Landsbanki

UCITS Tax Positions in several countries

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General disclaimer

It should be noted that the description on taxation in various countries, set out in this annex is based on current legislation and practice, which may be subject to changes in the future.

Investors should seek their own advice on the taxation consequences of an investment in the Fund and it is noted that neither Landsvaki nor the Fund take any responsibility in this regard.

Ucits Tax Position

Iceland

The Fund as such is not a taxable entity in Iceland. The fund forms a separate part of the consolidated accounts of Landsvaki hf., the Investment Manager, which is a taxable entity in Iceland. Icelandic tax rules provide that against all income of the fund an equivalent liability to the unitholders will be credited and therefore the income tax base of the Fund is always zero. Therefore the Fund as such is not subject to any income taxation in Iceland on the the proceeds generated in the Fund. However, the Fund may be subject to withholding taxes on dividends or other gains received by the Fund at a rate which may vary between jurisdictions and Double Taxation Treaties.

Unit holders that are Icelandic resident persons (legal and natural persons) will be subject to 10% withholding tax on all income deriving from the fund. For resident individuals the withholding tax will be the final taxation on this income in Iceland but the final taxation of legal persons will depend on their legal form.

Unit holders that are not resident in Iceland (both legal and natural persons) will not be subject to any taxation in Iceland on income that they receive from the Fund. According to Icelandic tax law all income from funds, irrespective of whether the income is in the form of gains from the alienation of unit-shares or in the form of dividend payments in kind or cash, is classified as interest income and non-residents are not subject to withholding taxes on interest income. Non-resident unit holders must however file an application to the Icelandic tax authorities to verify their status as a non-resident person in order to escape the withholding tax.

The final taxation of non-resident unit holders depends on the local tax rules in the jurisdiction where they reside for tax purposes.

Austria

Taxation of private investors

Distributions and deemed income are subject to tax. Private investors are taxed at a 25 % flat rate for income derived from investment funds, regardless if investing in domestic or foreign funds. Alternatively the investor may choose taxation at progressive tax rate (recommendable if the personal average progressive income tax rate is lower than 25 %).

For private investors only 20 % of the realized capital gains resulting from the disposal of equities (and derivatives linked to equities) are taxable at 25 % tax rate. Capital gains realized from the disposal of bonds and derivatives directly linked to bonds are tax-free. It has to be noted that this is also applicable for foreign funds, which are not registered for public distribution in Austria.

Capital gains on the disposal of fund certificates If fund certificates are sold within one year since acquisition by a private investor, the difference between acquisition price and the redemption price is additionally subject to the progressive income tax rate (max. 50 %) as speculative income.

Domestic funds:
From distributions paid by a domestic fund a 25% income tax is withheld. Since 1 April 2004 this 25% tax is also withheld if the fund distributes foreign dividends. Accumulating funds have to distribute a 25 % withholding tax at the end of each fiscal year for deemed net investment income and realized capital gains, that are taxable at private investor's level.

The 25% flat rate constitutes final taxation, irrespective whether the fund is distributing or accumulating. As outlined above the investor may choose taxation at progressive tax rate alternatively (recommendable if the personal average progressive income tax rate is lower than 25 %).

Foreign funds: If fund certificates are held on domestic deposit, distributions are subject to a 25% withholding tax. This 25% withholding tax constitutes final taxation for all distributions made after 31 March 2003. Before this date, distributions made by a foreign fund were subject to progressive income tax rate. If a non-resident individual holds the deposit, no Austrian withholding tax is deducted. As no Austrian tax can be withheld if fund certificates are held on foreign deposit, no final taxation is possible. Those distributions are subject to the special tax rate of 25% and have to be declared in the income tax return.

To avoid double taxation the entire distribution is deducted from the deemed net investment income for non-reporting funds. Distributions paid later than four months after the end of the financial year are tax-free, as they cannot be deducted from the fund's income when computing the DDI. For reporting funds, 25 % Austrian withholding tax is withheld on taxable portions of the distribution only. For reporting funds only the taxable portions will be deducted from the net investment income. Deemed ordinary income and deemed realized capital gains are subject to 25 % flat tax and have to be declared in the income tax return in case of non-reporting funds. If the fund follows the reporting regime, 25 % Austrian withholding tax is also deducted on DDI. Therefore, the fund is subject to immediate and complete final taxation with the effect that income from such funds needs not to be included in the income tax return of private investors anymore.

Institutional

Domestic Funds
Non corporate investors (i.e. sole proprietors or partnerships)

25% income tax, which is withheld from distributions of net investment income, constitutes final taxation. 100% of distributed capital gains are subject to tax at progressive rate. In case of an accumulating fund, the fund has to distribute 25% withholding tax. This withholding tax constitutes final taxation for deemed net investment income. Deemed realized capital gains remain tax-free.

Corporate Investors
If a corporate investor provides the depositary bank with a declaration of exemption no Austrian tax will be withheld.
Corporate investors are subject to tax with distributed/deemed net investment income and 100% distributed capital gains at 34% corporate income tax rate. Deemed realized capital gains remain tax-free.

Foreign Funds
Non corporate investors
If fund certificates are held on domestic deposit, 25% tax will be withheld from distribution payments. This tax represents final taxation.

If the certificates are held on foreign deposit the distribution effectively made has to be included in the income tax return and is subject to 25% income tax rate. Deemed net investment income / 100 % deemed realized capital gains are assumed to be distributed at financial year – end of the fund (except cash basis of accounting). Deemed net investment income is taxed at 25% flat rate and capital gains are taxed at progressive income tax rate. "Brighter than white" funds held on a foreign deposit are not subject to final taxation and thus the income has to included in the tax return of the investor.

Corporate investors
Distributions and deemed income derived by a fund have to be declared in the corporate income tax return.

Deemed net investment income / 100 % deemed realized capital gains are assumed to be distributed at financial year – end of the fund and are taxed at corporate income tax rate.

DDI, which must be taxed but was not distributed, can be capitalized if shares are held as business property. When the fund certificates are sold, this portion of income reduces the capital gain.

Denmark

Overview

The Danish tax reporting system is highly developed and sophisticated. Businesses, including the fund industry, are required to report to the Danish tax authorities within a wide range of areas i.a. salary, interest income and interest expenses, dividends, distributions, capital gains and report information on a detailed basis. The purpose of the reporting system is to ensure that Danish tax payers can declare their income properly and that i.a. taxable income is declared.

The Danish tax payers are obliged to provide the reporting entity with identification, i.e. individuals, CPR number (personal identification number), businesses, a CVR number (business registration number).

The reporting entity must in general provide the tax authorities with the information on January 20 at the latest in the year after the expiration of the calendar year that the reporting relates to.

The Danish reporting obligation applies to businesses that conduct business in Denmark and applies to units etc. in Danish and foreign UCITS.

The depositary is obliged to make the reporting with respect to distributions on units, certificates, shares etc. in UCITS. Should the unit etc. be deposited abroad but the distributions are made by a Danish entity, the latter would be obliged to make the reporting. The financial institution involved with respect to a sale would generally be required to make the reporting.

The reporting comprehends Danish as well as foreign UCITS and includes Danish as well as foreign investors in Danish UCITS.

Domestic
The reporting includes distribution and sale. The reporting must be made quite detailed and e.g. includes information on: The nature of the fund, i.e. whether it is a distributing fund, whether it solely invests in shares etc. Distributing funds must report the distributions broken down into specific Danish income categories.

Accumulating funds must report whether dividend WHT has been withheld on the distribution.

Foreign
Foreign UCITS would basically have to make the same reporting as domestic funds. The nature of the fund and thus the classification is though to be made by the tax authorities.

Investors Tax Position
The Danish tax regime has been changed to bring Danish legislation in accordance with the EU principles in light of the EU Court decision in the Lenz case (C 315/02).

Under the new Danish tax rules distinction will be made between a distributing fund and an investment company. It does not

matter whether the fund/company is Danish or foreign.

A distributing fund is a fund that notifies the Danish tax authorities that it wants to be treated under the rules applicable to distributing funds and that it intends to meet the specific reporting requirements. The tax treatment for the investor depends on whether the fund is distributing or is an investment company.

An investment company is i.a. an investment institution comprehended by the UCITS Directive 85/611 that does not want to be treated under the rules applicable to distributing funds.

Investment Companies
Gains and losses are taxed as capital income and taxed according to a mark-to-market principle, i.e. on an unrealized basis. Gains and losses are taxed as capital income (up to 59 %).

Institutional

The distributing funds
Companies (excluding banks if the units etc. are held as a part of their trade)
Banks are taxable of gains and have deductibility for losses. Taxation takes place at a realization basis with a possibility of opting for a mark-to-market principle.

Investment companies (include also banks)
Gains and losses are taxed with a CT rate of 28% (Bill under reading in Parliament proposing a reduction of the rate to 25% as from income year 2007) and taxed according to a mark-to-market principle, i.e. on an unrealized basis.

Institutional investors subject to a special pension tax regime, i.e. pension funds and life insurance companies
Taxed with a flat rate of 15% on the yield from the investment and taxed according to a mark-to-market principle.

Life insurance companies are also taxable according to the rules described above with respect to companies investing in either the distributing funds or the investment companies. The taxation in accordance with the corporate income tax rules should cover the part of the income, which is not related to pure life insurance activity. The special pension tax regime, on the other hand, aims at taxing the yield paid out to the insured. Special rules ensure that no actual double taxation takes place.

Germany

Determination of the tax data according to German tax rules
Investors' Tax Position (GITA)
German transparent fund / foreign transparent fund

For German tax purposes, there are three tax events to be considered for the German investors: distribution, deemed distribution, disposal of shares/units. Whether the fund is domiciled in Germany or abroad does not make much of a difference for the German investor:

Private Individuals
1) Distribution:
Distributed income of the fund is generally taxable with the following exceptions: Capital gains from the disposal of securities, derivatives and of subscription rights for shares in corporations are tax free. Half of the dividend income is tax free. Capital gains from real estate are tax free provided the holding period was not less than 10 years. Foreign rental income is tax free as far as provided for by an applicable German double taxation treaty (DTT).

2) Deemed Distributions:
Dividend income, interest income and other income of the fund which is not distributed by the fund is deemed to be distributed to the investor at the end of the fund's business year ("deemed distributed income" = DDI). The amount of the DDI is taxable except of tax-free foreign rental income according to a DTT and except of half of the dividend income. Capital gains are not included in the DDI. Also, accumulated income of the underlying funds may be subject to the calculation of the taxable income for the shareholders of a fund-of-fund.

3) Disposal of shares/units:
Upon disposal, the private investor is taxed on the interim profit. Further, capital gains from the disposal of shares/units are taxable only if the shares/units are sold within twelve months after their purchase.

Corporate Institutional Investors
1) Distribution:
Distributed income of the fund is generally taxable with the following exceptions: Capital gains from equity, dividend income and foreign rental income according to a German double taxation treaty are tax-free.

2) Deemed Distributions:
Dividend income, interest income and other income of the fund which is not distributed by the fund is deemed to be distributed to the investor at the end of the fund's business year ("deemed distributed income" = DDI). The amount of the DDI is taxable except of foreign rental income according to a DTT and except of dividend income. Capital gains of the fund are not included in the DDI. Thus, they are not deemed to be distributed and not subject to tax (not taxable) as far as not distributed. Also, accumulated income of the underlying funds may be subject to the calculation of the taxable income for the shareholder of a fund-of-funds.

3) Disposal of shares/units:
Capital gains from the disposal of shares/units are generally taxable. They are tax free as far as they are sourced by equity. The tax free portion is determined by the investor's pro rata temporis equity gain ("Aktiengewinn").

Non-Corporate Institutional Investors
1) Distribution:
Difference to corporate investors: In comparison to corporate investors only half of the distributed capital gains from equity and half of the dividend income are tax free.
2) Deemed Distributions:
Difference to corporate investors: In comparison to corporate investors only half of the dividend income is tax free.

3) Disposal of shares/units:
Difference to corporate investors: In comparison to corporate investors the tax free portion is determined by only half of the investor's pro rata temporis equity gain ("Aktiengewinn").

German / Foreign non-transparent fund
The tax advantageous position of the German investors can only be achieved if the fund meets all of the tax transparency requirements as described above. In case one or more of the prerequisites are not fulfilled, the fund is treated as "non-transparent". Thus the tax principle of transparency does not apply. Investors of a non-transparent fund will suffer a disadvantageous lump-sum taxation:

All distributions of the non-transparent investment funds are fully taxable for all types of investors. The amount of distribution is subject to German WHT of 30%, to be withheld by the German custody bank of the investor.

In addition, 70% of the positive difference between the first redemption price of the fund shares/units set in the calendar year

and the last redemption price set in the calendar year will be attributed to the investor as taxable amount. The minimum tax amount attributed to the investor at calendar year-end, however, amounts to 6% of the last redemption price of the calendar year.

Thus, taxation will apply also in case the fund suffered a loss in value.

Ireland

Individuals

Domestic fund

Unit holders who are individuals will receive distributions under deduction of the standard rate of income tax (currently 20%) while gains arising on encashment, redemption, cancellation or transfer of units are subject to deduction of tax at the standard rate of income tax plus 3% (currently 23%) The tax is accounted for by the fund and no further tax liability arises in respect of the distribution to an individual. Irish resident corporate unit holders will not in general be subject to further tax. However, where the units are held in connection with a trade the Irish resident corporate unit holder will be taxable on any income or gains as part of the trade with a set-off against any corporation tax payable for any tax deducted by the fund.

Following legislative changes in the Finance Act 2006, the holding of units in an Irish fund at the end of a period of 8 years from acquisition (and thereafter on each 8 year anniversary) constitutes a deemed disposal and reacquisition at market value by the investor. This applies to units acquired on or after 1 January 2001. The tax payable on the deemed disposal will be equivalent to that of an actual disposal (i.e. the appropriate gain is subject to tax at the standard rate of income tax plus 3%). To the extent that any tax arises on such a deemed disposal, such tax will be taken into account to ensure that any tax payable on the subsequent encashment, redemption, cancellation or transfer of the relevant units does not exceed the tax that would have been payable had the deemed disposal not taken place.

Foreign Fund

Subject to personal circumstances, shareholders resident in Ireland for taxation purposes will be liable to Irish income tax or corporation tax in respect of any income distributions received from a foreign UCITS (whether distributed or reinvested in new shares).

Any withholding tax suffered on distributions by the fund is normally available for double tax relief or credit to the Irish investor. Undistributed income of the fund is not taxable. However, whether the foreign fund is a corporate or contract type entity it will be critical in determining the treatment of distributions to investors. For example, that part of a distribution from a contractual type fund that represents a capital gain from underlying investments held by the fund may be treated as a partial return of capital to the Irish investor.

Some foreign funds of the contract form are regarded as transparent entities for Irish tax purposes. In such cases, the taxation of income apportioned to Irish resident investors will be determined by the nature and source of the underlying income of the fund. Notwithstanding that Irish resident investors may have a vested interest in the income as it arises within the fund, thus triggering a taxable event to the investor, often a practical result is that income and gains are taxed as at the date of distribution by the fund.

Irish tax legislation contains certain tax anti-avoidance provisions which may render certain Irish resident investors liable to income or corporation tax in respect of undistributed income or profits of an offshore fund on an annual basis.

Irish tax legislation provides that if an investor resident or ordinarily resident in Ireland for taxation purposes holds a "material interest" in an offshore fund and the fund is located in a "qualifying location" (including a Member State of the European Communities, a Member State of the European Economic Area or a member of the OECD with which Ireland ha a double tax treaty)

then, dividends paid by the fund to such investor will be taxed at the standard rate of income tax (currently 20%) and any gain (calculated without the benefit of indexation relief) accruing to the investor upon the sale or on the disposal of their investment will be calculated at the standard rate of income tax plus 3% (currently 23%). Broadly, on the basis that at the time of initial investment by an investor, it could reasonably be expected that the investor would be able to realize the value of the investment within 7 years, unit holdings in the foreign UCITS fund should constitute a 'material interest' in an offshore fund for the Irish investor. Following legislative changes in the Finance Act 2006, the holding of units in foreign funds in qualifying locations at the end of a period of 8 years from acquisition (and thereafter on each 8 year anniversary) constitutes a deemed disposal and reacquisition at market value by the investor. This applies to units acquired on or after 1 January 2001. The tax payable on the deemed disposal will be equivalent to that of an actual disposal (i.e. the appropriate gain is subject to tax at the standard rate of income tax plus 3%). To the extent that any tax arises on such a deemed disposal, such tax will be taken into account to ensure that any tax payable on the subsequent encashment, redemption, cancellation or transfer of the relevant units does not exceed the tax that would have been payable had the deemed disposal not taken place.

For funds located outside the above qualifying locations such investors will be liable to tax at their marginal income tax rate on distributions received from such funds. In addition, any gain made on the redemption or other disposal of such shares will be liable to tax at 40%, in the case of distributing funds meeting the relevant requirements under the offshore fund rules, and at their marginal income tax rate, in the case of non-distributing funds. Social insurance (3%) and health insurance (2%) charges may also apply to such income and gains.

Tax arising in respect of an Irish investor's investment in a foreign fund is payable through the Irish 'Self Assessment' tax regime. Encashment tax may be applied to income distributions when received by an Irish financial institution on behalf of Irish resident investors. Such tax would be allowed as a credit against the investor's Irish tax liability.

Attention is drawn to the fact that the above rules may not be relevant to particular types of shareholders (such as financial traders), which may be subject to special rules.

Institutional
Corporate investor (Trader)

In the case of a corporate trader, where the investment return (both income and gains) qualifies as trading income, the corporate investor would be taxable (on both income and gains realized in respect of such investment) at the relevant corporation tax rate for trading income, with a credit for any Irish tax suffered in respect of Irish fund investments.
In general, bank and insurance company investors in Irish and foreign funds are subject to tax on income and capital gains at 12.5% on a mark-to-market basis, although realization basis applies in certain circumstances. Where such companies are reporting under IFRS, the accounting profit (fair value) will form the basis of the taxable profits.

Corporate investor (Non-Trader)
Where an Irish corporate investor invests in an Irish fund, the fund must account for tax in respect of any distributions or gains arising from or realized in respect of the investor's investment. In the case of distributions (paid annually or more frequently) tax at the standard rate of tax (currently 20%) is deducted by the fund. The company must then include the income in its tax return as income received under deduction of tax at the standard rate of tax. The net amount plus the tax credit is subjected to tax in the hands of the company at 25% with credit for the 20% tax suffered. Therefore the company's final tax position in respect of such distributions will be 25%. In the case of gains (or distributions other than distributions paid annually or more frequently) the tax accounted for by the fund is the standard rate of tax plus an additional 3% (currently 23%). The gain is ignored for the purposes of the company's tax return. Therefore the company's final tax position in respect of such gains/distributions will be 23%.

The Irish corporate investor will be taxed on income received from an offshore fund in qualifying jurisdictions at the rate of 25%. Gains will be subject to a tax rate of 23%.

Following legislative changes in the Finance Act 2006, the holding of units in an Irish or foreign fund in a qualifying location at the end of a period of 8 years from acquisition (and thereafter on each 8 year anniversary) constitutes a deemed disposal and reacquisition at market value by the investor. This applies to units acquired on or after 1 January 2001. The tax payable on the deemed disposal will be at a rate of 23% (ie the standard rate of income tax plus 3%). To the extent that any tax arises on such a deemed disposal, such tax will be taken into account to ensure that any tax payable on the subsequent encashment, redemption, cancellation or transfer of the relevant units does not exceed the tax that would have been payable had the deemed disposal not taken place.

For offshore funds located outside the qualifying jurisdictions, where the corporate investor's investment is not arising from a trade and the fund is a non-distributing fund any investment return (both income and capital) to the investor will be taxed at the 25% corporation tax rate applicable to non-trading income. In the case of distributing funds the income would be taxed at 25% and capital gains at 40% (the special rate for offshore funds)

Pension Funds

Pension schemes and other exempt bodies, such as charities, are exempt from Irish tax in respect of their income and gains realized form their investment. Additionally, such exempt investors can make a declaration to the fund to exempt the fund from withholding the tax outlined above.

Luxemburg

Investors tax position

-Individuals Interest paid directly by a Luxembourg paying agent (as it is defined under the Savings directive) other than a fund to a Luxembourg resident individual are subject to a 10% final withholding tax.

Interest paid by a Luxembourg paying agent to a non resident individual and / or entity as defined by the EU Savings Directive may be subject to a (currently) 15% withholding tax.

Other interest payments are not in principle subject to Luxembourg withholding tax.

Luxembourg resident shareholders are subject to tax on distributions from investment funs on an assessment basis through filing an annual tax return. Any deemed distributable income is normally not subject to tax. For individual shareholders an annual tax exemption applies to portfolio income (dividends, interest, payment which are out of scope of the Luxemburg internal 10% withholding tax, etc) up to EUR 1,500 (EUR 3,000 for married taxpayers filing jointly). Distributions in excess of the annual exemption are taxed at progressive income tax rates (0 to 38,95%). In addition, a 1,4% (as from January 1, 2007) dependency contribution is applied to investors subject to the Luxembourg social security regime.

Capital gains may either be taxed as speculative profits or as sale profit, or be exempt from taxation:

A Luxembourg resident investor is generally deemed to make a speculative profit when he sells or exchanges his shares/units within a 6- month period following the acquisition. To the extent that the annual global amount of speculative profit exceeds EUR 500, the said profit is taxed at progressive tax rates (0-38.95%). In addition, 1, 4% (as from January 1, 2007) dependency contribution is due.

A Luxembourg resident investor is deemed to make a sale profit when he sells an important shareholding interest over the above mention 6-month period. Generally speaking, a shareholder interest is deemed to be important when the seller holds, or held at any time during the five previous years, alone or together with the spouse and his minor children, directly or indirectly more than 10% of the capital (or of social assets if there is no capital). For a shareholding interest acquired before January 1, 2002 and not further increased as from that date, this threshold is 25% until December 31, 2007. Sale profits are taxed as extraordinary income at half the ordinary tax rate (i.e., max 19,475%).

Gains derived from the sales of shares/units, which have been held for more than 6 months and that do not qualify as important shareholding interest are tax exempt.

With regards to any kind of capital gains, the Luxembourg tax resident may benefit from a tax deduction of EUR 50,000 (EUR 100,000 for married taxpayers filing jointly) over a ten year period. This tax deduction will only be granted until December 31, 2007 for speculative gains.

Institutional

There is no legal definition of an instructional investor. Some indications exist in the CSSF circular of 7 may 1992: -Professionals of the financial sector

- Insurance and re-insurance companies
- Pension funds and social security entities
- Financial and Industrial groups Certain entities as a company submitted to the law of July 1929, so-called "Holding 1929" or Pension Funds are not concerned by the following chart as they benefit from tax exemption.

Regular company: Dividend distribution received by a taxable Luxembourg resident investor are taxable at the rate of 29,63%. Any deemed distribution income is not subject to tax.

Any profit derived from the disposal or redemption or shares held in the Funds will be subject to tax as a capital gain at the rate of 29.63%. If the institutional investor holds accumulating shares, only gains realized trough the disposal/redemption of the shares are taxable in Luxembourg. Any capital losses incurred upon the sale or redemption of shares in the Fund may be offset against any other taxable income. After such an offset, losses can, for corporate investors, be carried forward indefinitely if the conditions of article 114 of the tax law are satisfied.

Finland

Distributed income is taxable. The rate of 28% applies except if the investor is deemed to carry out business activities and the fund units are deemed to belong to the individual's source of business income.
Capital gains realized on disposal/redemption of an investment in a foreign fund are taxable at 28%. In the computation of the amount of capital gains, an individual unit holder has an option to deduct either the real acquisition cost of the units, or 20% of the unit's selling price, if the unit was owned by the individual less than 10 years, or 40% of the unit's selling price, if the unit was owned by the individual at least 10 years. Capital gains by Individuals shall not be subject to taxation in case the aggregate amount of disposal prices during the tax year does not exceed 1.000 Euro.

A Finnish resident individual generally is liable to tax on income in respect of distribution by a non-resident fund from either fund income or fund gains. A Finnish resident is not generally liable to tax in respect of undistributed (rolled up) income.
A Finnish resident individual is not generally entitled to a credit for a possible tax borne by the fund but is normally entitled to a credit for tax withheld from the distributions of the fund.

Institutional Investors

Distributed income is generally taxable income. Normally a Finnish resident investor will be entitled to a tax credit for any withholding tax suffered in the distributions received from the Fund. The income is taxed at 26%. Capital gains realized on redemption/disposed of an investment in a foreign fund are also taxable at 26%. A Finnish resident is not generally liable to tax in respect of undistributed (rolled up) income.

United Kingdom

Investors Tax Position -Individuals

Domestic fund:
For funds, other than bond funds, dividend distributions are taxed at either 10% or 32.5%, with a tax credit of 1/9 of the net dividend (10% of the gross). For bond funds, interest distributions are taxed at rates between 10ö% to 40% with a credit for the income tax deducted at source of 20%. Bond fund is one which at any time has more than 60% by market value of its investment in debt securities, money placed at interest (other than cash awaiting investment), building society shares or holding in unit trust or other offshore fund with, broadly, more than 60% of their investment similarly invested where, broadly, 60% of the assets of the fund throughout the year directly or indirectly yield a return on the form of interest. Gains of the disposal/redemption of units or shares in a domestic fund are treated as capital gains. Capital gains are taxed at the investor's highest marginal rate of tax (up to 40%) with certain relief's and annual exemption applying.

Foreign fund
Distribution from a corporate fund is taxed as overseas dividends at rates of 10% or 32.5%. However, unlike distributions from UK funds, there is no UK tax credit. The tax position of UK resident investor on the disposal/redemption of a holding in a foreign fund will generally depend on whether the fund is certified as a "distributing fund" as described above. Gains on disposal/redemption of units or shares in a certified distribution fund are taxable as capital gains. For investors to benefit from the capital gains treatment, the fund must have obtained distributor status for each accounting period during which the investor has held his unit or shares. Gains realized upon disposal/redemption of investment in a non-distributing fund are taxed as offshore income under the less favorable income tax rules. If a foreign fund is not a corporate fund, taxation of the underlying income of the fund is normally apportioned to UK resident holder as it arises to the fund, and is determined by the nature and source of the underlying income. Unlike distributions from UCITS of the corporate form, an investor may be entitled to tax credits for foreign taxes paid by the fund. In practice however income is often taxed as at the date of distribution by the fund. For foreign funds, such as FCP´s, which are treated as fully transparent for both income and capital gains tax purposes, investors are taxed on the underlying income and gains arising within the fund irrespective of whether they are distributed or not.

-Institutional. The tax treatment of UK resident institutional/corporate investor is dependent on the nature of the investing entity.

Domestic fund:
Dividend distributions to UK corporate investors are subject to tax to the extent that the underlying income of the UCITS is not from UK dividends. However to the extent that it arises from non UK dividend income it is treated as an interest distribution and subject to tax at 30% (or the small company's rate if applicable) Gains on disposal/redemption of units/shares in a domestic fund are treated as capital gains. However under the corporate dept tax regime in the UK any corporate investor who invests in a "bond fund" and is within the charge to UK corporation tax will be taxed on the increase in the value of its holding on a mark to market basis or will obtain tax relief on any equivalent decrease in value.

Foreign fund:
Distributions from a corporate fund are taxed as overseas dividends and are taxed at 30% (or the small company's rate if applicable).
Gains on disposal/redemption of a holding in a foreign fund are treated as described above for individuals. However under the corporate dept tax regime in the UK any corporate investor who invests in a "bond fund" and is within the charge to UK corporation tax will be taxed on the increase in the value of its holding on a mark to market basis or will obtain tax relief on any equivalent decrease in value. Where a foreign fund is not a corporate fund, the treatment is as described above for individuals.

Swiss

Investors Tax Position

–Individuals Distributions received by individual Swiss resident investors from funds are taxable at both federal and cantonal levels, if they do not represent a repayment of the invested capital.

Distributions made of capital gains are not taxable provided that the payments are made via separate coupons or disclosed separately and investment are held as private assets, that is not for trading or business purposes.

An individual investor will also be taxable at the federal and at the cantonal level on the amounts of deemed distributions accumulated in funds. For these purposes, deemed distributions would include undistributed dividend and interest income of the foreign fund

The legal form of the foreign fund will be ignored if it has the characteristics of Swiss fund as explained in the federal authority's circular (No 10) of May 1994, regardless of whether it is a distribution or an accumulating fund. An investor will therefore be taxed as if he had invested in a Swiss fund. Potentially, any increase in value of the interest/dividend account during the year would be taxable.

Taxation of deemed distribution of a Luxemburg SICAV for private investors (Federation and all cantons)

Investment income of accounting funds is taxable on the investor's level despite a lack of income flow. The federal tax administration issues a quotation list containing the taxable income as well as the net wealth, which must be declared in the investor's tax return. If the fund is not "listed", the information of the fund to the investor is relevant with view to the deemed income taxation. The date of the realization of the income on deemed distribution is the year-end date of the investment fund. Please note that the investor has to declare the investment income of the whole business year of the fund if he has bought the shares shortly before the year end date of the investment fund.

Taxation of sale of a Luxemburg SICAV for private investor (Federal and all cantons)

Capital gains realized upon the sale of shares of an accumulation fund before the year end date are not deemed to be investment income but are qualified as tax free capital gains if the individual investor holds the fund shares in their private property.

Taxation of liquidation of a Luxemburg SICAV for private investor (Federation and all cantons)

Basically, the liquidation proceeds reduced by the shares in the original capital and the reinvested capital gains (as well as already taxed deemed distributions) is subject to income tax if the individual investor holds the fund shares in its private property.

–Institutional
Corporate investor are taxed on distribution and on the profit realized on the sale or redemption of the fund shares or if the book value of the fund shares has been increased (taxation following the accounting treatment).

Sweden

–Individuals Distribution received from foreign UCITS by Swedish resident individual investor is taxable at the rate of 30%. Withholding tax suffered on distributions can be credited against the taxpayer's final income tax liability. If the dividends have been paid directly from a foreign based UCITS fund to individual resident in Sweden, no Swedish withholding tax would be payable unless the UCITS is carrying on fund securities business in Sweden.

Gains realized by resident individual on disposal/redemption of units or shares on foreign UCITS are generally taxable at 30%.

Foreign funds that are similar to a Swedish fund will, normally, be taxed in a similar way as a Swedish fund in the hands of the Swedish individual/corporate investor. Indeed, capital gains realized by the investor upon realization of their units in Sweden and foreign funds as well as dividends distributed by Swedish and foreign fund to the investor, are taxed at the level of the investor at the flat rate of 30% for individuals and at the rate of 28% for corporations.

Should the foreign fund not fall under the definition of a Swedish investment fund, it might be questioned whether the fund should be regarded as a Swedish partnership. In such case the Swedish investor would be taxed currently for the fund income. Income received by individual investor may then be taxed as business income and therefore include the tax return of the individual and subject to progressive income tax rates up to 56%, depending on the specific characteristics of the fund.

A unit holder that is an individual is liable to report the possession of units in a securities fund in the tax return due to the liability to pay wealth tax of 1.5%. Wealth tax is levied on 80% of the fair market value at the end of the year for securities funds that are quoted. However, only part of the wealth that exceeds SEK 2,000,000 (including holdings of the spouse and children living at home) or SEK 1,500,000 for single is taxable.

If the funds are not similar to Swedish security funds there is a risk for the applicant of special rules (i.e. CFC taxation). In such case the Swedish investor would be taxed currently for the fund income. This would however only happen if a Swedish unit holder has an interest in the fund representing at least 25% of its capital.

Finally, individuals are liable to report income and holding in funds including offshore holdings.

-Institutional. It should be noted that certain institutional investor (life insurance companies, pensions trusts and similar) do not pay income tax.

Norway

Investors tax position

-Individuals There are some differences in the taxation position of a Norwegian investor: investing into a domestic versus a foreign fund. However, the impact of these differences on investor's choice will depend on the type and individual tax profile of the investor. It is hence difficult to be too precise unless these profiles are known.
RISK rules
The Risk rules are abrogated from 2006.

Domestic individual investor investing in Norwegian companies (as well as domestic investors to which the Norwegian CFC rules apply, as described below) are safeguarded against double taxation of capital gains on shares, through the so-called RISK method. This method/safeguard takes into account taxed retained earnings during the ownership period. The opening value of the shares is to be adjusted upward or downward according to changes in the company's retained taxed earnings during the ownership period.

Domestic individual investors disposing of shares in a domestic company will be taxed for gains realized. Losses are deductible. A gain or loss is calculated as follows:

The remuneration for the shares deducted with the cost price of the shares adjusted for RISK, acquisition costs included.

As from 1 January 2002, the input value of the shares will have to be adjusted with the full RISK amount for both corporate and individual domestic investors.

The FIFO-method (first-in, first-out method) applies in cases a shareholder sells only a part of his shares.

Imputation system

The imputation system is abrogated from 2006. From 2006 dividends to individual are subject to a tax rate of 28%.

In order to avoid/reduce the double taxation of domestic companies and domestic shareholder, Norway operates an imputation system applying to company profits and dividends. Under the imputation system a domestic company is taxed on both retained and distributed income at the ordinary company tax rate. Dividends received by domestic shareholder both corporate and individual, from domestic companies (including investment funds) are also subject to tax rate of 28%. Norwegian resident shareholder (both corporate and individual) is however, given credit for the tax paid by the distributing company, with the effect that they pay zero tax.

Controlled Foreign Companies (CFC) rules

Norwegian investors in a foreign fund are subject to CFC taxation (the so-called "NOKUS" rules) provided that the other conditions under the CFC-legislation are fulfilled. The basic purpose of this legislation is to counter the abuse of Norwegian companies from sheltering profits from taxation in Norway by means of companies established in tax havens or low tax jurisdictions.

The main attribute of these rules is that profits of a foreign company/investment fund in a low tax jurisdiction shall be taxed in the hands of its Norwegian shareholders whether it is distributed or not, if the company is controlled by (which means that at least 50% of the foreign company's shares or capital is owned or controlled directly or indirectly by) Norwegian tax payers. The profit of the company is then calculated based on Norwegian tax rules and taxed on the hands of the shareholder.

A low tax country would be considered a country with ordinary income taxes on the profits gained by the company or entity amount to less than 2/3 of the tax the company or entity would have been assessed if the company had been resident in Norway (2/3 of 28% = 18.66%). It is the intention that the effective tax burden for companies involved in the same kind of activity should make the basis for the comparison.

It should be noted that the above-mentioned RISK rules do also apply to domestic investors in CFC.

Tax credit rules

A Norwegian investor in a foreign company will have to apply for tax credit (if applicable) for tax deducted at source in the foreign country. This is often a time consuming job. Further, the tax credit rules do not always cover all taxed paid abroad as it is limited to Norwegian taxes paid on the income. It should also be mentioned that a tax credit may not be carried forward at least not where corporate shareholders are concerned. A domestic investor investing in a domestic company/investment fund will not have to apply for a tax credit and will as a consequence not have to deal with possible double taxation and/or not being able to carry forward the tax credit.

Wealth tax

Norwegian resident individual investors are liable to wealth tax on their participations in investment funds (both Norwegian and foreign). Valuation takes place at 1 January in the assessment year. The maximum wealth tax rate is 1.1% depending on the investor's total wealth. It should be noted that participation in foreign investment funds in general will be taxed the investor's country of residence. However, tax treaties may make an exception on this rule.

Conclusion

A Norwegian investor investing in a domestic fund can avoid/reduce double taxation of companies and shareholders on capital gains, dividends and company's profits by applying the RISK rules and the Norwegian imputation system. Further, CFC rules do not apply to domestic investors investing in Norwegian companies. Also, domestic investors in Norwegian companies will not have to apply for tax credit, which is time and often money saving, since the tax credit does not always cover all the foreign tax paid and may not be carried forward. Norwegian residents are liable to wealth tax on their investments in both Norwegian and

foreign investment funds. Norwegian resident investors will be liable to tax in case of change of investments between sub-funds and or changing between different share classes.

Institutional

Capital gain
Institutional investors are exempted from tax on capital gain (and loss is not deductible) on shares in a company domiciled in an EEA country. Tax exemption also applies for gains from shares in a company domiciled in a non low tax country outside EEA if the investor has hold more than 10% of the shares more than 2 years.

Dividend
Institutional investors are exempted from tax on dividends from companies domiciled in EEA.

Netherlands

-Investors Tax Position

Individuals
Investment in Domestic funds/Foreign domiciled funds.

Investment assets of Dutch individuals will be taxed on a deemed basis instead of an actual income basis i.e. the assets are deemed to generate 4% income, which will be taxed at a flat rate of 30% (so called "Box III income"). Consequently, 1, 2% Dutch personal income tax will be effectively levied on the average net value of individual's investment at 1 January and 31 December of that year. Actual income, such as dividends and capital gains, received or realized by Dutch individual shareholders is as such not subject to Dutch personal income tax.

Furthermore, Dutch individual shareholders who are subject to Dutch personal income tax and who carry on an enterprise to which the shares in a company can be attributed will in principle be liable for Dutch personal income tax in respect of dividends, and capital gains realized on the alienation of the shares at progressive rates of up to 52%.

-Institutional
Corporate Investors
We refer to section Reporting obligations of a domestic fund.

Dutch pensions funds
In general, Dutch pension funds are exempt from Dutch corporate income tax for their core activities as a pension fund.

In case of dividend distributions from a Dutch domiciled fund, the 15% withholding tax to be withheld is in principle fully recoverable by the Dutch pension fund. As per 1 January 2007, foreign tax exempt pension's funds (with legal personality) can also reclaim Dutch dividend withholding tax in similar manner as Dutch pension funds. In case of dividend distribution from a foreign domiciled fund, Dutch pension funds can in principle not benefit from the double tax treaties concluded by the Netherlands, as hey are considered tax exempt organizations. However, the Dutch tax authority take the position that Dutch pension's funds are entitled to treaty access and issue residence certificates to this effect. In this respect it should be noted that the Dutch tax authorities will only allow this on the basis of reciprocity, i.e. if the Dutch pension fund are also entitled to reduce of dividend withholding tax levied by the other jurisdiction. Nevertheless, in many countries this position has not been accepted.

Some recent tax treaties conclude by the Netherlands (e.g. with the United States) contain a special provision dealing with a full exemption for pension funds in order to mitigate the tax disadvantages of foreign investments.