i.e., distributions made by the fund, advance lump sum amounts (*Vorabpauschalen*) and gains from the sale of fund units.

A private investor's tax liability is, as a rule, discharged when the tax is withheld (flat-rate withholding tax (*Abgeltungsteuer*)), meaning that the investor is regularly not required to declare the capital investment income in the income tax return. When withholding the tax, the entity maintaining the securities account (*depotführende Stelle*), as a rule, already offsets any losses and credits any foreign withholding taxes from direct investments (*Direktanlage*).

However, the tax withholding does not discharge the tax liability, *inter alia*, in those cases in which the personal tax rate is less than the flat tax rate of 25%. In such case, capital investment income may be declared in the income tax return. The tax office will then apply the lower personal tax rate and offset the tax withheld against the investor's personal tax liability (most favourable tax treatment (*Günstigerprüfung*)).

If no tax has been withheld from capital investment income (because, for instance, a gain from the sale of fund units is obtained in a foreign securities account), such income must be declared in the tax return. In the course of the tax assessment, the investment income is then also subject to the flat tax rate of 25% or to the lower personal tax rate.

If the fund units are held as business assets (*Betriebsvermögen*), the income is considered taxable as business income (*Betriebseinnahmen*).

Fund units held as non-business assets (Domestic tax residents)

Distributions

Distributions from the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Value Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund are, as a rule, taxable.

However, the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund fulfil the requirements for an equity fund for tax purposes; hence, 30% of the distributions are tax-exempt.

The taxable distributions are, as a rule, subject to the tax withholding of 25% (plus solidarity surcharge and church tax, where applicable).

Tax need not be withheld if the investor is a domestic tax resident and submits an exemption order (*Freistellungsauftrag*), provided that the taxable income components do not exceed EUR 801 in the case of an individual assessment (*Einzelveranlagung*) or EUR 1,602 in the case of a joint assessment (*Zusammenveranlagung*) for married couples.

The same also applies upon submission of a certificate for persons for whom it is not expected that they will be assessed for income tax (non-assessment certificate (*Nichtveranlagungsbescheinigung*)).

If the domestic investor holds the fund units in safekeeping in a domestic securities account, the entity maintaining the securities account refrains, as paying agent (*Zahlstelle*), from withholding any taxes if, prior to the scheduled distribution date, it has been provided with an exemption order issued for a sufficient amount which conforms to the official model or with a non-assessment certificate that has been issued by a tax office for a duration of no longer than three years. In this instance, the investor is credited the full amount of the distribution without deduction.

Advance lump sum amounts (Vorabpauschalen)

The advance lump sum amount is the amount by which distributions of the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund made within a given calendar year fall short of the base income (*Basisertrag*) for that calendar year. The base income is determined by multiplying the redemption price of a fund unit as at the beginning of a calendar year by 70% of the base interest (*Basiszins*), which is derived from the long-term achievable yield of public-sector bonds. The base income is limited to the excess amount that is the difference between the first and the last redemption price determined in a calendar year plus the distributions made within the same calendar year. In the year in which the fund units are acquired, the advance lump sum amount is reduced by a twelfth for each full month preceding the month of the acquisition. The advance lump sum amount is deemed to be received on the first working day of the subsequent calendar year.

Advance lump sum amounts are, as a rule, taxable.

However, the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund fulfil the requirements for an equity fund for tax purposes; hence, 30% of the advance lump sum amounts are tax-exempt.

The taxable advance lump sum amounts are, as a rule, subject to the tax withholding of 25% (plus solidarity surcharge and church tax, where applicable).

Tax need not be withheld if the investor is a domestic tax resident and submits an exemption order, provided that the taxable income components do not exceed EUR 801 in the case of an individual assessment (*Einzelveranlagung*) or EUR 1,602 in the case of a joint assessment (*Zusammenveranlagung*) for married couples.

The same also applies upon submission of a certificate for persons for whom it is not expected that they will be assessed income tax (non-assessment certificate (*Nichtveranlagungsbescheinigung*)).

If the domestic investor holds the fund units in safekeeping in a domestic securities account, the entity maintaining the securities account refrains, as paying agent, from withholding any taxes if, prior to the point in time of receipt, it has been provided with an exemption order issued for a sufficient amount which conforms to the official model or with a non-assessment certificate that has been issued by a tax office for a duration of no longer than three years. In this instance, no tax is deducted. The investor is otherwise obliged to make the amount of payable tax (*abzuführende Steuer*) available to the domestic entity maintaining the securities account. For this purpose, the entity maintaining the securities account is entitled to collect the amount of payable tax from an account it maintains in the name of the investor without the investor's consent. To the extent that the investor does not file an objection prior to the receipt of the advance lump sum amount, the entity maintaining the securities account is entitled to collect the amount of payable tax from an account held in the name of the investor up to such amount in which a current account loan (*Kontokorrentkredit*) agreed with the investor for such account has not been drawn. To the extent that the investor does not fulfil its obligation to make the amount of payable tax available to the domestic entity maintaining the securities account, the entity maintaining the securities account must notify its competent tax office of this fact. In this case, the investor must declare the advance lump sum amount to such extent in its income tax return.

Capital gains at the level of investor

If units in the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund or the Sturdza Family Fund are sold after 31 December 2017, the capital gain is subject to the flat-rate withholding tax rate of 25%. This applies both to fund units that were acquired prior to 1 January 2018 and that are deemed to be sold as of 31 December 2017 and reacquired as of 1 January 2018 as well as to fund units acquired after 31 December 2017.

However, the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund fulfil the requirements for an equity fund for tax purposes; hence, 30% of the capital gains are tax-exempt.

In the case of gains from the sale of fund units that were acquired prior to 1 January 2018 and that are deemed to be sold as of 31 December 2017 and reacquired as of 1 January 2018, it must be taken into account that, at the time of actual sale of the fund units, the gains from the deemed sale (*fiktive Veräußerung*) as of 31 December 2017 are also taxable if the fund units actually were acquired after 31 December 2008.

To the extent that the fund units are held in safekeeping in a domestic securities account, the entity maintaining the securities account withholds the tax, taking into account any partial exemptions. The tax withholding of 25% (plus solidarity surcharge and church tax, where applicable) can be avoided by submitting an exemption order for a sufficient amount or a non-assessment certificate. If such fund units are sold by a private investor at a loss, the loss can be offset by other positive capital investment income. To the extent that the fund units are held in safekeeping in a domestic securities account and positive capital investment income was achieved in the same calendar year at the same entity maintaining the securities account, the offsetting of losses is carried out by the entity maintaining the securities account.

If units in the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund or the Sturdza Family Fund acquired prior to 1 January 2009 are sold after 31 December 2017, any gain generated after 31 December 2017 is, as a rule, tax-exempt for private investors up to an amount of EUR 100,000. Such tax allowance (*Freibetrag*) can only be claimed if such gains are declared to the tax office competent for the investor.

When determining the amount of the capital gain, the advance lump sum amounts applied during the holding period must be subtracted from the gain.

Fund units held as business assets (domestic tax residents)

Refund of the fund's corporate income tax

The corporate income tax incurred at the level of the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund can be refunded to the fund for forwarding to an investor, provided that the

investor is a domestic corporate entity (*Körperschaft*), an association of persons (*Personenvereinigung*) or a pool of assets (*Vermögensmasse*) that, in accordance with its articles of association, its act of foundation (*Stiftungsgeschäft*) or any other form of constitutional documents and in accordance with the actual management of its business, exclusively and directly serves non-profit, charitable or church-related purposes or that is a foundation under public law that exclusively and directly serves non-profit or charitable purposes or that is a public legal entity that exclusively and directly serves church-related purposes; this does not apply if the fund units are held in a for-profit business operation (*wirtschaftlicher Geschäftsbetrieb*). The same applies to comparable foreign investors having their registered office and place of management in a foreign state providing administrative and recovery assistance (*Amts- und Beitreibungshilfe leistender ausländischer Staat*).

The requirement for this is that such an investor must file a corresponding application and the corporate income tax incurred must be attributable pro rata to the investor's holding period. In addition, the investor must have been the owner under civil law and the beneficial owner of the fund units for at least three months prior to the receipt of the fund's income subject to corporate income tax without such investor being obliged to transfer the fund units to another person. Furthermore, a refund of corporate income tax incurred at the level of the fund on German dividends and income from German equity-like participation rights requires, primarily, that German shares in stock corporations and German equity-like participation rights were held by the fund as the beneficial owner for a continuous period of 45 days during a period beginning 45 days prior to the due date of the earnings from capital investments and ending 45 days after the due date of the earnings from capital investments and that, in this 45-day period, there was the continued risk of a change in the minimum value (*Mindestwertänderungsrisiko*) in an amount of 70%.

The application must be accompanied by supporting documents with regard to the tax exemption and by a certificate of the holding of investment fund units (*Investmentanteil-Bestandsnachweis*) issued by the entity maintaining the securities account. The certificate of the holding of investment fund units is a certificate that is prepared according to an official model and that states the amount of fund units held continuously by the investor throughout the calendar year as well as the point in time and the value of the acquisition and the sale having occurred throughout the calendar year.

The corporate income tax incurred at the level of the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund or the Sturdza Family Fund may also be refunded to the fund for forwarding to an investor to the extent the units in the fund are held in connection with retirement or basic pension plans (*Altersvorsorge- oder Basisrentenverträgen*) that have been certified in accordance with the

German Act on the Certification of Retirement and Basic Pension Plans (*Altersvorsorgeverträge-Zertifizierungsgesetz*). This requires that the provider of a retirement or basic pension plan notifies the fund within one month after the end of its financial year at which points in time and in what amounts fund units were acquired or sold.

The Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund and/or the Company are not obligated to have the relevant amount of corporate income tax refunded to them for forwarding to an investor.

Owing to the considerable complexity of the regulation, consulting a tax advisor appears sensible.

Distributions

Distributions from the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund are, as a rule, subject to income or corporate income tax as well as trade tax.

However, the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund fulfil the requirements for an equity fund for tax purposes; hence, 60% of the distributions are tax-exempt for income tax purposes and 30% for trade tax purposes if the fund units are held by natural persons as part of their business assets (*Betriebsvermögen*). For corporate entities (*Körperschaften*) subject to taxation, 80% of the distributions are, as a rule, tax-exempt for corporate income tax purposes and 40% for trade tax purposes. For corporate entities that are life or health insurance companies where the fund units are attributable to their capital investments (*Kapitalanlagen*), or that are credit institutions where the fund units are attributable to the trading book (*Handelsbuch*), or which acquired the fund units with the aim of the short-term achievement of net proprietary trading income (*kurzfristige Erzielung eines Eigenhandelserfolgs*), 30% of the distributions are tax-exempt for corporate income tax purposes and 15% for trade tax purposes.

The distributions are, as a rule, subject to the tax withholding of 25% (plus solidarity surcharge).

Because the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund fulfil the requirements for an equity fund for tax purposes, the partial exemption (*Teilfreistellung*) of 30% is taken into

account when the tax is withheld.

Advance lump sum amounts (Vorabpauschalen)

The advance lump sum amount is the amount by which distributions of the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund made within a given calendar year fall short of the base income (*Basisertrag*) for that calendar year. The base income is determined by multiplying the redemption price of a fund unit as at the beginning of a calendar year by 70% of the base interest (*Basiszins*), which is derived from the long-term achievable yield of public-sector bonds. The base income is limited to the excess amount that is the difference between the first and the last redemption price determined in a calendar year plus the distributions made within the same calendar year. In the year in which the fund units are acquired, the advance lump sum amount is reduced by a twelfth for each full month preceding the month of the acquisition. The advance lump sum amount is deemed to be received on the first working day of the subsequent calendar year.

Advance lump sum amounts are, as a rule, subject to income or corporate income tax as well as trade tax.

However, the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund fulfil the requirements for an equity fund for tax purposes; hence, 60% of the advance lump sum amounts are tax-exempt for income tax purposes and 30% for trade tax purposes if the fund units are held by natural persons as part of their business assets (*Betriebsvermögen*). For corporate entities (*Körperschaften*) subject to taxation, 80% of the advance lump sum amounts are, as a rule, tax-exempt for corporate income tax purposes and 40% for trade tax purposes. For corporate entities that are life or health insurance companies where the fund units are attributable to their capital investments (*Kapitalanlagen*), or that are credit institutions where the fund units are attributable to the trading book (*Handelsbuch*), or which acquired the fund units with the aim of the short-term achievement of net proprietary trading income (*kurzfristige Erzielung eines Eigenhandelserfolgs*), 30% of the advance lump sum amounts are tax-exempt for corporate income tax purposes and 15% for trade tax purposes.

The advance lump sum amounts are, as a rule, subject to the tax withholding of 25% (plus solidarity surcharge).

Because the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe

Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund fulfil the requirements for an equity fund for tax purposes, the partial exemption of 30% is taken into account when the tax is withheld.

Capital gains at the level of investors

Gains from the sale of the fund units are, as a rule, subject to income or corporate income tax as well as trade tax. When determining the amount of the capital gain, the advance lump sum amounts applied during the holding period must be subtracted from the gain.

However, the Strategic China Panda Fund, the Nippon Growth (UCITS) Fund, Strategic Europe Quality Fund, the Strategic Global Quality Fund, the Strategic European Smaller Companies Fund the Strategic Japan Opportunities Fund and the Sturdza Family Fund fulfil the requirements for an equity fund for tax purposes; hence, 60% of the capital gains are tax-exempt for income tax purposes and 30% for trade tax purposes if the fund units are held by natural persons as part of their business assets (*Betriebsvermögen*). For corporate entities (*Körperschaften*) subject to taxation, 80% of the capital gains are, as a rule, tax-exempt for corporate income tax purposes and 40% for trade tax purposes. For corporate entities that are life or health insurance companies where the fund units are attributable to their capital investments (*Kapitalanlagen*), or that are credit institutions where the fund units are attributable to the trading book (*Handelsbuch*), or which acquired the fund units with the aim of the short-term achievement of net proprietary trading income (*kurzfristige Erzielung eines Eigenhandelserfolgs*), 30% of the capital gains are tax-exempt for corporate income tax purposes and 15% for trade tax purposes.

The gains from the sale of the units are, as a rule, not subject to any tax withholding.

Negative tax income

It is not possible to directly attribute negative tax income (*negative steuerliche Erträge*) to an investor.

Taxation on liquidation

During the liquidation of a fund, distributions are only deemed to be income to the extent that they include the increase in value of a calendar year.

Summary overview for assessing tax in the case of common groups of business investors

| | Distributions | Advance lump sum amounts | Capital gains |
|---|---|--------------------------|---|
| Domestic investors | | | |
| Sole proprietors | <p><u>Withholding tax on capital investment income (Kapitalertragsteuer):</u> 25% (the partial exemption rate for equity funds of 30% is taken into account)</p> <p><u>Substantive taxation:</u> Income tax and trade tax taking into account partial exemptions, where applicable (equity funds: 60% for income tax purposes/30% for trade tax purposes)</p> | | <p><u>Withholding tax on capital investment income (Kapitalertragsteuer):</u> Not applied</p> |
| Corporate entities subject to standard taxation: (typically industrial enterprises; banks, provided that units are not held in the trading portfolio; property insurers) | <p><u>Withholding tax on capital investment income (Kapitalertragsteuer):</u> Not applied to banks; otherwise, 25% (the partial exemption rate for equity funds of 30% is taken into account)</p> <p><u>Substantive taxation:</u> Corporate income tax and trade tax taking into account partial exemptions, where applicable (equity funds: 80% for corporate income tax purposes/40% for trade tax purposes)</p> | | <p><u>Withholding tax on capital investment income (Kapitalertragsteuer):</u> Not applied</p> |
| Life and health insurance companies and pension funds where the fund units are attributable to their capital investments | <p><u>Withholding tax on capital investment income (Kapitalertragsteuer):</u> Not applied</p> <p><u>Substantive taxation:</u> Corporate income tax and trade tax, to the extent that no provision for premium refunds (<i>Rückstellung für Beitragsrückerstattung</i>) is built up for commercial accounting purposes (<i>handelsbilanziell</i>) that must also be recognised for tax purposes, taking into account partial exemptions, where applicable (equity funds: 30% for corporate income tax purposes/15% for trade tax purposes)</p> | | |
| Banks holding the fund units in the trading portfolio | <p><u>Withholding tax on capital investment income (Kapitalertragsteuer):</u> Not applied</p> <p><u>Substantive taxation:</u> Corporate income tax and trade tax taking into account partial exemptions, where applicable (equity funds: 30% for corporate income tax purposes/15% for trade tax purposes)</p> | | |
| Tax-exempt non-profit, charitable or church-related investors (in particular, churches, non-profit foundations) | <p><u>Withholding tax on capital investment income (Kapitalertragsteuer):</u> Not applied</p> <p><u>Substantive taxation:</u> Tax-exempt – in addition, corporate income tax incurred at the level of the fund may be refunded upon request</p> | | |
| Other tax-exempt investors (in particular, pension schemes, burial funds and support funds, provided that the requirements specified in the Corporate Income Tax Act are met) | <p><u>Withholding tax on capital investment income (Kapitalertragsteuer):</u> Not applied</p> <p><u>Substantive taxation:</u> Tax-exempt</p> | | |

The securities account is deemed to be held in Germany. A solidarity surcharge is levied on withholding tax on capital investment income, income tax and corporate income tax. In order to achieve that the deduction of withholding tax on capital investment income is not applied, it may

be required that certificates are timely submitted to the entity maintaining the securities account.

Foreign tax residents

If a foreign tax resident holds the fund units in safekeeping in a securities account with a domestic entity maintaining the securities account, no tax is withheld on distributions, advance lump sum amounts and gains from the sale of fund units, provided that the foreign tax resident submits proof of his or her status as a foreign tax resident. If the entity maintaining the securities account is not aware of the investor's status as a foreign tax resident, or if proof of such status is not provided in due time, the foreign investor must apply for a refund of the tax withheld in accordance with the German Fiscal Code (*Abgabenordnung*). The competent tax office is the tax office competent for the entity maintaining the securities account.

Solidarity surcharge

A solidarity surcharge of 5.5% is levied on the tax to be withheld for distributions, advance lump sum amounts and gains from the sale of fund units.

Church tax

To the extent that income tax is already levied by way of withholding by a domestic entity maintaining the securities account (withholding agent (*Abzugsverpflichteter*)), the church tax attributable to such income tax will regularly be levied as a surcharge on the tax withheld at the church tax rate of the religious community of which the church tax payer is a member. The deductibility of the church tax as a special expense is already taken into account when the tax is withheld.

Foreign withholding tax

In some cases, withholding tax (*Quellensteuer*) is levied on a fund's foreign income by the respective source countries (*Herkunftsändern*). Such withholding tax cannot be deducted from any tax payable by the investors.

Consequences of merging investment funds

In cases of the merging of a domestic investment fund into another domestic investment fund, this does neither result in a disclosure of hidden reserves at the level of the investors nor at the level of the investment funds involved, i.e., this procedure is tax-neutral. The same applies to the transfer of all assets (*Vermögensgegenstände*) of a domestic investment fund (*Sondervermögen*) to a domestic investment stock corporation with variable capital (*Investmentaktiengesellschaft mit*

veränderlichem Kapital) or to a corporate sub-fund (*Teilgesellschaftsvermögen*) of a domestic investment stock corporation with variable capital. If the investors of the transferring investment fund receive a cash payment as provided in the merger plan, this payment must be treated as a distribution.

Automatic exchange of information in tax matters

In the last few years, the importance of the automatic exchange of information for combating cross-border tax fraud and cross-border tax evasion has increased significantly at the international level. For this reason, the OECD published in 2014 on behalf of the G20 a global standard for the automatic exchange of information relating to financial accounts in tax matters (Common Reporting Standard, hereinafter "CRS"). The CRS was committed to by more than 90 countries (participating countries) by way of a multilateral agreement. In addition, the CRS was integrated into Directive 2011/16/EU concerning the obligation for an automatic exchange of information with respect to taxation at the end of 2014 by the Directive 2014/107/EU dated 9 December 2014. The participating countries (all Member States of the EU as well as a large number of third countries) have been applying the CRS in principle as of 2016 with notification requirements applying as of 2017. Only individual countries (e.g., Austria and Switzerland) are permitted to apply the CRS one year later. Germany implemented the CRS in its national law by way of the Act on the Automatic Exchange of Information on Financial Accounts in Tax Matters (*Gesetz zum automatischen Austausch von Informationen über Finanzkonten in Steuersachen*) of 21 December 2015 and has been applying the CRS as of 2016.

Under the CRS, reporting financial institutions (primarily credit institutions) are obliged to obtain certain information on their clients. If the clients (natural or legal persons) are persons who are resident in other participating countries and are subject to the notification requirements (this does not include, e.g., listed corporations and financial institutions), their accounts and securities accounts are classified as accounts subject to registration. The reporting financial institutions will then transmit certain information for each account subject to notification requirements to their local tax authority. Such tax authority then transmits the information to the client's local tax authority.

The information to be transmitted is, in principle, the personal data of the client subject to notification requirements (name, address, tax identification number, date and place of birth (of natural persons), country of residence) as well as information on the (securities) accounts (e.g., account numbers, account balances or account values, total gross amount of income such as interest, dividends or distributions from investment funds, total gross earnings from the sale or redemption of financial assets (including fund units)).

Accordingly, the regime specifically covers investors subject to notification requirements that

maintain an account and/or securities account with a credit institution resident in a participating country. Therefore, German credit institutions will report information on investors that are resident in other participating countries to the German Federal Central Tax Office (*Bundeszentralamt für Steuern*), which will forward the information to the respective tax authorities of the investors' countries of residence. Similarly, credit institutions in other participating countries will report information on investors resident in Germany to their respective local tax authorities, which will forward the information to the German Federal Central Tax Office. Finally, it is conceivable that credit institutions resident in other participating countries will report information on investors that are resident in yet again other participating countries to such credit institutions' respective local tax authority, which will forward the information to the respective tax authorities of the investors' countries of residence.

Given the complexity of German tax law and especially the recently amended German Investment Tax Act, Shareholders and potential investors are strongly advised to consult their tax advisor.

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