



- FUND MANAGEMENT -

# FUND PROSPECTUS



UB Fund Management Company Ltd — 12.2.2016

This fund prospectus is complemented by the fund rules.  
Before making an investment decision, investors must also read the fund's KIID and the fund rules.

## Structure of the Fund Prospectus and Availability of Information

This Fund Prospectus (hereinafter the 'Prospectus') of UB Fund Management Company Ltd (hereinafter 'the Fund Management Company') consists of a general part relating to all the mutual funds managed by the Fund Management Company (unless a fund has a fund-specific Fund Prospectus). This Fund Prospectus is further supplemented by the individual rules and key investor information document (hereinafter the 'KIID') of each fund managed by the Fund Management Company

The specific characteristics of each fund (inter alia investment policy, investor target group and the fund's risk-reward profile) are outlined in each fund's KIID and rules.

The funds' rules, KIIDs, annual reports and half-yearly reports are available at the Fund Management Company, free of charge.

## Fund Management Company

UB Fund Management Company Ltd (Finnish business identity code: 2118101-5) was established on April 26th, 2007 and is domiciled in Helsinki, Finland. The Fund Management Company's field of activities consists of mutual fund activities. Its share capital is 200 000 EUR. The accounting period of the Fund Management Company, as well as that of its funds, is 1.1.–31.12, unless otherwise stated in the fund rules.

A list of funds managed by the Fund Management Company is presented on the next page of this Prospectus. All of the funds are registered in Finland and their rules have been confirmed by the Finnish Financial Supervisory Authority.

The Fund Management Company has outsourced portfolio management, marketing and sales of the funds it manages to its group companies, UB Asset Management Ltd and UB Real Asset Management Ltd, as well as VISIO Varainhoito Oy and Investo Asset Management Ltd as set out on the next page of this Prospectus.

The compliance- and risk management functions of the Fund Management Company are executed by the parent company, United Bankers Plc. The internal audit function is outsourced to BDO Ltd.

The Fund Management Company is registered in the FATCA-register administered by the tax authority of the United States, the IRS. The Fund Management Company acts as sponsor for the funds it manages in the FATCA-reporting. The GIIN number of the Fund Management Company is C83N57.00004.ME.246 and when acting as a sponsor MA27AS.00000.SP.246.

### Board of Directors:

**Johan Linder** (Chairman of the Board)

Chairman of the Board, United Bankers Plc, UB Securities Ltd, UB Asset Management Ltd

### **Timo Ronkainen**

Director, UB Asset Management Ltd

### **Laura Aarnio**

Representative elected by the unit-holders

### Managing Director:

**Henri Korhonen**

<b>Name of the Fund</b>	<b>Start date of the Fund</b>	<b>Fund rules delivered to FIN-FSA</b>	<b>asset manager</b>	<b>sales/ marketing</b>
UB Asia Reit Plus Fund	9.2.2007	18.12.2013	UB Real Asset Management Ltd	UB Asset Management Ltd
UB American Equity Fund	31.12.2004	13.4.2015	UB Asset Management Ltd	UB Asset Management Ltd
UB EM Infra Fund	30.10.2007	18.12.2013	UB Real Asset Management Ltd	UB Asset Management Ltd
UB European REIT Fund	10.5.2004	28.12.2011	UB Real Asset Management Ltd	UB Asset Management Ltd
UB Global REIT Fund	7.2.2005	28.12.2011	UB Real Asset Management Ltd	UB Asset Management Ltd
UB PF Finland Fund	30.4.2004	28.12.2011	UB Real Asset Management Ltd	UB Asset Management Ltd
UB Infra Fund	17.1.2006	28.12.2011	UB Real Asset Management Ltd	UB Asset Management Ltd
UB North America REIT Fund	15.12.2014	12.11.2014	UB Real Asset Management Ltd	UB Asset Management Ltd
UB Pension Fund (non-UCITS)	1.12.2003	28.12.2011	UB Real Asset Management Ltd	UB Asset Management Ltd
UB Fixed Income Plus Fund (non-UCITS)	8.10.2015	8.10.2015	UB Asset Management Ltd	UB Asset Management Ltd
UB Bond Portfolio Fund (non-UCITS)	17.11.2010	21.3.2014	UB Real Asset Management Ltd	UB Asset Management Ltd
UB Smart Fund (non-UCITS)	11.12.2006	12.7.2015	UB Asset Management Ltd	UB Asset Management Ltd
UB View Fund (non-UCITS)	28.9.2007	22.12.2009	VISIO Asset Management Ltd	UB Asset Management Ltd
UB Real REIT Fund (non-UCITS)	12.6.2012	15.6.2012	UB Real Asset Management Ltd	UB Asset Management Ltd
Visio Allocator Fund (non-UCITS)	15.4.2010	28.3.2012	VISIO Asset Management Ltd	VISIO Asset Management Ltd
VISIO EM Multi Strategy Fund (non-UCITS)	28.9.2007	28.3.2012	VISIO Asset Management Ltd	VISIO Asset Management Ltd
AURTUA+ Fund (non-UCITS)	14.3.2014	28.3.2012	Investo Asset Management Ltd	Investo Asset Management Ltd



## **Custodian**

The funds' custodian is the Helsinki branch of Skandinaviska Enskilda Banken AB (publ). The custodian's field of activities consist primarily of deposit bank activities. The custodian is domiciled in Stockholm, Sweden, and the address of the Helsinki branch is Unioninkatu 30, FI-00100 Helsinki, Finland.

## **Auditors**

The Fund Management Company has appointed Tuokko Ltd, Authorized Public Accountants as accountants and APA Suvi Suonsivu as a deputy auditor.

Unit-holders of the funds have appointed APA Janne Elo as an accountant and APA Jari Miikkulainen as a deputy auditor.

## **Supervisory Authority**

The Finnish Financial Supervisory Authority (in Finnish: "Finanssivalvonta")

Address: Snellmaninkatu 6, PO box 103, FI-00101 Helsinki, Finland

Telephone: +358 10 831 51

Fax: +358 10 831 5328

Email: kirjaamo@finanssivalvonta.fi

## **Information concerning investment funds**

In Finland, investments funds are regulated by the Finnish Act on Common Funds. The Finnish Financial Supervisory Authority supervises services subject to authorization, where a fund management company collects assets from private persons, companies and foundations to be invested in funds, in order to invest the assets on behalf of the investment fund.

The investment fund is divided into fund units of equal size which provide equal rights to the assets of the fund. The fund is owned by the persons, companies and foundations in proportion to their investments in the fund, taking into account the relative value of fund unit series and classes.

The Fund Management Company shall calculate the values of fund units for each business day when deposit banks are generally open for business in Finland ("business day").

## **Subscription and redemption of fund units**

A fund unit entitles to a share of the fund's assets which is proportionate to the total number of fund units. Subscription and redemption orders on fund units can be accepted at the Fund Management Company and in other subscription locations determined by the Board of Directors of the Fund Management Company. The fund units are subscribed to the fund unit value on the subscription day and redeemed to the fund unit value on the redemption day. Information on the subscription and redemption cut-off times may be found in the respective fund rules.

If the assets for the redemption transaction need to be acquired by selling investments, such sale must take place without undue delay and no later than two (2) weeks after the redemption order was issued to the Fund Management Company. In such case, the redemption transaction will be executed at the value of the fund unit on the date on which the proceeds from the sale of investments have been received. The Financial Supervision Authority may, for a special reason, grant permission for exceeding the aforementioned time limit.

The Fund Management Company may, if the best interest of the unit holders or other particularly weighty reason so requires, suspend the subscription of fund units. The Fund Management Company can suspend fund unit subscriptions and redemptions temporarily if the market place which can be considered the fund's main market place according to its investment policy is closed for an unpredictable reason, if trading in this market place has been restricted, or if no reliable market or price information is available in the market place.

If so required by the best interest of the unit holder, for example when reliable market information is not available from the primary market places of the fund's investments, or from a substantial part thereof.

## The management fees and the subscription and redemption fees of the Funds

Name of the Fund	Annual management fee	Subscription fee	Redemption fee	Minimum subscription
<b>Bond funds</b>				
UB Fixed Income Plus Fund (non-UCITS)	0,35 %	0 %	0 %	10 000 e
UB Bond Portfolio Fund (non-UCITS)	0,65 %	0,5 %	0,5 %	1 000 e
<b>Regional bond funds</b>				
UB American Equity Fund A*	1 %*	1 %	1 %	1 000 e
UB American Equity Fund***	0,8 %	1 %	1 %	500 000 e**
UB PF Finland Fund A	1 %	1 %	1 %	1 000 e
UB PF Finland Fund***	0,775 %	1 %	1 %	500 000 e**
<b>Infrastructure equity funds</b>				
UB EM Infra Fund A*	1,7 %*	1 %	1 %	1 000 e
UB EM Infra Fund*, ***	0,9 %*	1 %	1 %	500 000 e**
UB Infra Fund A	1,4 %	1 %	1 %	1 000 e
UB Infra Fund***	0,8 %	1 %	1 %	500 000 e**
<b>Real estate equity funds</b>				
UB Asia Reit Plus Fund A*	1,7 %*	1 %	1 %	1 000 e
UB Asia Reit Plus Fund*, ***	0,9 %*	1 %	1 %	500 000 e**
UB European REIT Fund A	1,2 %	1 %	1 %	1 000 e
UB European REIT Fund***	0,7 %	1 %	1 %	500 000 e**
UB Global REIT Fund A	1,4 %	1 %	1 %	1 000 e
UB Global REIT Fund***	0,8 %	1 %	1 %	500 000 e**
UB North America REIT Fund A	1,2 %	1 %	1 %	1 000 e
UB North America REIT Fund***	0,7 %	1 %	1 %	500 000 e**
UB Real REIT Fund* (non-UCITS)	1,45 %*	1 %	1 %	1 000 e
<b>Other funds</b>				
UB Pension Fund*	0,8 %*	1 %	1 %	1 000 e
UB View Fund* (non-UCITS)	1 %*	1 %	1 %	1 000 e
UB Smart Fund A* (non-UCITS)	1,5 %*	1 %	1 %	1 000 e
UB Smart Fund (non-UCITS)	1 %	1 %	1 %	500 000 e**

\* Including a performance-based management fee, see the key investor information document and fund prospectus for more details

\*\* Minimum subscription of EUR 1000 provided that the investor has EUR 2 million invested in UB's funds

\*\*\* Growth / distribution unit series

## Calculation of values of the funds

The value of each fund shall be calculated according to the respective fund rules by deducting the fund's liabilities (short sold shares to their market price, the management- and depository cost debts accumulated in accordance with article 8 of the fund rules and other liabilities) from its assets (securities, the net worth of positions based on derivatives, liquid assets along with other assets including accumulated return).

The investments of each fund, which may include securities, money market instruments, funds and derivatives, are valued at their valid market value. Investments that lack a reliable market value shall be valued on the basis of objective criteria determined by the Management Company's Board of Directors and documented accordingly. Values of the fund's investments quoted in foreign currencies are converted into euros mainly on the basis of buy quotations issued in public quotation systems. Deposits are valued by adding any accrued interest to the capital as specified by the Fund Management Company's Board of Directors.

The value of the loaning and repurchase agreements is determined through the market value of the securities and money market instruments which are subject to the agreements. The fund asset valuation dates are shown in the "Calculation of fund value" -section of the fund rules.

## Calculation of value of fund unit

The value of a fund unit is the fund's value divided by the amount of issued units in said fund.

Relative values of yield and growth units are determined on the basis of the annual returns distributed to the holders of yield units, separately for each unit series. Distribution of returns changes the ratio between yield and growth units. The ratio is determined after distribution of returns by dividing the value of a yield unit (without the return payable on the payment date of the return) with the value of the growth unit. This ratio is used until the next matching day of distribution of returns. The value of yield and growth unit is the same, and the ratio one (1), until the first distribution of returns.

The value of a growth unit in each unit series is calculated by dividing the proportion of the fund's value related to such unit series with the aggregate of the number of growth units in such unit series and the number of yield units multiplied with the ratio. The value of a yield unit in each unit series is the value of a growth unit in such unit series multiplied with the ratio.

## Procedure in the case of errors in calculating fund values

The Fund Management Company maintains a fund-specific list of any errors made in calculating fund values. The list is available at the Fund Management Company. The below presented principles are applied when determining whether an error is materially significant. Situations in which the threshold for a materially significant error is exceeded will be resolved in accordance with the procedural instructions of the Finnish Financial Supervisory Authority and of the Fund Management Company. The funds are divided into four categories on the basis of the annual volatility of the respective fund's growth units:

<b>Annual volatility of the fund</b>	<b>Threshold of the significant error (% of NAV)</b>
≥ 10 %	≥ 0,5 %
≥ 5 % < 10 %	≥ 0,3 %
≥ 2 % < 5 %	≥ 0,2 %
≤ 2 %	≥ 0,1 %

The classifications are made based on the volatility published in the annual and semi-annual reports and are applicable until the publication of new figures. For new funds the classification is based on the volatility from the start of the fund until the end of the reviewing period converted to an annual level. If a fund has a return history of less than three months, the threshold of the significant error is 0,1 % or greater calculated from the fund equity.

### Thresholds of the funds are as follows:

UB Asia Reit Plus Fund	0,5 %
UB American Equity Fund	0,5 %
UB EM Infra Fund	0,5 %
UB European REIT Fund	0,5 %
UB Global REIT Fund	0,5 %
UB PF Finland Fund	0,5 %
UB Infra Fund	0,5 %
UB North America REIT Fund	0,3 %
UB Pension Fund	0,3 %
UB Fixed Income Plus Fund (non-UCITS)	0,1 %
UB Bond Portfolio Fund (non-UCITS)	0,3 %
UB Smart Fund (non-UCITS)	0,5 %
UB View Fund (non-UCITS)	0,5 %
UB Real REIT Fund (non-UCITS)	0,3 %
VISIO Allocator Fund (non-UCITS)	0,3 %

VISIO EM Multi Strategy Fund (non-UCITS).....	0,2 %
AURTUA+ Fund (non-UCITS).....	0,3 %

## **Funds' growth and distribution units and payment of returns**

Funds may contain distribution units as well as growth units. The Annual General Meeting of the Fund Management Company will decide on the return to be distributed annually to the holders of distribution units. Distribution of returns is aimed to be consistent. The return distributed on distribution units will be deducted from the capital of the fund calculated for distribution units. No return is distributed on growth units and the value thereof does not change as a result of any return distributed on distribution units.

The return will be paid to the holder of distribution units recorded on the Fund Management Company's register of fund units on the day determined by the Annual General Meeting of the Fund Management Company (matching day). The return will be paid to the bank account notified by the unit holder on the payment day determined by the General Meeting, which shall be no later than within one (1) month from the matching day. If the holder of distribution units has not notified the Fund Management Company of a bank account to be used for the payment of the return, any such return, which has not been collected within five (5) years after its original collection date, will be transferred back to the assets of the fund

## **Main risks of investment funds**

Investing in mutual funds always involves a risk that the invested capital may be lost either partially or entirely. It is a common characteristic of mutual funds that their fund unit value may either increase or decrease. Past fund performance is no guarantee of future returns. The amount to be paid to the investor in conjunction with the redemption of fund units may be less than the investor invested at the time of making the subscription. The fund investor shall also take into account that the fund may be merged into another fund or the fund might be divided into two or more separate funds. In addition the fund might be dissolved.

Investing in mutual funds involves risks which vary from fund to fund. As a general rule, the risk is lowest in money market and short term bond funds, which invest in the money markets, and highest in equity funds which invest in emerging markets. In exceptional market conditions, the funds' risks may be greater than stated and the risk of losing assets invested in the fund may increase. The various risks associated with mutual fund investment are explained below in more detail. The main risks associated with each individual fund are explained in each fund's KIID.

### **Risk associated with fluctuation in fund value (all funds)**

Investments in mutual funds are subject to fluctuations in value, the strength of which varies from fund to fund. Due to the daily value fluctuation of a fund, investors may lose assets they have invested in a fund. The value fluctuation of a fund is generally measured in terms of volatility. The greater the annual volatility of the fund, the greater the risk associated with the fund's value fluctuation.

### **Market risk (all funds)**

Market risk refers to the general performance of the markets in which a mutual fund invests. This affects the fund's value. The general performance of the global equity markets is reflected in the performance of equity funds, for example.

### **Equity risk (funds investing in equities)**

Mutual funds that invest in equities always carry equity risk, i.e. the risk that the market value of investments will decrease. Equity risk is measured using standard deviation, or volatility, which describes the variation in the value of the share. A share whose value fluctuates substantially is riskier than a share whose value fluctuates less. The equity risk depends on the risk associated with the issuer's activity.

### **Geographical risk (funds investing in particular geographical areas)**

A fund that invests in a particular geographical area is subject to geographical risk. This risk means that changes in the outlook for the geographical area in question may have a substantial impact on the value of the fund's investments. The performance of investments in a specific geographical area may differ significantly from the general performance of the equity or fixed income markets.

### **Asset class risk (All funds)**

The greater the concentration of investments on particular asset classes, such as equities or fixed income instruments, the greater the asset class risk. In balanced funds, the aim is to reduce asset class risk by diversifying investments to several asset classes. In funds investing in individual asset classes, the changes in the outlook of the performance of the asset classes in question may have a substantial impact on the fund's value. When a mutual fund invests in, for example, raw materials alone its asset class risk is higher than that of a fund investing in a broader range of asset classes.

### **Industry risk (funds focusing on a certain line of business)**

Funds investing in a particular sector or industry carry an industry risk. This risk means that changes in the outlook for a particular sector or industry may have a substantial impact on the value of the fund's investments. The performance of investments in a specific sector or industry may differ significantly from the general performance of the equity market.

### **Foreign exchange risk (funds investing in other than euro-denominated instruments)**

A fund has a foreign exchange risk if it invests in securities that are not euro-denominated. The greater the share of non-euro-denominated investments, the greater the foreign exchange risk. Also, the greater the fluctuation of a currency's value against the euro, the greater the risk. A fall in the value of a currency in which an investment instrument is denominated will have a negative impact on the value of the fund and, conversely, an increase in its value will have a positive impact.

### **Interest rate risk (funds containing fixed income investments)**

A fund has an interest rate risk when it invests in instruments that pay interest. Interest rate risk means that a change in interest rates will influence the value of the fund's fixed income investments and hence the value of the fund itself. A general rise in interest rates will have a negative impact on the value of the fixed income investments the fund has invested in and, conversely, a fall in interest rates will have a positive impact on the fixed income investments of the fund. The interest rate risk associated with a fund is indicated by duration. The longer the average remaining time to maturity of the fund's fixed income investments is, the greater the interest rate risk (modified duration) of the fund. Hence long-term bond funds normally have a greater risk than money market and short term bond funds.

### **Credit risk (funds containing fixed income investments)**

The fixed income investments of funds carry a credit risk, which is a risk that the issuers and guarantors of and other parties associated with the fixed income investments cannot, for one reason or another, repay the loan as agreed. The value of the fund is affected by changes in market assessments of the magnitude of the credit risk for different issuers in different market conditions. As the likelihood that the repayment difficulties of fixed income investment issuers increases, the value of the investment in question decreases and has a negative effect on the value of the fund. Correspondingly, a decreasing likelihood of repayment difficulties will have a positive impact on the value of the fund. A higher credit risk is associated with fixed income funds that invest in bonds issued by low-credit-rating companies (high yield loans) than with fixed income funds that invest mainly in bonds issued by euro area countries.

### **Liquidity risk (all funds)**

A fund's liquidity risk means a situation where the securities in which the fund invests in cannot be liquidated according to a desired timetable and/or at a reasonable price, and which has an effect on the fund's unit value if the fund's investments have to be liquidated at an inopportune time. If the liquidity risk is high, the security will be traded infrequently or the volume of the trading will be small. Buying or selling a security with such liquidity may cause strong upward or downward movement of its value, especially if the volume of the transaction is large. Liquidity risk can also be understood to be a situation in which a security cannot be traded because of a stock exchange disruption, for example. The realization of liquidity risk may affect the price trend of a security and the timetable for carrying out fund redemptions.

### **Settlement risk (all funds, particularly those investing in emerging markets)**

Settlement risk means a risk where the counterparty of a securities transaction fails to comply with the agreed terms, even though the other party has met its contractual obligations. Settlement risk is greater in the case of intercontinental securities and foreign exchange transactions because the transaction may be settled in different time zones. Settlement risk is also greater in emerging securities markets than in developed ones because of differences in trading procedures, for example. Because emerging equity markets are still developing, the redemption of fund units may be postponed by delays in the settlement of securities transactions.

### **Political risk (all funds)**



Markets in which a fund invests may be subject to political risk, which may be realized as a market risk having an impact on the fund. Such political risks include wars and unexpected changes in the economic policies or political circumstances of the market area in which the fund invests, which may have unexpected effects on the value of the securities in which the fund invests. Political risk may also be realized in situations in which a government resolves to nationalize a company in which the fund invests. Markets in which a fund invests may also be subject to political risk which may be realized as an operational risk having an impact on the fund. Political risk of this type may manifest itself as various types of sanctions, including tax consequences, foreign exchange regulations and obstacles to repatriating assets from abroad. These factors may have an impact on the prices of the securities the fund invests in or in funds' redemption timetables.

### **Active risk (all funds)**

The performance of the fund depends on the successfulness of the investment activities of the asset manager. Active risk arises in connection to active portfolio management. It's a risk related to the performance of the fund in relation to the benchmark index, which it is compared against. By active portfolio management, e.g. by actively forming opinions about the positive or negative development of investments, the aim is to exceed the returns of the benchmark index which the fund is compared to. Active opinion usually appears in the deviation of emphasis between the investments of the funds and the ones of the benchmark index. The portfolio manager overweighs the investments that by his opinion provide the fund with better return and respectively underweighs investments with weaker return expectations. As a result of the active risk the performance of the fund may deviate from the one of the benchmark index.

### **Operational risks (all funds)**

Operational risks refer to investment instrument risks caused by factors external to the investment, and by poorly functioning technology or inadequate action taken by staff or defects in organization or internal processes. These risks may be realized as disruptions in the IT systems of transaction clearing and custodial systems, which may have a negative impact on trading in a security in which a fund invests.

### **Force Majeure risk (all funds)**

Force majeure risks are factors that have consequences which are independent of contracts, unexpected and insurmountable, and put the continuity of operations at risk. Contractual parties are not liable for these risks. Force majeure risks include serious natural disasters, riots, industrial action and war. The realization of a force majeure risk may have substantial impact on the prices of securities a fund invests in or in the fund's ability to trade in securities, for example. Consequently, the realization of force majeure risk may affect the timetable of implementing fund orders.

## **Objective of funds' governance policies**

The objective of the Fund Management Company's governance policies is to look after the common interests of fund unit-holders by seeking capital growth for the investors in a long term. The common interests of unit-holders means an optimum return on the fund holdings in relation to the investment policies and risk levels defined in the funds' regulations.

The Fund Management Company's Board of Directors can make case-specific decisions on the exercising of voting rights related to shareholdings in the funds administered by the Fund Management Company. General meetings are participated in only in exceptional cases, when the general meeting agenda features a matter that the Fund Management Company's Board considers particularly significant in view of the value performance of the company invested in. In each case, the Board will issue detailed voting instructions.

The Fund Management Company publishes information in the funds' semi-annual and annual reports on how voting rights were exercised in the review period.

## **Payments or fees to third parties**

The Fund Management Company pays fees to its agents that receive the funds' subscription or redemption orders on the basis of fund sales. The amount of the fee can be based on the amount of the fund subscriptions and/or redemptions, or on the existing fund base. The purpose of the fees is to cover any expenses incurred by the agent for the subscriptions, redemptions and management of funds. The fees also aim to promote customer service, and to enable the agent to function as an agent of the Fund Management Company. Payments or fees to third parties do not

reduce returns accumulated to customers from the fund, and therefore, paying the fee is not contrary to the customer's interests.

The Fund Management Company may enter into rebate agreements with the management companies that administer mutual funds in which investments are made.

## **Information on taxation**

### **Fund taxation**

In Finland, mutual funds are exempt from income tax, and therefore do not pay taxes on capital gains, on dividends received from Finland, or on interest income, for example. The fund may be required to pay the tax withheld at source on income received from abroad, such as dividend income, to the relevant country. The amount of this tax is determined by local legislation and relevant tax treaty.

### **Taxation of unit-holders**

The information regarding taxation is based on tax legislation, case law and taxation practice in force in Finland in January 2016.

### **Taxation of fund investments of natural persons generally liable to tax in Finland**

The annual income distributed on fund distribution units, as well as any capital gains arising from the redemption of fund units are deemed as capital income, on which a 30% capital gains tax is charged. Taxable capital gains exceeding EUR 30,000 in a tax year will be subject to 34% capital gains tax. Switching the units of a mutual fund to units of another fund is treated as a redemption and new subscription, which produces a capital gain or loss in taxation. If distribution units in a fund are switched to growth units in the same fund or vice versa, no taxable capital gains (or losses) will be realized in taxation.

The Fund Management Company collects tax on the annual income distributed on the fund's distribution units, as tax withheld in advance at the time of paying the income. The Fund Management Company notifies the Finnish tax authorities of end-of-year fund unit holdings and the redemptions of fund units during the year, as well as income distributed to the holders of distribution units including the tax withheld in advance collected thereof.

Capital gains arising from the redemption of fund units are not subject to tax withheld in advance, and the fund unit-holder must therefore independently declare the capital gains in a supplement to the pre-completed tax return form. Capital gains are calculated by deducting either the subscription prices and the costs of attaining the gains (any subscription and redemption fees) or alternatively the acquisition cost calculated based on the presumed acquisition cost. When using the presumed acquisition cost, 40 % of the redemption price of fund units owned for at least 10 years, and 20 % of the redemption price of fund units owned for a shorter period, can be deducted as the acquisition cost.

Any capital losses that may arise from redemption (or switch) during 2016 can be deducted from unearned income created during that tax year. If the capital losses have arisen from redemption (or switch) during years 2010-2015, the capital losses can be deducted from taxable gains during the tax year in question and the five subsequent years.

However, capital gains are not taxable income if the combined sales prices of the assets sold during the tax year do not exceed EUR 1,000. On the other hand, capital losses arising during the tax year are not deductible if both the combined acquisition costs and the combined sales prices of the assets sold during the tax year do not exceed EUR 1,000. When calculating the EUR 1,000 thresholds, sales other than redemptions of fund units are taken into account, but sales on which the acquired profit is, by law, considered tax-exempt, sales of ordinary household movables or sales of other comparable property for personal use are not taken into account.

When redeeming only part of the fund units, the fund units are considered to be redeemed in the order in which they were acquired so that the fund units acquired first are redeemed first. However, when redeeming fund units, investors may specify which fund units to redeem, in which case the acquisition cost is determined on the basis of these units.

Investors should note that tax treatment is determined according to the individual circumstances of each customer and tax rates and other tax-related matters may change. The Fund Management Company will not be held responsible for changes in tax legislation, case law or tax provisions or for taking any changes in these into account. Additional infor-

mation is available on the website of the Finnish tax authorities, [www.vero.fi](http://www.vero.fi). Local tax offices also provide additional information.

### **Natural persons with a limited tax liability in Finland**

The annual income distributed on distribution units to natural persons with a limited tax liability in Finland is subject to the Act on Tax at Source (Act on Taxation of Income and Capital of a Person Subject to Limited Tax Liability, 11.8.1978/627). The tax withheld at source is 30%, unless a lower tax rate has been agreed in a tax treaty between Finland and the relevant country. In certain cases, the Act on Tax at Source prescribes that no tax withheld at source shall be charged for example from people residing in EU member states. The Fund Management Company is obliged to collect any tax withheld at source. The Fund Management Company submits an annual notification of the returns paid, the tax withheld at source collected and the redemptions of fund units to the tax authorities. Capital gains are taxed in the recipient's country of residence. Thus, the final taxation of the fund holdings of natural persons with a limited tax liability in Finland depends not only on the tax regulations of Finland and of the taxpayer's country of residence, but also on the content of any tax treaty established between Finland and the taxpayer's country of residence, and varies depending on the taxpayer's country of residence.

If the investor is unsure of his/her fiscal position, he/she should contact the local tax authorities or other taxation experts.

### **Settlement of disputes and out-of-court redress procedures**

In matters related to fund investments, customers should primarily contact the Fund Management Company.

Should there be any disagreements regarding fund investments between the Fund Management Company and the customer that cannot be settled through negotiation, the customer may turn to the Finnish Financial Ombudsman Bureau for information on investment services and, if necessary, take disputes to the Finnish Securities Complaint Board.

Contact information for the Finnish Financial Information Bureau:

Finnish Financial Ombudsman Bureau,

Porkkalankatu 1, FI-00180 Helsinki, Finland.

E-mail [info@fine.fi](mailto:info@fine.fi), tel. +358 (0)9 6850 120.

Further information and a contact form can be found at [www.fine.fi/en/](http://www.fine.fi/en/).

### **Information regarding execution of fund orders**

The Fund Management Company does not itself execute orders concerning the trading of the funds. The portfolio management of the funds has been outsourced to either UB Asset Management Ltd or UB Real Asset Management Ltd both part of the UB Group, or another asset management company outside the UB Group such as VISIO Asset Management Ltd and Investo Asset Management Ltd. The Fund Management Company has authorized the portfolio managers to execute orders on behalf of the managed fund. Generally, the portfolio managers do not carry out fund orders themselves, but do assign the trading order to be executed by the UB group company UB Securities Ltd, or another external broker. The catalog with the used order executors can be obtained from the Fund Management Company.

While executing orders on behalf of the funds, the portfolio managers strive for the best possible outcome for the funds by taking into account the price, expenses, rate, the probability of the fulfillment and settlement of the transaction, the size and nature of the trading order and other relevant circumstances in connection to the execution of the order. The relative significance of the circumstances is determined by taking into account the following factors:

- objectives, investment policy and special risks of the fund
- special features of the order
- special features of the financial instruments object to the order
- special features of the execution venues to which the order may be directed.

The Fund Management Company strives to ensure the best possible outcome for the fund by requesting its counterparties to categorize it as a professional client. This results in counterparties applying their own best execution princi-

ples when executing orders on behalf of the funds.

The securities broker receiving the order executes the order in accordance with their own execution policy and what is perceived as best for the client. In the process of selecting another party to execute the order, the portfolio manager strives to choose a party with sufficient technical and administrative qualifications as well as expertise in the executing of orders.

Orders may also be executed outside regulated markets and other similar markets. The orders of the funds are principally not combined with each other. Orders may, however, be combined if it is unlikely to cause damage to any of the parties involved in the combined orders and the relevant order allocation principles are applied to the combining of orders. A company that is part of the same group as the Fund Management Company may be the fund's counterparty in the execution of an order.

### **Additional information regarding distance selling**

In order to comply with chapter 6a of the Finnish Consumer Protection Act the following information shall be provided to the client when selling funds by distance:

- When a client enters into a financial services contract through distance selling, for example internet or telephone, the client has the right to cancel the contract on certain conditions.
- The cancellation right does not, however, apply to a contract relating to a financial product where the price depends on fluctuations in the financial markets. Therefore, the client has no right to cancel an order or contract concerning a fund.
- Despite this, the client may redeem the fund units in accordance with the process mentioned in "Subscription and redemption of fund units" above.



- FUND MANAGEMENT -

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