

**BayernInvest Bond Global Select-Fonds**  
**Annual Report**  
**for the financial year**  
**from 1 January 2015 to 31 December 2015**

# BayernInvest Bond Global Select-Fonds

## Annual Report as at 31 December 2015

DE000A0YF280

### Activity report

BayernInvest Bond Global Select-Fonds is a UCITS fund that is managed in conformity with the German Investment Code. BayernInvest Kapitalverwaltungsgegesellschaft mbH, Munich, has outsourced the portfolio management operations to Quaesta Capital GmbH, a company based in Frankfurt, Germany. The management fee for BayernInvest Bond Global Select-Fonds may comprise up to 2.0% p.a., though it currently stands at 1.7% p.a., of each monthly average net asset value – calculated on a daily basis – of the Fund. This covers the fee for the external portfolio management.

### Investment strategy and objectives

BayernInvest Bond Global Select-Fonds is based on a defensive investment portfolio and aims to generate additional returns through derivatives. As investments are made in fixed-interest securities, the risk of loss is kept low. The investment guidelines that are followed prescribe that exposures be restricted chiefly to the European derivatives markets, in conjunction with a euro-based pension scheme. Derivatives are used for pursuing returns by way of futures contracts and options. At least 51% of the Fund must be invested in fixed-interest securities or money market instruments issued by an entity domiciled in a member state of the European Union or in a contracting state to the Agreement on the European Economic Area. The securities are selected under risk-return aspects. Derivatives are used both for investment and for hedging purposes. The functional currency is the euro.

At the end of the reporting period 85.90% of the Fund assets were interest-bearing securities and 14.51% bank deposits. The remainder comprised derivatives, claims, liabilities and provisions.

### Main investment risks and economic uncertainties

#### Counterparty risk

The AIF may suffer a loss as the result of a default by an issuer or a counterparty. Counterparty risk is the potential impact of developments specific to the particular issuer, i.e. developments that are apart from general capital market trends, on the price of a security. Even a careful selection of securities cannot rule out the possibility of a loss resulting from an issuer defaulting. Any party to a contract concluded for the account of the AIF may default in part or in full. This holds true for all contracts that are concluded for the account of the AIF and for all securities, such as stocks or interest-bearing securities, in particular company bonds and Pfandbriefe.

#### Interest rate risk

Any investment in fixed-interest securities harbours the risk that the market interest rate prevailing at the time of issue will change to the disadvantage of the investor. When market interest rates go up, fixed-interest securities prices generally go down. When the market rate falls, however, these prices increase. This type of change means that the current return on a fixed-interest security is directly tied to the current market interest rate. The degree to which the interest rate changes, however, can greatly vary, depending on the (residual) term of the fixed-income security: Short-term fixed-income securities bear a lower interest rate / price risk than do fixed-interest securities with long terms. The former usually offer lower returns. Money market instruments, for example, tend to carry lower price / interest rate risks due to their short terms, which never exceed 397 days. Rates for different interest-based financial instruments can vary, even among those with the same functional currency and similar residual terms.

#### Market risk

Changes in the price or market value of a financial product depend mostly on capital market trends, which in turn are influenced by the overall global economy and the current domestic economic and political situation in general. But overall price trends, especially those of stock markets, are also subject to irrational factors like public sentiment, personal opinions or rumours.

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#### Currency risk

Fund assets may be invested in a currency other than that of the Fund itself. The earnings, repayments and proceeds from these investments flow back to the Fund in the particular currency. If that currency becomes weaker against the Fund's currency, the value of the respective investment, and thus the value of the Fund, will go down.

#### Liquidity risk

Assets may be acquired for the Fund which are neither listed on an exchange nor traded on any other organised market. Such assets, however, are often difficult to sell to third parties. Investments in, for example, stocks and bonds issued by small companies sometimes results in the investor owning a large share in a particular company or bond issue, meaning in turn that the fungibility of that portion of the Fund will be below average.

#### Equity risk

Once the Fund acquires stocks, it becomes exposed to certain market and corporate risks. As a stock's value does not always reflect the actual value of the company, it can fluctuate significantly and abruptly as a result of market conditions or evaluations made by market participants. Moreover, claims arising from stocks are always subordinated to those of all the issuer's creditors. Stocks therefore tend to vary in value more than do fixed-interest securities, for example. These equity risks can also affect derivatives, albeit less directly.

#### Risks associated with target funds

The risks inherent in target fund investment units acquired for the Fund are closely tied to the risks inherent in the associated assets, i.e. with the investment strategy. These risks, however, can be reduced by diversifying the assets within the fund whose units have been acquired, and by diversifying the assets within this Fund. Because the managers of different target funds make decisions independently of one another, these funds may sometimes pursue the same or also opposite investment strategies. This can lead to risks accumulating and opportunities cancelling each other out. Normally the company has no influence on the managers within the target funds; their investment decisions may not necessarily be in line with the company's assumptions or expectations. Furthermore, the company is often not informed swiftly of changes of management personnel. The risk of shares not being redeemed also bears the risk of fungibility being below average.

#### Country and transfer risk

Country risk is the risk of a foreign debtor not being able to deliver payment to the creditor, despite being solvent, due to the lack of ability or willingness of the domicile country to transfer payments on time or at all. This can lead to omissions of payments owed to the Fund, or to a delivery of payments in a non-convertible currency as a result of foreign exchange restrictions.

#### Settlement risk

Especially when investing in unlisted securities, there is a risk of the related transaction not being settled as expected. This can occur when a payment or delivery is delayed or otherwise not rendered as agreed.

#### Custody risk

Having assets held in custody, especially in a foreign country, bears a risk of loss due to an insolvency, breach of duty of care or breach of trust on the part of the contractual custodian or third-party custodian. The custodian bank does not assume unlimited liability for the lost or irrecoverable assets held in a foreign country with another depository.

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## Activity report

### Inflation risk

Inflation harbours by nature the risk of a loss in value for all assets.

### Risks associated with derivatives transactions

The company may, within the confines of the contract, engage in derivatives transactions for the account of the Fund. Hedging transactions used for reducing the overall risk, on the other hand, can also undermine returns.

Investing in derivatives systematically can increase the risk of loss in the Fund. The risks associated with derivatives are varied. They include the risk of a change of price of the underlying, leverage risks, writer risks and market fluctuations in general.

## Market developments / Major changes during the reporting period

### Funds:

Neither the investment policy nor the investment strategy changed during the reporting period. In 2015 BayernInvest Bond Global Select-Fonds was invested in fixed-interest securities like stocks, bonds and currency derivatives. As at the reporting date, the Fund was invested in bonds.

### Stock market:

European stock markets made only modest gains in all (3.85%) in the 2015 calendar year. The disparities among the exchanges, however, were considerable. The German stock exchange (DAX) rose 9.56% and the Italian broad-based index FTSE MIB went up 12.66%, while the Spanish index IBEX 35 slipped by 7.15%. US broad-based stock indices lost ground somewhat (S&P 500: -0.73%; DJIA: -2.23%). On the other hand, the NASDAQ 100, which covers shares issued by 100 of the largest non-financial NASDAQ-listed companies with the highest market capitalisation, grew 8.43%. A similar story played out at the Japanese Nikkei-225, which saw a 9.07% gain.

### Currency market:

Commodity currencies were hit hard by the sinking commodity prices. The Norwegian krone went down 15.42% against the US dollar, with the Canadian dollar down 16% and the Australian dollar 10.72%. And for its part, the single European currency lost 10.20% in value against the US dollar. The Japanese yen, however, remained virtually unchanged in this respect.

### Bond market:

Interest on sovereign bonds was highly volatile in 2015, partly as a result of various decisions made by central banks. Interest on 10-year US bonds rose 7 bp to 2.24% in the reporting period, while that on German bonds went up slightly as well (by 9 bp). Interest on 10-year Italian bonds sank 29 bp to 1.60%. Interest on 10-year Spanish bonds, on the other hand, increased by 16 bp. The cost of borrowing was lower in Japan at the end of 2015 than it was just a year ago. Interest on 10-year sovereign bonds stood at a mere 0.265%.

## Performance

Realised gains and losses for the reporting period totalled EUR 2,818,069.61 and EUR 2,277,944.48, respectively. This led to a positive overall result of EUR 540,125.13.

The results stem mostly from the derivatives transactions. These generated EUR 1,706,584.09 in income, only to be outstripped by EUR 2,238,540.02 in losses. Investments in interest-bearing securities, on the other hand, yielded a positive overall result, with realised gains of EUR 1,076,074.03 as opposed to EUR 30,174.03 in realised losses. Other realised gains/losses are attributed to gains and losses on currency translations from bank deposits of EUR 11,910.14 and EUR 9,230.43, respectively. Investments in investment units yielded EUR 23,501.35 in gains.

The performance of BayernInvest Bond Global Select-Fonds in the period beginning on 1 January 2015 and ending on 31 December 2015 was negative, at -11.35% (under the method used by the German Investment Funds Association (BVI)).

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### Activity report

#### Fund/Market outlook

Diverging central bank policies will remain a dominating issue in 2016. While the ECB and the BOJ have relaxed their monetary policy and are in part pursuing more “easing”, the US Fed raised its key interest rate for the first time in around 9.5 years. The Fed has hinted at further rate hikes. Only time will tell how the increase(s) will impact the economy and the market players.

The lack of consensus within the EU, triggered no less by Germany's refugee policy, keeps growing. Public doubt about the EU's very viability is not a rare phenomenon, and this will also add to the pressure on the union.

The low price of crude oil is putting the squeeze on petroleum-exporting countries and petroleum-extracting companies. With the commodity selling for USD 35 - 40 per barrel, the financial viability of non-conventional extraction methods is uncertain, even more so given the growing number of problems plaguing this sector. How the interest rate hike (and possibly further ones) will affect the shale oil / fracking industry, which is already highly ridden with debt, should prove interesting.

The Chinese and Japanese governments are both faced with the challenge in 2016 of stepping up economic growth or, at least in the case of Japan, spurring growth in the first place. Whether China will manage to boost its domestic economy, and whether “Abenomics” will push the right buttons, remains to be seen in 2016.

Geopolitical tensions and diverging monetary policies may make financial markets more volatile. The BayernInvest Bond Global Select-Fonds will continue seizing the underlying potential through opportunistic trading.

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## BayernInvest Bond Global Select-Fonds

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### List of assets as at 31 December 2015

Investment focus	Market value in EUR	% of Fund assets
<b>I. Assets</b>	<b>3,915,417.02</b>	<b>100.91</b>
1. Bonds	3,333,322.50	85.90
Special credit institutions, supra-nationals	3,333,322.50	85.90
2. Derivatives	-3,630.72	-0.09
3. Claims	22,880.15	0.59
4. Bank deposits	562,845.09	14.51
<b>II. Liabilities</b>	<b>-35,072.43</b>	<b>-0.91</b>
<b>III. Fund assets</b>	<b>3,880,344.59</b>	<b>100.00</b>

# BayernInvest Bond Global Select-Fonds Annual Report as at 31 December 2015

## List of assets as at 31 December 2015

Asset type	ISIN	Market	Unit shares currency 1,000	or or in	Holdings as 31 December 2015	Purchases / Sales / Additions Disposals in the reporting period	Price	Market value in EUR	% of Fund assets
<b>Portfolio positions</b>							EUR	3,333,322.50	85.90
<b>Exchange-traded securities</b>							EUR	3,333,322.50	85.90
<b>Interest-bearing securities</b>							EUR	3,333,322.50	85.90
1.0000% Dexia Crédit Local S.A. EO-Medium-Term Notes 2013(16)	XS0951560969		EUR		1,200	18,800 %	100.545	1,206,540.00	31.09
2.2500% Europ.Fin.Stab.Facility (EFSF) EO-Medium-Term Notes 2012(22)	EU000A1G0A16		EUR		1,100	63,900 %	112.590	1,238,490.00	31.92
1.1250% Kreditanst.f.Wiederaufbau Anl.v.2013 (2020)	DE000A1RET49		EUR		850	9,150 %	104.505	888,292.50	22.89
<b>Total securities portfolio <sup>2)</sup></b>							EUR	3,333,322.50	85.90
<b>Derivatives</b>							EUR	-3,630.72	-0.09
(Holdings marked with a minus sign are sold positions.)									
<b>Currency derivatives</b>							EUR	-3,630.72	-0.09
Claims/Liabilities									
<b>Currency futures contracts (sale)</b>							EUR	-3,969.65	-0.10
<b>Outstanding positions</b>									
USD/EUR 0.9m		OTC						-3,969.65	-0.10
<b>Currency futures contracts (purchase)</b>							EUR	338.93	0.01
<b>Outstanding positions</b>									
USD/EUR 0.9m		OTC						338.93	0.01

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## List of assets as at 31 December 2015

Asset type	ISIN	Market	Unit shares currency 1,000	or or in	Holding s 31 December	Purchases / Sales / Additions Disposals in the reporting	Price	Market value in EUR	% of Fund assets	
<b>Bank deposits, unsecuritised money market instruments and money market funds</b>							<b>EUR</b>	<b>562,845.09</b>	<b>14.51</b>	
<b>Bank deposits</b>							<b>EUR</b>	<b>562,845.09</b>	<b>14.51</b>	
Cash deposits at BNP Paribas S. A.										
Cash deposits in the Fund's currency										
			EUR		555,068.31		%	100.000	555,068.31	14.30
Cash deposits in other EU/EEA currencies										
			GBP		1.09		%	100.000	1.48	0.00
Cash deposits in non-EU/EEA currencies										
			AUD		0.38		%	100.000	0.25	0.00
			JPY		172,415.00		%	100.000	1,310.79	0.03
			NZD		0.90		%	100.000	0.57	0.00
			TRY		0.17		%	100.000	0.05	0.00
			USD		7,050.36		%	100.000	6,456.67	0.17
<b>Overnight money</b>										
Cash deposits at HSH Nordbank AG										
Cash deposits in the Fund's currency										
			EUR		6.97		%	100.000	6.97	0.00
<b>Other assets</b>							<b>EUR</b>	<b>22,880.15</b>	<b>0.59</b>	
Interest due										
			EUR		22,880.15				22,880.15	0.59
<b>Other payables</b>							<b>EUR</b>	<b>-35,072.43</b>	<b>-0.91</b>	
Management fees										
			EUR		-5,646.96				-5,646.96	-0.15
Depositary fees										
			EUR		-535.50				-535.50	-0.01
Auditing and publishing expenses										
			EUR		-6,828.62				-6,828.62	-0.18
Custodian bank charges										
			EUR		-392.22				-392.22	-0.01
Other charges										
			EUR		-21,669.13				-21,669.13	-0.56
<b>Fund assets</b>							<b>EUR</b>	<b>3,880,344.59</b>	<b>100.00</b> <sup>1)</sup>	
<b>Unit value</b>							<b>EUR</b>	<b>103.51</b>		
<b>Issue price</b>							<b>EUR</b>	<b>113.87</b>		
<b>Units in circulation</b>							<b>UNIT</b>	<b>37,486</b>		

### Footnotes:

1) Tables may contain minor discrepancies due to rounded percentages.

2) Some of the Fund's securities and Schuldschein notes are hedged by financial instruments.



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### Security prices and market rates

The assets of the Fund are valued based on the most recent prices/market rates.

### Exchange rates (indirect quotation)

		As at 29 December 2015	
Australian dollar	(AUD)	1.4954500	= 1 EUR (EUR)
British pound	(GBP)	0.7371500	= 1 EUR (EUR)
Japanese yen	(JPY)	131.5350000	= 1 EUR (EUR)
New Zealand dollar	(NZD)	1.5880500	= 1 EUR (EUR)
Turkish lira	(TRY)	3.1725000	= 1 EUR (EUR)
US dollar	(USD)	1.091950	= 1 EUR (EUR)

**OTC** – over-the-counter

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**Transactions completed during the reporting period which are no longer shown in the list of assets:**  
**- Purchases and sales of securities, investment units and Schuldschein notes (market allocation as per reporting date):**

Asset type	ISIN	Unit or shares Currency in 1,000	Purch ases/Ad ditions	Sales/ Disp osals	Volume in 1,000
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### Exchange-traded securities

#### Interest-bearing securities

5.7500% Allianz Finance II B.V. EO-FLR Med.-Term Nts 11(21/41)	DE000A1GNAH1	EUR		5,000	
5.6250% Allianz SE FLR-Sub.Anl.v.2012(2022/2042)	DE000A1RE1Q3	EUR		4,000	
5.1250% DEPFA ACS BANK DL-Securities 2007(37) Reg.S	DE000A0LPMX0	USD		11,560	
1.6500% DEPFA ACS BANK YN-Medium-Term Nts 2004(16)	XS0207954412	JPY		2,630,000	
1.5145% DEPFA BANK PLC EO-FLR Med.-T. Nts 2005(15)	DE000A0DY6Q5	EUR		1,000	
0.3990% Landesbank Baden-Württemberg FLR-Med.Term IHS.Ser.180 00/30	XS0110606174	EUR		325	
1.2500% Nestlé Finance Intl Ltd. EO-Medium-Term Notes 2013(20)	XS0925668625	EUR		5,700	

### Securities admitted to or included in organised markets

#### Interest-bearing securities

4.8750% DEPFA ACS BANK DL-Securities 2005(15) Reg.S	DE000A0GHGN0	USD		12,420	
0.0000% DEPFA BANK PLC EO-Zero Med.-Term Nts 2005(20)	XS0227637500	EUR		3,750	
0.1570% LBBW Dublin Management GmbH EO-FLR Med.-Term Nts 2004(15)	XS0197937294	EUR		2,800	
0.0910% LBBW Dublin Management GmbH EO-FLR Med.-Term Nts 2005(15)	XS0223751990	EUR		4,300	

### Investment units

#### KVG-owned investment units

BayernInvest Bond Absolute Return-Fonds Inhaber-Anteile	DE000A0JK7K6	SHARE		38,250	
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### Transactions completed during the reporting period which are no longer shown in the list of assets: - Purchases and sales of securities, investment units and Schuldschein notes (market allocation as per reporting date):

Asset type	ISIN	Unit or shares Currency in 1,000	Purchases/ Additions	Sales/ Disposals	Volume in 1,000
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#### **Derivatives** (option premiums implemented in opening transactions / volume of options transactions; for warrants: purchases and sales)

##### **Futures contracts**

##### **Stock index futures contracts**

###### Purchased contracts:

(Underlying(s): DAX PERFORMANCE-INDEXX, ESTX 50 PR.EUR, S&P 500 MINI)	EUR	258,597.45
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###### Sold contracts:

(Underlying(s): DAX PERFORMANCE-INDEXX, ESTX 50 PR.EUR, S&P 500 MINI)	EUR	557,485.21
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##### **Interest rate futures contracts**

###### Sold contracts:

(Underlying(s): EURO-BUND)	EUR	60,993.61
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##### **Currency futures contracts (sale)**

###### Sale of currency futures:

AUD/USD	EUR	13,068
EUR/GBP	EUR	20,000
EUR/NOK	EUR	10,000
EUR/USD	EUR	13,500
GBP/CAD	EUR	16,274
GBP/JPY	EUR	20,944
GBP/USD	EUR	15,960
JPY/EUR	EUR	31,274
NOK/USD	EUR	3,617
USD/CAD	EUR	25,071
USD/EUR	EUR	41,695
USD/JPY	EUR	3,645
USD/NOK	EUR	5,061

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### Transactions completed during the reporting period which are no longer shown in the list of assets: - Purchases and sales of securities, investment units and Schuldschein notes (market allocation as per reporting date):

Asset type	ISIN	Unit or shares Currency in 1,000	Purch ases/Ad ditions	Sales/ Disp osals	Volume in 1,000
<b>Currency futures contracts (purchase)</b>					
Purchase of currency futures:					
AUD/USD		EUR			7,177
CAD/EUR		EUR			598
EUR/GBP		EUR			20,000
EUR/NOK		EUR			10,000
EUR/USD		EUR			13,500
GBP/CAD		EUR			16,463
GBP/EUR		EUR			1,891
GBP/JPY		EUR			20,687
GBP/USD		EUR			22,946
JPY/EUR		EUR			9,256
USD/CAD		EUR			26,453
USD/EUR		EUR			29,203
USD/GBP		EUR			6,956
USD/JPY		EUR			3,689
USD/NOK		EUR			3,725

## Options

### Options on stock index derivatives

#### Options on stock indices

Purchased call options:  
(Underlying(s): ESTX 50 PR.EUR)

EUR 29.15

Purchased put options:  
(Underlying(s): ESTX 50 PR.EUR)

EUR 74.19

Sold put options:  
(Underlying(s): ESTX 50 PR.EUR)

EUR 29.83

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### Transactions completed during the reporting period which are no longer shown in the list of assets: - Purchases and sales of securities, investment units and Schuldschein notes (market allocation as per reporting date):

Asset type	ISIN	Unit or shares Currency in 1,000	Purchases in 1,000 Additions	Sales Disposals	Volume
<b>Options on currency derivatives</b>					
<b>Currency options</b>					
Purchased call options:					
(Underlying(s): exchange rate EUR to USD)		EUR			848.20
Purchased put options:					
(Underlying(s): exchange rate: USD to JPY)		EUR			150.12
Sold call options:					
(Underlying(s): exchange rate EUR to USD)		EUR			440.00

### Settlement of transactions by affiliated companies

The portion of those transactions which were conducted during the reporting period for the account of the Fund through a broker that is a closely affiliated company or person was 0.28%. The total amount was EUR 5,654,667.49.

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### Income and expenses (including income adjustment) for the period from 1 January 2015 to 31 December 2015

#### I. Income

1. Interest on domestic securities	EUR	7,874.53
2. Interest on foreign securities (before withholding tax)	EUR	39,345.46
3. Interest on domestic cash investments	EUR	49.38
4. Interest on foreign cash investments	EUR	-4.62
5. Income from investment units	EUR	-19,912.03
6. Other income	EUR	3,782.45

#### Total income

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EUR	31,135.17
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#### II. Expenses

1. Interest on loans	EUR	-39.21
2. Management fees	EUR	-69,838.46
3. Custodian bank charges	EUR	-4,484.48
4. Auditing and publishing expenses	EUR	-6,924.45
5. Other expenses	EUR	-29,746.99

#### Total expenses

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EUR	-111,033.59
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#### III. Ordinary net income

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EUR	-79,898.42
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### IV. Disposals

1. Realised gains
2. Realised losses

EUR	2,818,069.62
EUR	-2,277,944.46

### Total gains or losses on disposals

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EUR	<b>540,125.16</b>
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### V. Realised gains or losses for the financial year

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EUR	<b>460,226.74</b>
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1. Net change in unrealised gains
2. Net change in unrealised losses

EUR	-32,077,700.92
EUR	12,622,485.09

### VI. Unrealised gains or losses for the financial year

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EUR	<b>-19,455,215.83</b>
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### VII. Total income and expenses for the financial year

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EUR	<b>-18,994,989.09</b>
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### Performance of the Fund

		<u>2015</u>
<b>I. Value of the Fund at the beginning of the financial year</b>	EUR	<b>213,753,998.52</b>
1. Cash inflows/outflows (net)	EUR	-202,008,788.08
a) Cash inflows from sales of share certificates	EUR	2,260,405.06
b) Cash outflows from share redemptions	EUR	<u>-204,269,193.14</u>
2. Income adjustment	EUR	11,130,123.24
3. Total income and expenses for the financial year	EUR	-18,994,989.09
Of which unrealised gains	EUR	-32,077,700.92
Of which unrealised losses	EUR	12,622,485.09
<b>II. Value of the Fund at the end of the financial year</b>	EUR	<b><u>3,880,344.59</u></b>



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## BayernInvest Bond Global Select-Fonds

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### Use of Fund asset earnings

#### Reinvestments

		Total	Per unit
<b>I. Available for reinvestment</b>			
1. Realised earnings for the financial year	EUR	460,226.74	12.28
2. Allocated from the Fund	EUR	0.00	0.00
3. Withholding tax amount	EUR	0.00	0.00
<b>II. Reinvestments</b>	<b>EUR</b>	<b>460,226.74</b>	<b>12.28</b>

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## BayernInvest Bond Global Select-Fonds

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### Comparative overview of the three most recent financial years

Financial year	Fund assets at end of financial year	Unit price
31 December 2012	EUR 457,469,769.60	EUR 128.05
31 December 2013	EUR 406,967,250.32	EUR 118.79
31 December 2014	EUR 213,753,998.52	EUR 116.76
31 December 2015	EUR 3,880,344.59	EUR 103.51

# BayernInvest Bond Global Select- Fonds Annual Report as at 31 December 2015

## Notes pursuant to Section 7 no. 9 KARBV

### Data required under the German Derivatives Regulation (DerivateV)

Underlying exposure created through derivatives	EUR	3,642.49
<b>Derivatives transactions counterparties</b>		
Deutsche Bank AG		
<b>Portion of securities in the Fund's assets (in %)</b>		<b>85.90</b>
<b>Portion of derivatives in the Fund's assets (in %)</b>		<b>-0.09</b>

The utilisation of the upper limit for market risk potential was calculated for this investment fund pursuant to DerivateV based on the qualified approach by means of an absolute value-at-risk limit.

### Potential risk amount for market risk pursuant to Section 37 (4) sentences 1 and 2 DerivateV

Smallest potential risk amount	0.23%
Largest potential risk amount	3.82%
Average potential risk amount	1.30%

### Risk model used pursuant to Section 10 DerivateV

Risks are measured in the internal BayernInvest data warehouse (DWH). The calculation is based on the method of measuring market risks developed by RiskMetrics. Consequently, BayernInvest KVG uses the variance-covariance method to calculate the risk of the Fund and the benchmark portfolio and the delta-gamma approach to break down the derivatives.

# BayernInvest Bond Global Select- Fonds Annual Report as at 31 December 2015

## Notes pursuant to Section 7 no. 9 KARBV

### Parameters applied pursuant to Section 11 DerivateV

The value at risk (VaR) of each portfolio is calculated and reported daily across the covariance matrix for a confidence level of 95% and a holding period of 10 days.

**Average leverage effect achieved in the financial year through derivatives transactions** **1.35 %**

**Exposure created through securities loans and repurchase agreements** **EUR** **0.00**

### Supplementary information

Unit value	<b>EUR</b>	<b>103.51</b>
Issue price	<b>EUR</b>	<b>113.87</b>
Units in circulation	<b>UNIT</b>	<b>37,486</b>

### Notes on the asset valuation methods

- Stocks, exchange-traded derivatives and investment funds are valued at tradeable stock market values (based on closing prices) (source: Bloomberg/domestic exchange).
- Bonds are valued at tradeable prices based on Section 23 of the German Investment Fund Accounting and Valuation Regulation (InvRBV)] (source: IBOXX) or at market values based on Section 24 InvRBV. For this, the respective bid or mid-market prices are used. The sources used for determining the market values of bonds are mainly Bloomberg (validated prices quoted by various brokers) or recognised external rate providers for more illiquid bonds.
- Unlisted OTC derivatives are valued by regularly reviewed models by using relevant market information (sources: Bloomberg and external providers).
- Unlisted investment funds are valued at the surrender price (NAV) most recently published by the investment company (NAV) (source: Bloomberg).
- Currency mean spot rates are taken from Reuters at 5 p.m. on each trading day. They are used to translate foreign-currency assets into the reporting currency of the respective investment asset. If the currency mean spot rates cannot be calculated they are measured at the bid price.
- - Currency forwards are calculated and delivered by our external price provider Value & Risk on the basis of the spot prices (5 p.m.; Reuters) forwarded by BayernLB (Market Data Department).
- Cash deposits at banks are valued at face value, time deposits at their market value and liabilities at their repayment amount.

# BayernInvest Bond Global Select- Fonds Annual Report as at 31 December 2015

## Notes pursuant to Section 7 no. 9 KARBV

### Transparency and total expense ratio (TER)

**Total expense ratio** **1.89%**

The total expense ratio is the sum of the fees and expenses (excluding transaction costs), expressed as a percentage of the average volume of the fund throughout a given financial year.

**Performance-related fees, as a % of the average net investment value** **0.00%**

### Flat fees paid to the asset managing company or to third parties:

During the financial year beginning on 1 January 2015 and ending on 31 December 2015, BayernInvest Kapitalverwaltungsgesellschaft mbH received no reimbursements for the Fund from fees and compensation expenses paid out of the Fund to the custodian bank or to a third party, with the exception of fees paid to brokers for the provision of financial information required for research purposes.

Portfolio commission received during the reporting period (EUR)	EUR	2,110.91
Reimbursements received during the reporting period (EUR)	EUR	0.00

BayernInvest Kapitalverwaltungsgesellschaft mbH did not pay any significant trail commission to brokers from the fees paid to them out of the Fund. No front-end loads or redemption fees were charged to the Fund for investment fund units.

### Management fees for investment units held in the Fund

Investment unit	ID	Management fee
		p.a. in %

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### Investment unit portfolios held during the reporting period which are no longer shown in the list of assets:

#### KVG-owned investment units

BI Bond Absolute Return-Fonds Inhaber-Anteile	DE000A0JK7K6	0.600
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# BayernInvest Bond Global Select- Fonds Annual Report as at 31 December 2015

## Notes pursuant to Section 7 no. 9 KARBV

### Other major income and expenses

<b>Other major income:</b>	<b>EUR</b>	<b>3,782.45</b>
Portfolio commission	EUR	2,110.91
Other income	EUR	-0.29
Reimbursements	EUR	1,671.83
<b>Other major expenses:</b>	<b>EUR</b>	<b>29,746.99</b>
Depository fees	EUR	2,105.35
Other expenses	EUR	1,077.00
Provisions	EUR	26,564.64
<b>Transaction costs</b>	<b>EUR</b>	<b>85,546.97</b>

Sum of the ancillary expenses associated with the acquisition of assets and the expenses associated with the disposal of assets; for certain transaction types, such as bonds or forex transactions, the transaction costs cannot be calculated individually and are therefore omitted from the amount stated above.

### Additional information necessary in order to understand this report

The net change in unrealised gains or losses is calculated by comparing for each financial year the asset valuations used for setting the unit price with the respective historical procurement costs, factoring the positive and negative differences into the total unrealised gains and total unrealised losses, respectively, and then comparing these totals as at the end of the financial year to the totals calculated as at the beginning of the financial year.

Munich, March 2016

**BayernInvest Kapitalverwaltungsgesellschaft mbH**

Dr Volker van R  th, Spokesperson

Katja Lammert

# Annual Report as at 31 December 2015

## BayernInvest Bond Global Select-Fonds

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### Auditor's remarks

*To BayernInvest Kapitalverwaltungsgesellschaft mbH, Munich*

BayernInvest Kapitalverwaltungsgesellschaft mbH engaged us to audit the Annual Report of the investment fund BayernInvest Bond Global Select-Fonds in accordance with Section 102 of the KAGB (German Investment Code) for the financial year from 1 January 2015 to 31 December 2015.

*Responsibility of the legal representatives*

The preparation of the Annual Report in compliance with the provisions of the KAGB is the responsibility of the legal representatives of the asset management company.

*Responsibility of the auditor*

Our responsibility is to express an opinion on the Annual Report based on our audit.

We conducted our audit in accordance with Section 102 of the KAGB and the German generally accepted auditing standards promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the Annual Report are detected with reasonable assurance. Knowledge of the management of the investment fund and expectations as to possible misstatements are taken into account when establishing the audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the Annual Report are examined primarily on a test basis. The audit includes assessing the accounting principles used for the Annual Report and the key estimates made by the legal representatives of the asset management company. We believe that our audit provides a reasonable basis for our opinion.

*Audit opinion*

In our opinion, based on the knowledge gained during the audit, the Annual Report for the financial year beginning on 1 January 2015 and ending on 31 December 2015 is in compliance with statutory regulations.

Munich, 18 March 2016

PricewaterhouseCoopers Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Stefan Peetz  
Wirtschaftsprüfer  
(German Public Auditor)

ppa. Arndt Herdzina  
Wirtschaftsprüfer  
(German Public Auditor)