

# PROSPECTUS



## Deutsche Bank AG

**Up to 100,000 QAM Global Equities Euro Certificates relating to the QAM Global Equities Fund Ltd USD fund share**

**Issue Price: Euro 1,000 per Certificate**

**ISIN: DE000DB1C090**

The issuer (the “**Issuer**”) of the securities described in this Prospectus (consisting of a Registration Document, Securities Note and Summary) is Deutsche Bank AG, acting through its London branch (“**Deutsche Bank AG London**”). Deutsche Bank AG London is registered as a foreign company in England and Wales, and is a branch of Deutsche Bank AG, Frankfurt am Main, incorporated under the laws of Germany.

The Issuer is authorised to and may issue securities relating to shares and/or indices and/or other securities and/or fund shares and/or commodities and/or foreign exchange rates and/or other assets as part of its general banking business (set out in article 2(1) of the Articles of Association of Deutsche Bank AG). The Issuer has determined to issue 100,000 Certificates (the “**Securities**”) relating to fund shares specified above and upon the final terms and conditions set out in the “**Product Conditions**” section of this document and the general terms and conditions set out in this document (the “**General Conditions**”, which together with the Product Conditions shall be referred to as the “**Conditions**”). References to the term “**Underlying**” shall be construed as references to the fund shares specified above.

The Issuer has a right of substitution and a right to change the office through which it is acting, subject as provided in General Condition 8.

**Prospective purchasers of the Securities should ensure that they understand fully the nature of the Securities, as well as the extent of their exposure to risks associated with an investment in the Securities and should consider the suitability of an investment in the Securities in the light of their own particular financial, fiscal and other circumstances. Prospective purchasers of the Securities should refer to the “Risk Factors” section of this document. The Securities will represent unsubordinated, unsecured contractual obligations of the Issuer which will rank *pari passu* in all respects with each other.**

The Securities have not been and will not be and are not required to be registered under the United States Securities Act of 1933, as amended. The Securities may not be offered or sold except to persons located outside the United States. For a description of certain restrictions on the sale and transfer of the Securities, please refer to the General Conditions section of this document.

**The Securities Note and Summary of this Prospectus are dated 26 January 2006.**

Deutsche Bank 

### **IMPORTANT**

*Deutsche Bank AG, London accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*No dealer, salesman or other person is authorised to give any information or to make any representation other than those contained in this document in connection with the offering or sale of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any Agent. None of this document and any further information supplied in connection with the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of this document or any further information supplied in connection with the Securities should purchase any of the Securities. Each investor contemplating purchasing Securities should make its own independent investigation of the risks involved in an investment in the Securities. Neither this document nor any other information supplied in connection with the Securities constitutes an offer by or on behalf of the Issuer or any other person to subscribe for or purchase any Securities, i.e. no subscription agreement or purchase agreement may be effectively concluded in connection with Securities by way of unilateral statement by or on behalf of the subscribing or purchasing party.*

*The distribution of this document and the offering of the Securities in certain jurisdictions may be restricted by law. The Issuer does not represent that this document may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any distribution or offering. Accordingly, the Securities may not be offered or sold, directly or indirectly, and none of this document, any advertisement relating to the Securities and any other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes must inform themselves about, and observe, any such restrictions. Please refer to General Selling and Transfer Restrictions contained in the section entitled General Conditions contained in this document, and the additional information contained in the section "Country Specific Information" attached hereto.*

*This document contains forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about our beliefs and expectations. Any statement in this document that states our intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. These statements are based on plans, estimates, and projections as they are currently available to the management of Deutsche Bank. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual results of the Issuer or of the Securities to differ materially from those contained in any forward-looking statement.*

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## SUMMARY

*The information set out below is a summary only and should be read in conjunction with the rest of the Prospectus. This summary is intended to convey the essential characteristics and risks associated with the Issuer, and in relation to the Securities and does not purport to be complete. It is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Accordingly, this summary should be read as an introduction to the Prospectus, and any decision to invest in the Securities should be based on consideration of the Prospectus as a whole by the investor.*

*Prospective investors should be aware that where a claim relating to the information contained in this Prospectus is brought before a court, the investor making the claim might, under the national legislation of the respective EU member state, have to bear the costs of translating the prospectus before the legal proceedings are initiated.*

*Civil liability attaches to the Issuer who has tabled the summary including the translation thereof and applied for its notification, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.*

*This Summary contains:*

*Summary of Risk Factors*

*Summary of Economic Description*

*Summary of the Offer*

*Summary of Issuer Description*

## SUMMARY OF RISK FACTORS

### Risk Factors

#### Issuer Risk Factors

Prospective investors should consider all information provided in the Registration Document and consult with their own professional advisers if they consider it necessary. The following describes risk factors relating to the issuer's ability to meet its obligations under the securities.

#### Ratings

Ratings assigned to the issuer by certain independent rating agencies are an indicator of the issuer's ability to meet its obligations in a timely manner. The lower the assigned rating is on the respective scale the higher the respective rating agency assesses the risk that obligations will not be met at all or not be met in a timely manner. As of the publication date of this summary, the following ratings were assigned to Deutsche Bank:

| Rating Agency          | Long-term | Short-term |
|------------------------|-----------|------------|
| Standard & Poors (S&P) | AA-       | A-1+       |
| Moodys                 | Aa3       | P-1        |
| Fitch                  | AA-       | F1+        |

Rating agencies may change their ratings at short notice. A rating's change may reflect the price of securities outstanding.

#### Rating of Subordinated Obligations

If Deutsche Bank enters into subordinated obligations these obligations may be rated lower. Deutsche Bank will disclose such ratings of subordinated obligations (if any).

### Risks relating to the Securities

An investment in the Securities involves risks. These risks may include, among others, equity market, bond market, foreign exchange, interest rate, market volatility and economic, political and regulatory risks and any combination of these and other risks. Prospective purchasers should be experienced with respect to transactions in instruments such as the Securities and in the underlying asset or other basis of reference for the Securities (the "**Underlying**"). Prospective purchasers should understand the risks associated with an investment in the Securities and should only reach an investment decision after careful consideration, with their legal, tax, accounting and other advisers, of (i) the suitability of an investment in the Securities in the light of their own particular financial, tax and other circumstances; (ii) the information set out in this document and (iii) the Underlying.

The Securities may decline in value and investors should be prepared to sustain a total loss of their investment in the Securities. The shorter the remaining term of the Securities, the higher the risk of decline in value of the Securities.

An investment in the Securities should only be made after assessing the direction, timing and magnitude of potential future changes in the value of the Underlying, and/or the in the composition or method of calculation of the Underlying, as the return of any such investment will be dependent, inter alia, upon such changes. More than one risk factor may have simultaneous effect with regard to the Securities such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Securities.

## **SUMMARY OF ECONOMIC DESCRIPTION**

The Securities represent an investment similar to a direct investment in the Underlying. Like a direct investment, the Securities offer a participation in the performance of the Underlying until one or more specified final valuation day(s).

The Securities may be exercised by investors prior to the specified final valuation day, by giving notice to the Issuer at least 35 calendar days before specified monthly valuation dates, on which the performance of the Underlying would be valued and would be paid a cash amount on settlement, which would be 35 calendar days and a further three business days after the related monthly valuation date on which the cash amount is based.

## SUMMARY OF THE OFFER

*This section is a brief overview of the Product Conditions as set out subsequently. It is not a complete description of the Securities and should be read in conjunction with, and is subject to, the Product Conditions, the General Conditions and all other sections of this document.*

|                                 |   |
|---------------------------------|---|
| <b>Issuer:</b>                  | Deutsche Bank AG, London  |
| <b>Number of Securities:</b>    | Up to 100,000 QAM Global Equities Euro Certificates   |
| <b>Underlying:</b>              | QAM Global Equities Fund Ltd USD Fund Share   |
| <b>Issue Price:</b>             | 1,000 Euro  |
| <b>Issue Date:</b>              | 26 January 2006   |
| <b>Primary Market End Date:</b> | 21 February 2006  |
| <b>Term:</b>                    | Last Business Day of February 2011  |
| <b>Reference Level:</b>         | Means in respect of: <ul style="list-style-type: none"><li>(A) the Initial Reference Valuation Date, an amount equal to EUR 1,000; and</li><li>(B) all subsequent Valuation Dates, an amount equal to the the product of<ul style="list-style-type: none"><li>(a) the Reference Level on the preceding Valuation Date;</li><li>(b) the sum of<ul style="list-style-type: none"><li>(aa) the quotient of (i) the EUR Fund Closing Level on such Valuation Date (as numerator) and (ii) the EUR Fund Closing Level on the preceding Valuation Date; and</li><li>(bb) the Currency Amount; and</li></ul></li><li>(c) 100% minus the Monthly Fee;</li></ul></li></ul> |

expressed as a formula:

$$\left[ \text{Reference Level}_{(t-1)} \times \frac{\text{EUR Fund Closing Level}_{(t)}}{\text{EUR Fund Closing Level}_{(t-1)}} + \text{Currency Amount}_{(t)} \right] \times (100\% - \text{Monthly Fee})$$

all subject to adjustment in accordance with Product Condition 4 and determined by the Calculation Agent on the Determination Date relating to such Valuation Date

|  |   |
|--|---|
| <b>Final Reference Level:</b>            | An amount equal to the Reference Level on the Termination Date as determined by the Calculation Agent and without regard to any subsequently published correction                                       |
| <b>Initial Reference Level:</b>          | An amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction                       |
| <b>Initial Reference Valuation Date:</b> | The Valuation Date falling in February 2006   |
| <b>Valuation Date:</b>                   | The last Business Day of each month from and including the Initial Reference Valuation Date until and including the last Business Day of February 2011 (the " <b>Final Valuation Date</b> ")            |
| <b>Exercise Date(s):</b>                 | In respect of each Valuation Date other than the Final Valuation Date, the most recent Settlement Business Day which falls at least 35 calendar days prior to the related Valuation Date (for such pur- |

poses the first Valuation Date shall be ignored). In respect of the Final Valuation Date, the Exercise Date shall be the Final Valuation Date

|                                     |  |
|-------------------------------------|--|
| <b>Redemption Date(s):</b>          | The most recent Business Day which falls at least three months prior to a Valuation Date other than the Final Valuation Date (such that there can be no Redemption Date in relation to the Valuation Dates falling within the first twelve months after the Primary Market End Date), provided that the Issuer has delivered a Redemption Notice before or on such day, which specifies such Valuation Date as the date in relation to which the Redemption Cash Settlement Amount will be paid;   |
| <b>Termination Date:</b>            | <ol style="list-style-type: none"><li>1. if the Securityholder has exercised the Security, or if the Security is deemed to be exercised, in accordance with Product Condition 3, the Valuation Date relating to the relevant Exercise Date</li><li>2. if the Issuer has elected to redeem the Securities in accordance with Product Condition 3, the Valuation Date relating to the relevant Redemption Date</li></ol>   |
| <b>Settlement:</b>                  | Cash Settlement  |
| <b>Automatic Exercise :</b>         | Applicable in respect of the Final Valuation Date  |
| <b>Settlement Date(s):</b>          | in relation to each Exercise Date and its corresponding Valuation Date, the third Settlement Business Day following the relevant Determination Date, until the Final Valuation Date  |
| <b>Determination Date:</b>          | in respect of each Valuation Date the 35th calendar day following such date, or if such day is not a Business Day, the first succeeding Business Day;  |
| <b>Settlement Currency:</b>         | Euro   |
| <b>Cash Settlement Amount:</b>      | <p>in respect of each Security, on a Valuation Date, an amount expressed in the Settlement Currency determined by the Calculation Agent on the Determination Date linked to such Valuation Date to be equal to the Reference Level on such Valuation Date, provided that in respect of each Valuation Date up to and including the Valuation Date falling in February 2007, the Cash Settlement Amount shall be determined in accordance with the following formula:</p> <p>Reference Level – Exercise Fee</p> <p>The Cash Settlement Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards. The Cash Settlement Amount cannot be less than zero;</p> |
| <b>Exercise Fee:</b>                | 1% x Reference Level   |
| <b>Minimum Subscription Amount:</b> | 1 Security   |
| <b>Minimum Trade Size:</b>          | 1 Security and increments of 1 Security thereafter   |
| <b>Minimum Exercise Amount:</b>     | 1 Security   |
| <b>Listing:</b>                     | Euronext   |
| <b>Calculation Agent:</b>           | Deutsche Bank AG, London   |
| <b>Principal Agent:</b>             | Deutsche Bank AG, London   |
| <b>ISIN Code :</b>                  | DE000DB1C090   |
| <b>(WKN) German Security Code:</b>  | DB1C09   |

**Early Redemption at the option of the Issuer**

The Issuer has the unconditional and irrevocable right, upon delivery of a Redemption Notice, to redeem the Securities in whole, but not in part, on the Redemption Date at the Cash Settlement Amount.

**Cancellation of the Issuance of the Securities**

The Issuer reserves the right for any reason prior to the proposed issue date of the Securities to cancel the issuance of the Securities.

## SUMMARY OF ISSUER DESCRIPTION

### History and Development of the Bank

Deutsche Bank Aktiengesellschaft originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Düsseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank which was founded in 1870. The merger and the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2 May 1957. Deutsche Bank is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000. The Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main (telephone: +49-69-910-00) and branch offices in Germany and abroad including in London, New York, Sydney, Tokyo and an Asia-Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.

Deutsche Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (the “**Deutsche Bank Group**”).

The objects of Deutsche Bank, as laid down in its Articles of Association, include the transaction of all kinds of banking business, the provision of financial and other services and the promotion of international economic relations. The Bank may realise these objectives itself or through subsidiaries and affiliated companies. To the extent permitted by law, the Bank is entitled to transact all business and to take all steps which appear likely to promote the objectives of the Bank, in particular: to acquire and dispose of real estate, to establish branches at home and abroad, to acquire, administer and dispose of participations in other enterprises, and to conclude enterprise agreements.

Deutsche Bank operates through three group divisions:

The **Corporate and Investment Bank (CIB)** comprises the following businesses:

**Global Markets** comprises all origination, sales, trading and research in securities.

**Global Banking** handles all financial requirements of companies including loans, M&A advisory services, trade and export finance and cash management services.

**Private Clients and Asset Management (PCAM)** comprises the following businesses:

**Private & Business Clients** serves private and business clients in seven countries in Europe and provides them with comprehensive and integrated financial solutions both for their private and business requirements.

**Private Wealth Management** pursues an integrated holistic business model to cater for the complex needs of high net worth clients, their families and selected institutions.

**Asset Management** combines asset management for institutional clients and private investors. It offers products in equities, bonds and real estate.

**Corporate Investments (CI).**

### **Selected Financial Information**

As of 30 September 2005, the issued share capital of Deutsche Bank amounted to Euro 1,415,674,150.40 consisting of 552,997,715 ordinary shares without par values. The shares are fully paid up and in registered form. They are listed on all German stock exchanges as

well as on the Stock Exchanges in Amsterdam, Brussels, London, Luxembourg, New York, Paris, Tokyo, Vienna and Zurich.

## **RISK FACTORS**

## A. PRODUCT SPECIFIC RISK FACTORS

No investment should be made in the Securities until after careful consideration of all those factors which are relevant in relation to the Securities.

*Terms and expressions defined in the Conditions (including in "Information Relating to the Underlying") shall have the same meaning when used in this discussion.*

### 1. Nature of the investment

Unless the Securities are previously redeemed or cancelled, an investment in the Securities will provide at maturity a return linked to the Underlying.

### 2. Settlement Delay

Securityholders may exercise the Securities monthly on the Exercise Dates. Should an Extraordinary Fund Event occur (as described in Product Condition 4 below), the Issuer has the right to postpone the exercise of the Securities (in full or in part on a first come first served basis) until such later date, when such Extraordinary Fund Event ceases. The Securityholders accept that in this case the Cash Settlement Amount may be substantially different from the Cash Settlement Amount relating to the originally envisaged Exercise Date.

### 3. The Underlying

The Underlying is the USD share class of the QAM Global Equities Fund Ltd (the "**Fund**"), and is converted into EUR by applying the USD/EUR foreign exchange rate. The Fund invests in various financial instruments, through which the Fund attempts to achieve its investment objective, which is to obtain "consistent absolute performance" (as stated in the Confidential Explanatory Memorandum of the Fund). The Fund's investments may be of a wide-ranging nature and a broad range of investment strategies may be employed by the Fund to achieve this objective, which may or may not be met. The Investment Manager of the Fund is Capital FM Ltd, a limited liability company registered in the British Virgin Islands ("Capital FM" or the "Investment Manager") (See *Information Relating to the Underlying*).

Hedge funds may trade and invest in a broad range of investments. Investing directly or indirectly in hedge funds is generally considered to be risky.

As stated in the Risk Factors below, Investors should note that the performance of the Fund, together with the USD/EUR exchange rate, will affect the value of the Securities.

***It should be noted that all outstanding Securities will expire worthless if on any Valuation Date the Calculation Agent determines that the Cash Settlement Amount (regardless of whether any Securities have been exercised with respect to that Valuation Date) is equal to or less than zero. Generally one could say that the Cash Settlement Amount would be equal to or less than zero if the value of the hedge funds to be reflected in the Fund is equal to or less than zero.***

### 4. No rights relating to the Underlying

Investors will not be entitled to any rights with respect to the Underlying or any constituent thereof.

### 5. USD Share Class of the QAM Global Equities Fund Ltd

The Investment Manager will invest in various diversified financial instruments following certain investment strategies. There is no assurance that its objective will be achieved. Inves-

tors should note that the performance of other hedge funds which are managed by parties other than the investment manager of this Fund may differ significantly from the USD share class of the Fund. The methodology of selection of investments used to represent the performance of various investment strategies differ significantly amongst investment managers. Therefore, the value of another hedge fund may rise while the value of the Fund may fall.

In addition, investors are subject to the exchange rate between the Swiss Franc and euro. As a result of currency fluctuations, the value of the Securities could decrease even where the value of the Fund increases in value.

## **6. Performance and Management Fees, Subscription and Redemption Charges**

The Fund pays to Capital FM Ltd an annual fee (the “Investment Management Fee”) equal to 1.5% of the net assets of the Fund. The Investment Management Fee is calculated monthly and paid semi-annually. Capital FM may pass on all or any portion of the Investment Management Fee to placement agents which distribute shares. The Fund charges a performance fee of 20%, subject to a high water-mark. In addition, an issue commission of 2.5% may be charged on new subscriptions. In addition to these fees, a charge of up to 1.5% may be levied on redemption within the first six months of acquiring shares in the Fund, 1.0% for redemptions within the first year, with no subsequent redemption fees.

As the Fund may invest in various assets, including alternative investments, certain fees, including fees payable to managers of hedge funds in which the Fund is invested, and direct or indirect payments to third parties in connection with securities or derivatives transactions may be payable. All fees deducted could affect the value of the USD share class of the Fund, and therefore the value of the Securities, negatively as such fees will negatively impact the Reference Level and therefore the Cash Settlement Amount.

In addition the value of the Securities will be affected negatively by trading costs and operating expenses incurred by the hedge funds being invested by the Fund

As a result investors will only participate in a proportion of the upside performance of any of the funds included within the Fund, but will be exposed to 100% of the downside performance of the Fund. An investor should be aware that any performance fees deducted upon a positive performance of the USD share class of the Fund will not be reimbursed by any means if the value of the USD share class of the Fund declines again at a later stage.

## **7. Payments under the Securities**

The Securities are only exercisable with respect to a Valuation Date on the Exercise Date relating to that Valuation Date. The Exercise Date is the most recent Settlement Business Day which falls at least 35 calendar days prior to the respective Valuation Date. Each Security, which has been properly exercised, as described in the Product Condition 3, entitles its holder to receive from Deutsche Bank AG the relevant Cash Settlement Amount on the Settlement Date following such Valuation Date. As the Final Reference Level of the Fund for a Valuation Date is not published until the Determination Date, the Settlement Date (on which the Cash Settlement Amount is paid) could be more than 35 calendar days (the exact number of days depends on which of those days are Business Days and Settlement Business Days) after the Valuation Date. After a Security has been exercised any Cash Settlement Amount will at best be paid 73 days after such Exercise Date.

## **B. GENERAL RISK FACTORS RELATING TO THE SECURITIES**

### **1. No payments until settlement**

Prospective investors should note that no periodic interest payments or other distributions will be made during the term of the Securities. A realisation in the secondary market of the Securities may be the only return potentially available to the investor prior to settlement of the Securities. However, investors should note the risk factors described under the headings “Market value” and “The Securities may be Illiquid” below in this regard.

## **2. Early termination for extraordinary reasons, illegality and force majeure**

If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Securities has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Securities for any reason, the Issuer may at its discretion and without obligation terminate early the Securities. If the Issuer terminates early the Securities, the Issuer will, if and to the extent permitted by applicable law, pay the holder of each such Security an amount determined by the calculation agent to be its fair market value notwithstanding the illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements.

## **3. Market disruption events, adjustments and early termination of the Securities**

If so indicated in the Conditions, the calculation agent may determine that a market disruption event has occurred or exists at a relevant time. Any such determination may delay valuation in respect of the Underlying which may have an effect on the value of the Securities and/or may delay settlement in respect of the Securities.

In addition, if so indicated in the Conditions, the calculation agent may make adjustments to the Conditions to account for relevant adjustments or events in relation to the Underlying including, but not limited to, determining a successor to the Underlying or its issuer or its sponsor, as the case may be. In addition, in certain circumstances, the Issuer may terminate early the Securities following any such event. In this case, in relation to each Security, the Issuer will pay an amount, if any, determined as provided in the Conditions.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities and what constitutes a market disruption event or relevant adjustment event.

## **4. Taxation**

Potential purchasers and sellers of the Securities should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Securities are transferred. Securityholders are subject to the provisions of General Condition 6 and payment and/or delivery of any amount due in respect of the Securities will be conditional upon the payment of certain taxes, duties and/or expenses as provided in the Product Conditions.

Potential purchasers who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

## **5. Exercise or delivery notice and certifications**

If the Securities are subject to provisions concerning delivery of an exercise or delivery notice and such notice is received by either the relevant principal agent with a copy to the clearing agent after the latest time specified in the Conditions, it will not be deemed to be duly delivered until the next following business day. Such deemed delay may in the case of cash settled Securities increase or decrease the cash amount payable at settlement from what it would have been but for such deemed delivery. In the case of Securities which are exercisable on one day only or only during an exercise period, any exercise notice, if not delivered by the latest time specified in the Conditions, shall be void.

The failure to deliver any certifications required by the Conditions could result in the loss or inability to receive amounts or deliveries otherwise due under the Securities. Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

**Securities not exercised in accordance with the Conditions will expire worthless. Prospective purchasers should review the Conditions to ascertain whether the Securities are subject to automatic exercise, and when and how an exercise notice may be validly delivered.**

## **6. Time lag after exercise**

Where the Securities are to be settled by a cash payment, then, upon their exercise, there may be a time lag between the time exercise occurs and the time the applicable cash amount relating to such exercise is determined. Any such delay between the time of exercise and the determination of the cash amount will be specified in the Conditions. However, such delay could be significantly longer, particularly in the case of a delay in exercise of such cash settled Securities arising from, as described below, any daily maximum exercise limitation or, as described below, upon the determination by the calculation agent that a market disruption event has occurred at any relevant time. The applicable cash amount could decrease or increase from what it would have been but for such delay.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

## **7. Maximum exercise amount**

If so indicated in the Conditions for any Securities that are exercisable by the holders thereof on more than a single date, the Issuer will have the option to limit the number of Securities exercisable on any date (other than the final exercise date) to the maximum number so specified and, in conjunction with such limitation, to limit the number of Securities exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Securities being exercised on any date (other than the final exercise date) exceeds such maximum number and the Issuer has elected to limit the number of Securities exercisable on such date, a holder of Securities may not be able to exercise on such date all the Securities that it desires to exercise. In any such case, the number of Securities to be exercised on such date will be reduced until the total number of Securities exercised on such date no longer exceeds such maximum (unless the Issuer otherwise elects), such Securities being selected as specified in the Conditions. Securities tendered for exercise but not exercised on such date will be automatically exercised on the next date on which Securities may be exercised, subject to the same daily maximum limitation and delayed exercise provisions.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

## **8. Minimum exercise amount**

If so indicated in the Conditions for any Securities that are exercisable by the holders thereof, a holder of Securities must tender or hold a specified minimum number of the Securities at any one time in order for the Securities to be exercised. Thus holders with fewer than the specified minimum number of such Securities will either have to sell their Securities or purchase additional Securities, incurring transaction costs in each case, in order to realise a return on their investment, and may incur the risk that the trading price of the Securities at that time is different from, in the case of Securities settled in cash, the applicable cash amount and/or, in the case of Securities settled by way of physical delivery, the value of the applicable Underlying, in each case upon exercise.

Prospective purchasers should review the Conditions to ascertain whether and how such provisions apply to the Securities.

## **9. Re-offer Price**

The Issuer may enter into distribution agreements with various financial institutions and other intermediaries as determined by the Issuer (collectively the “**Selling Agents**”). The Selling Agents will agree, subject to the satisfaction of certain conditions, to subscribe for the Securities at a price equivalent to or below the Issue Price. The Selling Agents have agreed to bear certain costs in connection with the issue of the Securities. A periodic fee may be payable to the Selling Agents in respect of all outstanding Securities up to and including the Expiry Date at a rate as determined by the Issuer. Such rate may vary from time to time. The Selling Agents will agree to comply with the selling restrictions set out in the Prospectus as amended and supplemented by the additional selling restrictions set out in the relevant distribution agreements and final terms of the prospectus.

The Issuer has the right to close the offering of the Securities prior to the end of the subscription period in case of adverse market conditions, as determined by the Issuer in its reasonable discretion, including but not limited to increased equity market volatility and increased currency exchange rate volatility.

## **10. Risk Factors relating to the Underlying**

The Underlying reflects the performance of certain selected funds (net of the fees and expenses of the Fund and the hedge funds, respectively), all of which are “Hedge Funds”.

A Hedge Fund may trade and invest in a broad range of investment interests such as debt and equity securities, commodities, and foreign exchange and may enter into derivative transactions, including without limitation futures and options. A Hedge Fund may often be illiquid and may only be traded on a monthly, quarterly or even less frequent basis. For all these reasons and those described below, investing directly or indirectly in Hedge Funds is generally considered to be risky. If the hedge funds do not perform the value of the Underlying will fall and may fall to zero.

The Hedge Funds reflected in the Underlying from time to time and their Hedge Fund Trading advisors, as well as the markets and instruments in which they invest, may not be subject to extensive review by governmental authorities, self-regulatory organisations or other super-

visory authorities.

The following is a non-exhaustive list of the risks associated with investing in Hedge Funds:

**a) Investment Manager**

The performance of a hedge fund will depend on the performance of the investments selected by key individuals associated with the day-to-day operations of the investment manager (the "**Investment Manager**") of the relevant hedge fund and upon the expertise of such key individuals. Any withdrawal or other cessation of investment activities on behalf of the Investment Manager by any of these individuals could result in losses and/or the termination or the dissolution of the relevant hedge fund. The investment strategy, investment restrictions and investment objectives of a hedge fund give its Investment Manager considerable discretion to invest the assets thereof and there can be no guarantee that the Investment Manager's investment decisions will be profitable or will effectively hedge against the risk of market or other conditions causing the value of the relevant hedge fund to decline.

A Investment Manager may receive performance related fees, which may be substantial. The manner of calculating such fees may create an incentive for the Investment Manager to make investments that are riskier or more speculative than would be the case if such fees were not paid to the Investment Manager. In addition, since the performance fees may be calculated on a basis that includes both unrealised and realised gains on the relevant hedge fund's assets, such fees may be greater than if they were based solely on realised gains. If a hedge fund does not perform or does not perform sufficiently to cover the fees, the value of the relevant hedge fund will fall and may fall to zero.

**b) Litigation and Enforcement Risk**

hedge funds might accumulate substantial positions in the securities of a specific company and engage in a proxy fight, become involved in litigation, or attempt to gain control of a company. Under such circumstances, a hedge fund conceivably could be named as a defendant in a lawsuit or regulatory action. Further, there have been a number of widely reported instances of violations of securities laws, including the misuse of confidential information. Such violations may result in substantial liabilities for damages caused to others, for the disgorgement of profits realized, and for penalties. Investigations and enforcement proceedings are ongoing and it is possible that hedge funds may be charged with involvement in such violations. If that were the case, the performance records of such hedge funds would be misleading. Furthermore, if a hedge fund engaged in such violations, the Fund could be exposed to losses. When the Fund allocates assets to a non-affiliated hedge fund, neither the Fund nor Capital FM will have custody of the assets or control over their investment by the hedge fund. The Investment Manager of a non-affiliated hedge fund could divert or abscond with the assets, fail to follow agreed upon investment strategies, provide false reports of operations, or engage in other misconduct.

**c) Lack of segregation of assets**

A prime broker may be, or may have been, appointed in relation to a hedge fund and will accordingly be responsible for custody, clearing, financing and reporting services with respect to the securities transactions entered into by the relevant Investment Manager. Where investments by a hedge fund are classified by the relevant prime broker as collateral, they may not be segregated by such prime broker from its own investments. As a result, such investments may be available to the creditors of such prime broker in the event of its insolvency and the relevant hedge fund may lose some or all of its interest in such investments.

**d) Hedging risks**

An Investment Manager may utilise warrants, futures, forward contracts, swaps, options and other derivative instruments involving securities, currencies, interest rates, commodities and other asset categories (and combinations of the foregoing) for the purposes of establishing

"market neutral" arbitrage positions as part of its trading strategies and to hedge against movements in the capital markets. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions may also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not always be possible for the Investment Manager to execute hedging transactions, or to do so at prices, rates or levels advantageous to the hedge fund. The success of any hedging transactions will be subject to the movements in the direction of securities prices and currency and interest rates, and stability or predictability of pricing relationships. Therefore, while a hedge fund might enter into such transactions to reduce currency exchange rate and interest rate risks, unanticipated changes in currency or interest rates may result in poorer overall performance for the hedge fund than if it had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the Investment Manager may not be able to, or may not seek to, establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. An imperfect correlation may prevent a hedge fund from achieving the intended hedge or expose a hedge fund to risk of loss.

**e) Leverage**

Hedge funds may be able to borrow (or employ leverage) without limitation and may utilise various lines of credit and other forms of leverage, including swaps and repurchase agreements. While leverage presents opportunities for increasing a hedge fund's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the hedge fund will decrease. Additionally, any event which adversely affects the value of an investment by a hedge fund would be magnified to the extent such hedge fund is leveraged. The cumulative effect of the use of leverage by a hedge fund in a market that moves adversely to such hedge fund's investments could result in a substantial loss to the hedge fund that would be greater than if the hedge fund were not leveraged. Furthermore, any use by the hedge fund of swaps and other derivatives to gain exposure to certain investments may/will leverage the hedge fund's assets, and subject it to the risks described above.

**f) Risks associated with the use of margin borrowings**

An Investment Manager's anticipated use of short-term margin borrowings will result in certain additional risks to the relevant hedge fund. For example, if securities pledged to brokers to secure a hedge fund's margin accounts decline in value, such hedge fund could be subject to a "margin call", pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the hedge fund's assets, the Investment Manager might not be able to liquidate assets quickly enough to pay off the margin debt. In such a case, the relevant prime broker may liquidate additional assets of the hedge fund, in its sole discretion, in order to satisfy such margin debt. The premiums for certain options traded on non-US exchanges may be paid for on margin. If the Investment Manager sells an option on a futures contract, it may be required to deposit margin in an amount equal to the margin requirement established for the futures contract underlying the option and, in addition, an amount substantially equal to the premium for the option. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed in dealing in the futures markets directly. Whether any margin deposit will be required for over-the-counter options will depend on the agreement of the parties to the transaction.

**g) Multiple-Manager Strategy**

The Fund employs a multi-manager strategy, and each hedge fund will trade independently of the others. There can be no assurance that the use of a multi-manager approach will not effectively result in losses by certain of the hedge funds offsetting any profits achieved by others. Such offsetting could result in a significant reduction in a hedge fund's assets, as performance fees may be payable to those funds that recognized profits irrespective of the offsetting losses. Various hedge funds may also from time to time compete with the others for the same positions. Conversely, opposite positions held by the hedge funds will be economically offsetting. As long as hedge funds hold positions that offset those held by other hedge funds, the Fund as a whole will be unable to recognize any gain or loss on such positions, while at the same time incurring brokerage commissions in respect of the offsetting positions and paying management fees.

#### **h) Low credit quality securities**

Hedge funds may make particularly risky investments that also may offer the potential for correspondingly high returns. As a result, a hedge fund may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard which is a prerequisite to a hedge fund's investment in any security. The debt securities in which a hedge fund is permitted to invest may be rated lower than investment grade and hence may be considered to be "junk bonds" or distressed securities.

#### **i) Distressed securities**

Hedge funds may invest in securities of US and non-US issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganisation proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or, at times, even total losses. Among the risks inherent in investments in troubled entities is that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and a court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value. In corporate reorganisations, there exists the risk that it will not be possible to effect the reorganisation (due to, for example, failure to obtain requisite approvals) and in liquidations (both in and out of bankruptcy) and reorganisations there exists the risk that the liquidation or reorganisation will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution to the hedge fund of cash or a new security the value of which will be less than the purchase price of the security in respect of which such distribution was made.

#### **j) Derivatives**

Hedge funds may invest in complex derivative instruments which seek to modify or replicate the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected, thereby resulting in greater loss or gain to the hedge fund. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk, volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in magnified losses. Hedge funds may also buy or sell options on a variety of underlying assets. The risk of writing (selling) options is unlimited in that the writer of the option must purchase (in the case of a put) or sell (in the case of a call) the un-

derlying security at a certain price upon exercise. There is no limit on the price a hedge fund may have to pay to meet its obligations as an option writer. As assets that can have no value at their expiration, options can introduce a significant additional element of leverage and risk to a hedge fund's market exposure. The use of certain options strategies can subject a hedge fund to investment losses that are significant even in the context of positions for which the relevant Investment Manager has correctly anticipated the direction of market prices or price relationships.

**k) Special risks associated with trading in over-the-counter derivatives**

Some of the markets in which a hedge fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the hedge fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause a hedge fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such "counterparty risk" is present in all swaps, and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the hedge fund has concentrated its transactions with a single or small group of counterparties. A hedge fund generally is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. In addition, if an Investment Manager engages in such over-the-counter transactions, the relevant hedge fund will be exposed to the risk that the counterparty (usually the relevant prime broker) will fail to perform its obligations under the transaction. The valuation of over-the-counter derivative transactions is also subject to greater uncertainty and variation than that of exchange-traded derivatives. The "replacement" value of a derivative transaction may differ from the "liquidation" value of such transaction, and the valuations provided by a hedge fund's counterparty to such transactions may differ from the valuations provided by a third party or the value upon liquidation of the transaction. Under certain circumstances it may not be possible for a hedge fund to obtain market quotations for the value of an over-the-counter derivatives transaction. A hedge fund may also be unable to close out or enter into an offsetting over-the-counter derivative transaction at a time it desires to do so, resulting in significant losses. In particular, the closing-out of an over-the-counter derivative transaction may usually only be effected with the consent of the counterparty to the transaction. If such consent is not obtained, a hedge fund will not be able to close out its obligations and may suffer losses.

**l) Illiquid and "designated" investments**

Hedge funds may make investments which are subject to legal or other restrictions on transfer or for which no liquid market exists, such as private placements. The market prices, if any, of such investments tend to be more volatile and it may be impossible to sell such investments when desired or to realise their fair value in the event of a sale. Moreover, securities in which a hedge fund may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they are likely to be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid. Furthermore, companies whose securities are not registered or publicly traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were registered or publicly traded. In addition, futures positions may become illiquid because, for example, most US commodity exchanges limit fluctuations in certain futures contract prices during a single day

by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent an Investment Manager from promptly liquidating unfavourable positions and subject the relevant hedge fund to substantial losses. In addition, an exchange or regulatory authority may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The illiquidity of positions may result in significant unanticipated losses.

In addition, certain hedge funds may "designate" certain investments which are illiquid or whose market value is not readily discernible as investments in which only those investors who were investors as of the respective dates of acquisition of such investments may participate. Each such investment will be accounted for by such hedge fund separately from all other investments of such hedge fund, and will generally be carried at cost until liquidated or marked-to-market. The Fund, however, will not separately account for the portion of its assets allocated — indirectly through a hedge fund — to such "designated investments," and profits and losses from such investments will be reflected in the net asset value of a share class of the Fund at the time such investments are liquidated or marked-to-market by such hedge fund. Accordingly, at any point in time, the net asset value of the Underlying may be understated or overstated insofar as it reflects a position carried at cost. A hedge fund may hold "designated" or illiquid investments for several years, if not longer, before such investments are able to be liquidated or marked-to-market.

#### **m) Legal and regulatory risks**

Legal and regulatory changes could adversely affect a hedge fund. Regulation of investment vehicles, such as hedge funds and of many of the investments an Investment Manager is permitted to make on behalf of a hedge fund, is still evolving and therefore subject to change. In addition, many governmental agencies, self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future legal or regulatory change on a hedge fund is impossible to predict, but could be substantial and adverse.

Furthermore, the Fund is not registered under the U.S. Investment Company Act. The U.S. Investment Company Act provides certain protections to investors and imposes certain restrictions on registered investment companies, none of which are applicable to the Fund. The Fund is a commodity pool structured to permit Capital FM to treat it as an exempt pool and to afford the Investment Adviser exemptions from certain otherwise-applicable disclosure requirements. Consequently, shareholders of the Fund do not benefit from such requirements with respect to the Fund. The shares issued by the Fund are not insured or guaranteed by the U.S. Federal Deposit Insurance Corporation or any other governmental agency. The shares are not deposits or other obligations of any bank or other financial institution, and are not guaranteed by any bank or other financial institution.

#### **n) Short-selling**

A short sale involves the sale of a security that a hedge fund does not own in the hope of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the hedge fund must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The hedge fund realises a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the hedge fund covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

**o) Commodity Futures**

Commodity futures markets are highly volatile. Hedge funds investing in these commodity markets must be able to analyse correctly such markets, which are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programmes and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. Moreover, investments in futures and options contracts involve additional risks including, without limitation, leverage (margin is usually a percentage of the face value of the contract and exposure can be nearly unlimited). A Hedge Fund's futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Hedge Fund from promptly liquidating unfavourable positions and subject it to substantial losses.

**p) Hedge fund compensation**

A Hedge Fund typically provides for a performance fee or allocation, over and above a basic advisory fee, to its general partner, Investment Manager or person serving in an equivalent capacity. Performance fees or allocations could create an incentive for an Investment Manager to choose riskier or more speculative underlying investments than would otherwise be the case.

**q) "Soft Dollar" payments**

In selecting brokers, banks and dealers to effect transactions on behalf a hedge fund, an Investment Manager may consider such factors as price, the ability of the brokers, banks and dealers to effect transactions promptly and reliably, their facilities, the operational efficiency with which transactions are effected, their financial strength, integrity and stability and the competitiveness of commission rates in comparison with other brokers, banks and dealers, as well as the quality, comprehensiveness and frequency of any products or services provided, or expenses paid, by such brokers, banks and dealers. Products and services may include research items used by the Investment Manager in making investment decisions, and expenses so paid may include general overhead expenses of the Investment Manager. Such "soft dollar" benefits may cause a hedge Investment Manager to execute a transaction with a specific broker, bank, or dealer even though it may not offer the lowest transaction fees. An Investment Manager is not required to (i) obtain the lowest brokerage commission rates or (ii) combine or arrange orders to obtain the lowest brokerage commission rates on its brokerage business. If an Investment Manager determines that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research products or services provided by such broker, it may execute transactions for which such broker's commissions are greater than the commissions another broker might charge. Such brokerage commissions may be paid to brokers who execute transactions for the relevant managed account and which supply, pay for or rebate a portion of the hedge fund's brokerage commissions to the hedge fund for payment of the cost of property or services (such as research services, telephone lines, news and quotation equipment, computer facilities and publications) utilised by the relevant Investment Manager or its affiliates. An Investment Manager will have the option to use "soft dollars" generated by its investment activities to pay for the property and services described above. The term "soft dollars" refers to the receipt by an Investment Manager of property and services provided by brokers (or futures commission merchants in connection with futures transactions) without any cash payment by such Investment Manager based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the Investment Manager. An Investment Manager will consider the

amount and nature of research services provided by brokers, as well as the extent to which such services are relied upon, and will attempt to allocate a portion of the brokerage business of the relevant managed account on the basis of those considerations.

**r) Highly volatile markets**

The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Price movements of forward contracts, futures contracts, and other derivative contracts in which hedge funds may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and US and international political and economic events and policies. In addition, governments from time to time intervene, directly or indirectly and by regulation in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The level of interest rates generally and the rates at which a hedge fund can borrow, will affect its returns and therefore the value of the hedge fund. Hedge funds also are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearing houses.

**s) Investments in emerging or developing markets**

An Investment Manager may invest in securities of issuers that are not located in, or subject to regulation in, developed countries or securities which are not denominated in the currency of, or are not traded in, developed countries. Such investments involve certain special risks, including risks associated with political and economic uncertainty, adverse governmental policies, restrictions on foreign investment and currency convertibility, currency exchange rate fluctuations, possible lower levels of disclosure and regulation, and uncertainties as to the status, interpretation and application of laws, including, but not limited to, those relating to expropriation, nationalisation and confiscation. Companies not located in developed countries are also not generally subject to uniform accounting, auditing and financial reporting standards, and auditing practices and requirements may not be comparable to those applicable to companies in developed countries. Further, securities not traded in developed countries tend to be less liquid and the prices of such securities more volatile. In addition, settlement of trades in some such markets may be much slower and more subject to failure than in markets in developed countries. An investment in emerging or developing countries could impose additional costs on the relevant managed account. Brokerage commissions generally are higher in emerging or developing countries and currency conversion costs could be incurred when an Investment Manager changes investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of the laws of the jurisdictions of emerging or developing countries to custodians in such jurisdictions in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalisation and record access) may also arise from the maintenance of assets in such emerging or developing countries.

**t) Special risks associated with trading in forward contracts**

Hedge funds may engage in forward trading. Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised, rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at

which they were prepared to sell. Disruptions can occur in any market traded by the hedge funds due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to a hedge fund.

**u) Concentration of investments**

Although in general a hedge fund will aim to invest in diversified investments, the Investment Manager in respect of a hedge fund may invest such hedge fund's assets in a limited number of investments that may be concentrated in a few countries, industries, sectors of an economy or issuers. As a result, although investments by hedge funds should be diversified, the negative impact on the value of the relevant hedge fund from adverse movements in a particular country, economy or industry or in the value of the securities of a particular issuer could be considerably greater than if such hedge fund were not permitted to concentrate its investments to such an extent.

**v) Turnover**

Hedge funds may invest on the basis of certain short-term market considerations. As a result, the turnover rate within hedge funds is expected to be significant, potentially involving substantial brokerage commissions, fees and other transaction costs.

**w) Operational and human error**

The success of a hedge fund depends in part upon the relevant Investment Manager's accurate calculation of price relationships, the communication of precise trading instructions and ongoing position evaluations. In addition, an Investment Manager's strategies may require active and ongoing management of durations and other variables, and dynamic adjustments to a hedge fund's positions. There is the possibility that, through human error, oversight or operational weaknesses, mistakes could occur in this process and lead to significant trading losses and an adverse effect on the relevant net asset value.

**x) Reliability of valuations**

Hedge funds are valued pursuant to the hedge fund's instrument governing such valuations. As a general matter, the governing instruments of hedge funds provide that any securities or investments which are illiquid, not traded on an exchange or in an established market or for which no value can be readily determined, will be assigned such fair value as the Investment Manager may determine in its judgement based on various factors. Such factors include, but are not limited to, aggregate dealer quotes or independent appraisals. Such valuations may not be indicative of what actual fair market value would be in an active, liquid or established market. The net asset values received by the Fund from hedge funds and used to calculate the Fund's net asset value may comprise only estimates and may differ materially from actual valuations subsequently received. The Fund will rely on these estimates in calculating the Fund's net asset value for reporting and other purposes and generally will not make any adjustments with respect to redemption payments or the issuance of shares.

**y) Investment strategies**

Hedge Funds are a relatively heterogeneous asset class in which the managers may determine their strategies in their sole discretion. As a consequence there is no commonly accepted definition for the strategies employed by hedge funds. It can even be impossible to associate certain hedge funds with only one specific definition of a strategy. Furthermore there are various levels on which classifications can be made: any general strategy consists of various sub-strategies which may be very different from each other.

## **C. MARKET FACTORS**

### **1. Market Factors**

### 1.1 *Valuation of the Underlying*

An investment in the Securities involves risk regarding the value of the Underlying. The value of the Underlying may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macroeconomic factors and speculation.

### 1.2 *The historical performance of the Underlying is not an indication of future performance*

The historical value (if any) of the Underlying does not indicate the future performance of the Underlying. Changes in the value of the Underlying will affect the trading price of the Securities, but it is impossible to predict whether the value of the Underlying will rise or fall.

### 1.3 *The basis of calculating the level of the Underlying may change over time*

The basis of calculating the level of the Underlying may from time to time be subject to change (as described in *Information relating to the Underlying*) which may affect the market value of the Securities at any time and therefore the cash amount payable on settlement.

### 1.4 *Exchange rate risk*

Prospective investors should be aware that an investment in the Securities may involve exchange rate risks. For example, the settlement currency of the Securities may be different from the currency of an investor's home jurisdiction or the currency in which an investor wishes to receive funds.

Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macroeconomic factors, speculation and central bank and government intervention or other political factors (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Securities and any amounts payable in respect of the Securities.

### 1.5 *Interest rate risk*

An investment in the Securities may involve interest rate risk where there are fluctuations in the interest rate payable on deposits in the settlement currency of the Securities. This may influence the market value of the Securities.

Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macroeconomic factors, speculation and central bank and government intervention or other political factors. Fluctuations in short term and/or long term interest rates may affect the value of the Securities.

## **2. Market value**

The market value of the Securities during their term depends primarily on the value and the volatility of the Underlying. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivative markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macroeconomic factors and speculation. If the value of the Underlying falls and/or there is a market perception that the value of the Underlying is likely to fall during the remaining life of the Securities, all other factors being equal, the market value of the Securities will under normal conditions also fall, subject to any minimum redemption amount. If the value of the

Underlying rises and/or there is a market perception that the value of the Underlying is likely to rise during the remaining life of the Securities, all other factors being equal, the market value of the Securities will under normal conditions also rise, subject to any maximum redemption amount.

Other factors which may influence the market value of the Securities include interest rates, potential dividend or interest payments in respect of the Underlying changes in the method of calculating the level of the Underlying from time to time and market expectations regarding the future performance of the Underlying and the Securities.

The value of the Underlying on any day will reflect the value of its constituents on such day. Changes in the composition of the Underlying and factors (including those described in these Risk Factors) which either affect or may affect the value of the constituents, will affect the value of the Underlying and therefore may affect the market value of the Securities. Fluctuations in the value of any one constituent may be offset or intensified by fluctuations in the value of other constituents.

### **3. Certain hedging considerations**

Certain risks apply to purchasers that acquire the Securities for hedging purposes.

Prospective purchasers intending to purchase the Securities for the purpose of hedging their exposure to the Underlying should recognise the risks of utilising the Securities in such manner. No assurance is or can be given that the value of the Securities will correlate with movements in the value of the Underlying and the composition of the Underlying may change over time. Furthermore, it may not be possible to liquidate the Securities at a price which directly reflects the value of the Underlying. Therefore, there can be no assurance as to the level of any correlation between the return on an investment in the Securities and the return on a direct investment in the Underlying.

Hedging transactions in order to limit the risks associated with the Securities might not be successful.

### **4. The Securities may be illiquid**

It is not possible to predict if and to what extent a secondary market may develop in the Securities or at what price the Securities will trade in the secondary market or whether such market will be liquid or illiquid. If so specified in this document, application has been made to list or quote or admit to trading the Securities on the stock exchange(s) or quotation system(s) specified. If the Securities are so listed or quoted or admitted to trading, no assurance is given that any such listing or quotation or admission to trading will be maintained. The fact that the Securities may be so listed or quoted or admitted to trading does not necessarily lead to greater liquidity than if they were not so listed or quoted or admitted to trading.

If the Securities are not listed or quoted or admitted to trading on any stock exchange or quotation system, pricing information for the Securities may be more difficult to obtain and the liquidity of the Securities may be adversely affected. The liquidity of the Securities may also be affected by restrictions on offers and sales of the Securities in some jurisdictions.

The Issuer may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or

resold or surrendered for cancellation. Since the Issuer may be the only market-maker in the Securities, the secondary market may be limited. The more limited the secondary market is, the more difficult it may be for holders of the Securities to realise value for the Securities prior to settlement of the Securities.

## **5. Creditworthiness of the Issuer**

The value of the Securities is expected to be affected, in part, by investors' general appraisal of the Issuer's creditworthiness. Any reduction in the creditworthiness of the Issuer could result in a reduction in the value of the Securities. If a bankruptcy proceeding is commenced in respect to the Issuer, the return to a Securityholder may be limited and any recovery will likely be substantially delayed.

## CONFLICTS OF INTEREST

1. Transactions involving the Underlying: The Issuer and its affiliates may from time to time engage in transactions involving the Underlying for their proprietary accounts and for accounts under their management. Such transactions may have a positive or negative effect on the value of the Underlying and consequently upon the value of the Securities.
2. Acting in other capacities: The Issuer and its affiliates may from time to time act in other capacities with regard to the Securities, such as calculation agent, agent and/or index sponsor. Such functions can allow the Issuer to determine the composition of the Underlying or to calculate its value, which could raise conflicts of interest where securities or other assets issued by the Issuer itself or a group company can be chosen to be part of the Underlying, or where the Issuer maintains a business relationship with the issuer of such securities or assets.
3. Issuing of other derivative instruments in respect of the Underlying: The Issuer and its affiliates may issue other derivative instruments in respect of the Underlying and the introduction of such competing products into the marketplace may affect the value of the Securities.
4. Conducting of hedging transactions: The Issuer may use all or some of the proceeds received from the sale of the Securities to enter into hedging transactions. The Issuer believes that such hedging activity will under normal circumstances not have a material impact on the value of the Securities. However, it cannot be assured that the Issuer's hedging activities will not affect such value. The value of the Securities might in particular be affected by the liquidation of all or a portion of the hedging positions (i) at or about the time of the maturity or expiration of the Securities or (ii), if the Securities provide for a knock-out, knock-in or a similar feature, at the time when the price or value of the Underlying approaches the relevant price or level for the knock-out, knock-in or other feature.
5. Issue Price: The issue price charged for the Securities can, in addition to loading charges, management or other fees charged, comprise a premium on the original mathematical ("fair") value of the Securities which is not visible to investors. Such premium is determined by the Issuer in its discretion and can differ from premiums charged by other issuers for comparable securities.
6. Market-Making for the Securities: The Issuer, or an agent on its behalf, may act as market-maker for the Securities. In such market-making, the Issuer or its agent will, to a large extent, determine the price of the Securities itself. The prices quoted by such market-maker will usually not correspond to the prices which would have formed without such market-making and in a liquid market.

Circumstances taken into account by the market-maker when setting the quoted bid-offer prices in the secondary market notably include the Securities' fair value, which, among other things, depends on the value of the Underlying, as well as a certain bid-offer spread targeted by the market-maker. The market-maker will in addition regularly take into account a loading charge originally raised for the Securities and any fees or costs which at maturity of the Securities are to be subtracted from the cash amount (including management, transaction or other fees charged on the basis of the Product Conditions). Furthermore, the prices quoted in the secondary market will be influenced, for example, by a premium on the Securities' original value contained in their issue price (see under 5. above), and by dividends paid or received by the Un-

derlying, or its constituents, or other proceeds which, due to the Securities' design, are economically attributable to the Issuer.

The bid-offer spread for the Securities will be set by the market-maker based on supply and demand for the Securities and certain revenue considerations.

Certain costs, like for example management fees charged on the basis of the Product Conditions, are in many cases not taken out of the quoted prices on a consistent basis over the term of the Securities (pro rata temporis), but are subtracted from the Securities' fair value completely at an earlier point in time, as determined by the market-maker in its discretion. The same applies for a premium contained in the issue price and for dividends and other proceeds of the Underlying which, due to the Securities' design, are economically attributable to the Issuer, which often are not subtracted when the Underlying, or its constituents, are traded "ex dividend", but at an early stage of the Securities' term based on expected dividends for the entire term or a certain time span. The rate at which such costs are subtracted depends, *inter alia*, on the net flow back of Securities to the market-maker.

Subsequently, the prices quoted by the market-maker can substantially differ from the fair value of the Securities, or the value to be expected economically on the basis of the factors mentioned above, at the relevant time. In addition, the market-maker can at any time alter the methodology used to set the quoted prices, e. g. increase or decrease the bid-offer spread.

7. **Market-Making for the Underlying:** The Issuer may, in certain cases, act as a market-maker for the Underlying, which might in particular be the case when the Issuer has also issued the Underlying. By such market-making, the Issuer will, to a large extent, determine the price of the Underlying, and consequently influence the value of the Securities itself. The prices quoted by the Issuer in its market-making function will not always correspond to the prices which would have prevailed without such market-making and in a liquid market.
8. **Acting as underwriter or otherwise for the issuer of Underlying:** The Issuer and its affiliates may also act as underwriter in connection with future offerings of the Underlying or may act as financial adviser to the issuer of an Underlying or in a commercial banking capacity for the issuer of an Underlying. Such activities could present certain conflicts of interest and may affect the value of the Securities.
9. **Obtaining of non-public information:** The Issuer and/or its affiliates may acquire non-public information with respect to the Underlying, and neither the Issuer nor any of its affiliates undertakes to disclose any such information to any Securityholder. In addition, one or more of the Issuer's affiliates may publish research reports with respect to the Underlying. Such activities could present conflicts of interest and may affect the value of the Securities.
10. **Material relationships:** The Issuer (in its capacity as such or as Calculation Agent or as Index Sponsor) or any of its Affiliates may have an interest, relationship or arrangement that is material to, or may conflict with, the obligations it is to perform in relation to the Securities or the Underlying. The Issuer (in any of its capacities hereunder) shall not be required to disclose such interests, relationships or arrangements to any Securityholder, or to account for or disclose any profit, charge, commission or other remuneration arising in respect of such interests, relationships or arrangements and may continue to pursue its business interests and activities without disclosure to any Securityholder. The nature of Deutsche Bank's activities are such that different areas of the Bank may have relationships with the funds that constitute the underlying, or the single strategy funds that are included within the funds of hedge funds

from time to time. In addition, different areas of the Bank, with different business objectives, may benefit from fees or rebates paid by the funds in relation to units of those funds that are purchased by the Bank.

## ECONOMIC DESCRIPTION

*The information contained in this section is intended to provide a general description of the Securities. It is qualified by the more detailed explanation set forth in the sections "Product Conditions" and "General Conditions" of the Securities Note section of this Prospectus, which constitute the legally binding conditions of the Securities as attached to the global security. Prospective investors should read carefully and understand the "Product Conditions" and "General Conditions" before making any decision to invest in the Securities. The Product Conditions specify among other things:*

- *If the Securities are not exercised automatically, the procedure and deadlines for exercising the Securities, and the consequences if the investor does not exercise the Securities in time;*
- *How and when the value of the Underlying is determined for the purposes of valuation of the Securities; and*
- *How the cash amount payable at settlement will be determined (including, without limitation, whether a multiplier will be applied).*

*Defined terms used in this Economic Description are more fully defined in the section "Product Conditions" of the Securities Note contained within this Prospectus.*

### 1. Rights under the Securities

The certificates (the "**Securities**") represent the right to receive payment of a cash amount at settlement, which will reflect the quotient of (a) the value of the underlying asset (the "**Underlying**") to which the Securities are linked on one or more specified valuation day(s) and (b) the value of the Underlying at a specified day on or around the issuance of the Securities. The payment of cash at settlement is subject to deduction of certain taxes, duties and/or expenses.

The Underlying is a fund of hedge funds investing into various hedge funds. Accordingly, the value of the Underlying at any time reflects the sum of the value of each hedge fund included in the fund of hedge funds multiplied by its weighting in the fund of hedge funds.

### 2. Economic nature of the Securities

The Securities represent an investment similar to a direct investment in the Underlying. Like a direct investment, the Securities offer a participation in the performance of the Underlying until one or more specified valuation day(s).

Investors that buy the Securities at their issue date and hold the Securities for the entire term achieve a positive return on their initial investment when the value of the Underlying on the specified valuation day(s) exceeds the value of the Underlying at or about the date of issuance of the Securities. If the value of the Underlying on the specified final valuation day(s) is less than the value of the Underlying at or about the time of issuance of the Securities, investors that have bought the Securities at their issue date and hold them for their entire term will suffer a loss. If the value of the Underlying on the specified valuation day(s) is zero an investor would lose all of his investment in the Securities.

The Securities do not provide a guarantee of the right to receive payment of a cash amount or for the right to receive repayment of the issue price. As described above, the value of any cash amount payable to the investor at settlement depends on (a) the value of the Underlying at issuance relative to the value of the Underlying on one or more specified valuation day(s) and (b) the fees notionally payable in respect of the Securities, which are included in and deducted from the specified multiplier. In particular there are no periodic interest payments or other distributions (e.g. dividends) payable during the term of the Securities. Accordingly, investors may only receive a positive return on their initial investment if the cash amount received at settlement or after a sale of the Securities in the secondary market during their term exceeds the price originally paid for the Securities. Investors will not receive any amounts paid by way of interest or other distributions (e.g. dividends) from time to time paid by or in respect of the Underlying and will not have any rights against the issuer of the Underlying, any constituents of the Underlying or the issuer of any such constituents.

The Issuer has the right to terminate the Securities at certain dates. Accordingly, investors should not rely on a certain valuation date or valuation dates as the basis for the calculation of their return under the Securities.

### **3. Market Value of the Securities during their term**

The market value of the Securities during their term depends primarily on the value of the Underlying. If the value of the Underlying falls and/or there is a market perception that the value of the Underlying is likely to fall during the remaining life of the Securities, all other factors being equal, the market value of the Securities will be expected to fall. If the value of the Underlying rises and/or there is a market perception that the value of the Underlying is likely to rise during the remaining life of the Securities, all other factors being equal, the market value of the Securities will be expected to rise.

Other factors which may influence the market value of the Securities include interest rates, changes in the method of calculating the level of the Underlying from time to time and market expectations regarding the future performance of the Underlying and the Securities.

The value of the Underlying on any day will reflect the value of its constituents on such day. Changes in the composition of the Underlying and factors (including those described above) which either affect or may affect the value of the constituents, will affect the value of the Underlying and therefore may affect the return on an investment in the Securities. Fluctuations in the value of any one constituent may be offset or intensified by fluctuations in the value of other constituents.

If, following the purchase of any Securities, the market value of the Securities falls below the purchase price paid for such Securities, investors should not expect the market value of the Securities to increase to or above the purchase price paid by the investor during the remainder of the term of the Securities.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which together with the Securities Note and Summary, shall form part of this Prospectus:

|    | <b>Document</b>  | <b>Approved by:</b>  |
|----|--|--|
| 1. | <p><u>Registration Document of Deutsche Bank AG</u><br/>Containing all information concerning the Issuer as required by Regulation 2003/71/EC:</p> <ul style="list-style-type: none"> <li>• Details of Responsible Persons</li> <li>• Statutory auditors of Deutsche Bank AG</li> <li>• Risk Factors relating to the Issuer</li> <li>• History and Development of the Issuer</li> <li>• Business Overview (including principal business activities and markets)</li> <li>• Trend information / Recent developments and outlook</li> <li>• Statement of no material adverse change</li> <li>• Financial information concerning Deutsche Bank's Assets and Liabilities, Financial Position and Profits and Losses                             <ul style="list-style-type: none"> <li>- Financial Statements of the Deutsche Bank group, 31 December 2004</li> <li>- Financial Statements of the Deutsche Bank group, 31 December 2003</li> </ul> </li> <li>• Organisational structure</li> <li>• Administrative, management and supervisory bodies</li> <li>• Details of major shareholders</li> <li>• Legal and arbitration proceedings</li> <li>• Material contracts</li> <li>• Documents on display (including memorandum and articles of association)</li> </ul> | <p>Bundesanstalt für<br/>Finanzdienstleistungsaufsicht<br/>(BaFin)</p> <p>Approved by BaFin on 5 July<br/>2005</p> |
| 2. | <p><u>Supplemental Registration Document of Deutsche Bank AG</u><br/>Containing certain information concerning the Issuer as required by Regulation 2003/71/EC:</p> <ul style="list-style-type: none"> <li>- Interim Financial Statements of the Deutsche Bank group as of 30 June 2005</li> </ul>   | <p>Approved by BaFin on 1 August<br/>2005</p>  |
| 3. | <p><u>2<sup>nd</sup> Supplemental Registration Document of Deutsche Bank AG</u><br/>Containing certain information concerning the Issuer as required by Regulation 2003/71/EC:</p> <ul style="list-style-type: none"> <li>- Interim Financial Statements of the Deutsche Bank group as of 30 September 2005</li> </ul>   | <p>Approved by BaFin on 8 November<br/>2005</p>  |

### Post-issuance Information

The Issuer does not intend to supply any post-issuance information in relation to the Securities.

## **TERMS OF THE OFFER**

### **Early Redemption at the option of the Issuer**

The Issuer has the unconditional and irrevocable right, upon delivery of a Redemption Notice, to redeem the Securities in whole, but not in part, on the Redemption Date at the Cash Settlement Amount.

### **Cancellation of the Issuance of the Securities**

The Issuer reserves the right for any reason prior to the proposed issue date of the Securities to cancel the issuance of the Securities.

### **Delivery of the Securities**

The Securities will be delivered against payment of the Issue Price, in accordance with applicable law and any rules and procedures for the time being of any clearing agent through whose books any of the Securities are transferred. Investors purchasing Securities will receive delivery of them through an account with a financial institution that is a member of one of the respective clearing agents.

### **Subscription Period**

In the Netherlands, the Securities will be open for offers from 30 January 2006 until 17h00 (Central European Time) on 21 February 2006.

### **Purchase of Securities**

Investors may purchase the Securities from their financial intermediary or may contact investment centres of Deutsche Bank AG's Private Wealth Management Division, or the Issuer's Agent, Deutsche Bank AG, Amsterdam Branch with regard to purchasing the Securities.

### **Results of the Offer**

The results of the offer will be made available in printed form free of charge at the offices of the Paying Agent from the 3<sup>rd</sup> Business Day after the Primary Market End Date.

Applicants will be notified of their allotments under the offer or any other information relating to the offer through the clearing agent and their securities intermediaries.

### **Trading in the Securities**

Trading in the Securities will commence on the second Business Day following the Primary Market End Date, scheduled to be 23 February 2006.

Investors are referred to the paragraph headed "**The Securities may be Illiquid**" in the Risk Factors section of this document in this regard.

## GENERAL INFORMATION

## **General Taxation Information**

### **1. General**

Purchasers and/or sellers of Securities may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of transfer in addition to the issue price or purchase price (if different) of the Securities.

Transactions involving the Securities (including purchases, transfers, exercise or non-exercise or redemption), the accrual or receipt of any interest payable on the Securities and the death of a holder of any Securities may have tax consequences for holders and potential purchasers which may depend, amongst other things, upon the tax status of the holder or potential purchaser and may relate to – amongst other taxes and duties - stamp duty, stamp duty reserve tax, income tax, corporation tax, trade tax, capital gains tax, withholding tax, solidarity surcharge and inheritance tax.

For more specific information on the tax consequences please see the appropriate Country Specific Information.

General Condition 6 (Taxation) in the General Conditions should also be considered carefully by all potential purchasers of any Securities.

Potential purchasers of Securities are advised to consult their own tax advisors as to the tax consequences of transactions involving the Securities.

### **2. Luxembourg Taxation**

Under Luxembourg tax law, there is currently no withholding tax on payments of principal, premium or interest, nor on accrued but unpaid interest, in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes. As from 1 July 2005 Luxembourg will levy withholding tax on interest payments made by a Luxembourg paying agent to individual beneficial owners who are tax resident of (i) another EU Member State, pursuant to the Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments, or (ii) of certain non-EU countries and territories which have agreed to adopt similar measures than those provided for under the Council Directive 2003/48/EC (see section on EU Savings Directive below). Responsibility for the withholding of such tax will be assumed by the Luxembourg paying agent and not by the Issuer.

### **3. Stamp Duty and Withholding Tax in Germany**

The following paragraphs, which are intended as a general guide on stamp duty and withholding tax only, are based on current legislation and German tax authority practice. They summarise certain aspects of German taxation only which may be applicable to the Securities but do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase, hold, transfer or redeem the Securities. In particular, this general summary does not consider any specific facts or circumstances that may apply to a particular purchaser. Potential purchasers of the Securities who are in any doubt about their tax position on purchase, ownership, transfer or exercise or non-exercise or redemption, as the case may be, of any Security should consult their own tax advisers.

The purchase or sale of a Security is not subject to stamp, value added or similar taxes or charges in Germany, regardless of the place of issuance, execution and delivery of the Security.

Payments in respect of interest (if any) made in respect of a Security to its holder if made by an Agent having its specified office in Germany or any other financial institution in Germany or if made by the Issuer from Germany may be subject to withholding tax. For a more detailed description of the German withholding tax position the appropriate Country Specific Information should be considered carefully.

#### **4. Stamp Duty and Withholding Tax in the United Kingdom**

The following paragraphs, which are intended as a general guide on stamp duty and withholding tax only, are based on current legislation and United Kingdom Inland Revenue practice. They summarise certain aspects of United Kingdom taxation only which may be applicable to the Securities but do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase, hold, transfer or redeem the Securities. In particular, this general summary does not consider any specific facts or circumstances that may apply to a particular purchaser. Potential purchasers of the Securities who are in any doubt about their tax position on purchase, ownership, transfer or exercise or non-exercise or redemption, as the case may be, of any Security should consult their own tax advisers.

A purchaser of a Security may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the purchase price of such Security.

Potential purchasers of the Securities should note that the Global Security may constitute an instrument which is subject to United Kingdom stamp duty on issue by reference to the amount of the consideration paid or the value of the Security. However, the Global Security will be executed and delivered outside the United Kingdom and should not be brought into the United Kingdom save for the purposes of enforcement. So long as the Global Security is held outside the United Kingdom, it will not be necessary to pay United Kingdom stamp duty or interest or penalties in connection therewith. However, if the Global Security were brought into the United Kingdom (for example, for enforcement purposes), United Kingdom stamp duty may be required to be paid on the Global Security (subject to the availability of exemptions and reliefs). In addition, where the Global Security is executed outside the United Kingdom is subsequently brought into the United Kingdom and stamped, interest on the amount of the unpaid stamp duty will be payable in addition to the stamp duty in respect of the period from the expiry of 30 days from the date of execution of the Global Security to the date of stamping, unless the Global Security is stamped within 30 days of execution, in which case no interest is payable. No penalties are payable where the Global Security is executed outside the United Kingdom and subsequently brought into the United Kingdom and stamped, provided the Global Security is stamped within 30 days of being brought into the United Kingdom. If the Global Security is subject to United Kingdom stamp duty, it would be inadmissible in evidence in civil (as opposed to criminal) proceedings in an English court unless duly stamped.

The comments above relate to United Kingdom stamp duty on issue only.

Any interest payable on the Securities, any original issue discount in respect of the Securities and/or any proceeds on redemption or exercise of the Securities will not be subject to United Kingdom withholding tax.

These General Conditions relate to the Securities and must be read in conjunction with, and are subject to, the Product Conditions set out in Section I of this document. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be attached to the Global Security representing the Securities.

## General Selling and Transfer Restrictions

### 1. General

The distribution of this document and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about and to observe any such restrictions.

### 2. United States of America

The Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and trading in the Securities has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act (the “**Commodity Exchange Act**”). No Securities, or interests therein, may at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. No Securities may be exercised or redeemed by or on behalf of a U.S. person or a person within the United States. As used herein, “**United States**” means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and “**U.S. person**” means (i) an individual who is a resident of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the CFTC’s regulations by virtue of its participants being non-U.S. persons; or (vii) any other “U.S. person” as such term may be defined in Regulation S under the Securities Act or in regulations adopted under the Commodity Exchange Act.

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) the Securities have not been offered and will not be offered to the public in that Relevant Member State except, with effect from and including the Relevant Implementation Date, the Securities may be offered to the public in that Relevant Member State:

(a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of this complete Prospectus in relation to those Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;

(b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €100,000,000, as shown in its last annual or consolidated accounts; or

(d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Securities to the public” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **United Kingdom**

(a) In relation to any Securities which have a maturity of less than one year, (i) the Securities shall not be sold by any person other than a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) no such person has offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

## PUBLICATION

This document, together with the Registration Document of the Issuer, constitutes a prospectus (the “**Prospectus**”) according to Art. 5 (3) of the Prospectus Directive (Directive 2003/71/EC), as implemented by the relevant provisions of the EU member states, in connection with Regulation 809/2004 of the European Commission.

This Prospectus is available, and has been published, in English. In addition, the Summary and possibly other parts of the Prospectus may also have been published in other languages. Investors who wish to receive information in languages other than English should study the translation of the Summary of the Prospectus (and, where applicable, other parts of the Prospectus).

The Prospectus, together with any translations thereof, or of the Summary section of the Prospectus, has been published on the Issuer’s website ([www.x-markets.db.com](http://www.x-markets.db.com).) This website can be found at:

| Party                     | “URL”                                      |
|---------------------------|--|
| Issuer (Deutsche Bank AG) | <a href="http://www.db.com">www.db.com</a> |

In addition, the Prospectus and any documents incorporated by reference shall be available at the registered office of the Issuer and in The Netherlands at the Issuer’s branch office, Deutsche Bank Amsterdam, Herengracht 450-454, 1017 CA Amsterdam, The Netherlands.

Any decision to invest in the Securities should be based on consideration of all the constituent parts of the Prospectus as a whole.

The annual reports and accompanying auditors’ reports for 2003 and 2004 shall also be produced on the Issuer’s web-site ([www.db.com](http://www.db.com)).

*These Product Conditions relate to the Securities and must be read in conjunction with, and are subject to, the General Conditions set out in the Securities Note section of this Prospectus. The Product Conditions and the General Conditions together constitute the Conditions of the Securities and will be attached to the Global Security representing the Securities.*

## PRODUCT CONDITIONS

### 1. Definitions

Unless otherwise defined herein, the following expressions shall have the following meanings:

**"Affiliate"** means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein **"control"** means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and **"controlled by"** and **"controls"** shall be construed accordingly;

**"Agent"** means, subject as provided in General Condition 5, Deutsche Bank AG London, acting through either its branch office in London (Deutsche Bank AG London) as principal agent (the **"Principal Agent"**) or through its principal office in Frankfurt am Main, each an **"Agent"** and together, the **"Agents"**;

**"Business Day"** means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in Sydney, New York and London;

**"Calculation Agent"** means the Issuer in accordance with General Condition 5;

**"Cash Settlement Amount"** means, in respect of each Security, and a Valuation Date, an amount expressed in the Settlement Currency determined by the Calculation Agent on the Determination Date linked to such Valuation Date to be equal to the Reference Level on such Valuation Date, provided that in respect of each Valuation Date up to and including the Valuation Date falling in February 2007, the Cash Settlement Amount shall be determined in accordance with the following formula, as determined by the Calculation Agent in respect of such Valuation Date:

Reference Level – Exercise Fee

The Cash Settlement Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards. The Cash Settlement Amount cannot be less than zero;

**"Clearing Agent"** means Clearstream Banking Aktiengesellschaft, Abt. CNF, Neue Boersenstrasse 1, Frankfurt am Main, Germany, and such further or alternative clearing agent(s) or clearance system(s) as may be approved by the Issuer from time to time and notified to the Securityholders in accordance with General Condition 4 (each a **"Clearing Agent"** and together the **"Clearing Agents"**, which term will include any depository holding the Security on behalf of the Clearing Agent);

**"Currency Amount"** means, in respect of a Valuation Date, an amount determined which may be a positive or negative amount or zero) in the Settlement Currency, determined by the Calculation Agent in its sole and absolute discretion, equal to the product of (1) and (2), where:

“(1)” is, in respect of the first three Valuation Dates (including the Initial Reference Valuation Date), an amount of EUR 1,000, and in respect of any other Valuation Date, the Reference Level on the third Valuation Date immediately preceding such Valuation Date; and

“(2)” is (i) minus (ii), where:

“(i)” is the quotient of (a) the Exchange Rate for the preceding Valuation Date (as numerator) and (b) the Forward Exchange Rate for such preceding Valuation Date, and

“(ii)” is the quotient of (a) the Exchange Rate for the preceding Valuation Date and (b) the Exchange Rate for the relevant Valuation Date.

As a formula:

$$\text{Currency Amount}_{(t)} = \text{Reference Level}_{(t-3)} \times \left[ \frac{\text{SER}_{(t-1)}}{\text{FER}_{(t-1)}} - \frac{\text{SER}_{(t-1)}}{\text{SER}_{(t)}} \right]$$

where:

“SER<sub>(t-1)</sub>” is the Exchange Rate for the preceding Valuation Date;

“FER<sub>(t-1)</sub>” is the Forward Exchange Rate for the preceding Valuation Date;

“SER<sub>(t)</sub>” is the Exchange Rate for such Valuation Date;

“**Determination Date**” means in respect of each Valuation Date the 35th calendar day following such date, or if such day is not a Business Day, the first succeeding Business Day;

“**Euro Fund Closing Level**” means, on any day, an amount determined by the Calculation Agent (which shall be deemed to be an amount in the Settlement Currency) in its sole discretion, equal to the quotient of:

- (1) the Net Asset Value of the Fund on such day (as numerator); and
- (2) the Exchange Rate on such day (as denominator);

“**Exchange Rate**” means in respect of any day, the USD-EUR spot exchange rate at 12h00 London Time (or as soon thereafter as the Calculation Agent in its sole and absolute discretion determines to be practicable) as determined by the Calculation Agent in its sole and absolute discretion from such source(s) as it may select, expressed as the number of USD or fraction thereof required to buy one EUR;

“**Exercise Date**” means, in respect of each Valuation Date other than the final Valuation Date, the most recent Settlement Business Day which falls at least 35 calendar days prior to the related Valuation Date. In respect of the final Valuation Date, the Exercise Date shall be the Final Valuation Date;

“**Exercise Fee**” means, in respect of all of the Valuation Dates occurring from the Initial Reference Valuation Date up to and including the Valuation Date falling in February 2007, an amount determined by the Calculation Agent to be equal to 1% of the Reference Level determined in respect of such Valuation Date; the Exercise Fee shall be zero (0) on any subsequent date;

“**Exercise Notice**” means the notice described in Product Condition 3.5;

“**Final Exercise Date**” means the most recent Settlement Business Day which falls at least 35 calendar days prior to Final Valuation Date or, where the Issuer exercises the Redemption Right (as defined in Product Condition 3.1), the most recent Settlement Business Day which falls at least 35 calendar days prior to the Valuation Date specified in the Redemption Notice;

“**Final Reference Level**” means, subject to adjustment in accordance with Product Condition 4 and as provided in the definition of "Valuation Date", an amount equal to the Reference

Level on the relevant Termination Date as determined by the Calculation Agent and without regard to any subsequently published correction(s);

**"Forward Exchange Rate"** means in respect of a Valuation Date, the rate as at 12h00 London Time (or as soon thereafter as the Calculation Agent in its sole and absolute discretion determines to be practicable) on the second Business Day prior to such Valuation Date, at which the Calculation Agent determines, in its sole and absolute discretion and from such source(s) as it may select, that it could have converted USD into EUR for settlement on the next following Valuation Date, expressed as the number of USD or part thereof required to buy one EUR;

**"Global Security"** has the meaning ascribed thereto in Product Condition 2;

**"Initial Reference Level"** means, subject to adjustment in accordance with Product Condition 4 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction(s);

**"Initial Reference Valuation Date"** means the Valuation Date falling in February 2006;

**"Issue Date"** means 26 January 2006;

**"Issue Price"** means EUR 1,000 per Security;

**"Issuer"** means Deutsche Bank AG, London;

**"Minimum Exercise Amount"** means in respect of an Exercise Date and an Exercise Note, 1 Security;

**"Minimum Subscription Amount"** means 1 Security, and multiples of 1 Security thereafter;

**"Minimum Exercise Amount"** means 1 Security;

**"Monthly Fee"** means, 0.18% as determined by the Calculation Agent;

**"NAV Adjustment Event"** means:

- (A) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine or obtain the price or value (or an element of such price or value) of the USD share class of the Fund by reference to the Investment Manager in the manner specified in the definition of Net Asset Value above, according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise);
- (B) on the Valuation Date there occurs any event that disrupts or impairs (as determined by the Calculation Agent) the ability of Deutsche Bank AG to (i) effect transactions in the Fund at the relevant net asset value, whether as a result of subscription fees, refusal of subscription or otherwise or (ii) to obtain market values for the USD share class of the Fund from the Investment Manager or the Fund administrator;
- (C) the Calculation Agent determines in its sole discretion, that the Net Asset Value does not represent the redemption proceeds that would be obtained by an investor in the Fund were it to have redeemed its holdings in the Fund on the relevant Valuation Date, whether due to lock-ups, redemption fees, an Extraordinary Fund Event or otherwise

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities;

**"Net Asset Value"** means, in relation to the Fund, the amount equal to the net asset value

per share of the USD share class of the Fund on a Valuation Date, calculated by the Investment Manager and notified to investors in the Fund on the Determination Date related to such Valuation Date, and subject to adjustment by the Calculation Agent in accordance with the paragraph “NAV Adjustment Event” above, and any adjustments in terms of Product Condition 4, below;

“**Payment Day**” means any day when the Clearing Agents are open for business at the relevant place of presentation;

“**Primary Market End Date**” means 21 February 2006 or, if such day is not a Business Day, the first succeeding Business Day;

“**Redemption Cash Settlement Amount**” means in relation to the Redemption Date and related Valuation Date an amount in EUR determined by the Calculation Agent to be equal to the Cash Settlement Amount on such Valuation Date;

“**Redemption Date**” means the most recent Settlement Business Day which falls at least three months prior to a Valuation Date other than the final Valuation Date (such that there can be no Redemption Date in relation to the Valuation Dates falling within the first twelve months after the Primary Market End Date), provided that the Issuer has delivered a Redemption Notice before or on such day, which specifies such Valuation Date as the date in relation to which the Redemption Cash Settlement Amount will be paid;

“**Redemption Notice**” means the irrevocable notice given by the Issuer to the Securityholders in accordance with General Condition 4.1 that the Issuer will exercise its Redemption Right, which notice shall specify the Valuation Date, in relation to which the Redemption Cash Settlement Amount will be paid;

“**Redemption Settlement Date**” means in relation to the Redemption Date and related Termination Date, subject as provided in Product Condition 3.2, the third Settlement Business Day following the Determination Date relating to such Termination Date;

“**Reference Currency**” means US dollar (“USD”);

“**Reference Level**” means in respect of:

- (A) the Initial Reference Valuation Date, an amount equal to EUR 1,000; and
- (B) all subsequent Valuation Dates, an amount equal to the the product of
  - (a) the Reference Level on the preceding Valuation Date;
  - (b) the sum of
    - (aa) the quotient of (i) the EUR Fund Closing Level on such Valuation Date (as numerator) and (ii) the EUR Fund Closing Level on the preceding Valuation Date; and
    - (bb) the Currency Amount; and
  - (c) 100% minus the Monthly Fee;

expressed as a formula:

$$\left[ \text{Reference Level}_{(t-1)} \times \frac{\text{EUR Fund Closing Level}_{(t)}}{\text{EUR Fund Closing Level}_{(t-1)}} + \text{Currency Amount}_{(t)} \right] \times (100\% - \text{Monthly Fee})$$

all subject to adjustment in accordance with Product Condition 4 and determined by the Calculation Agent on the Determination Date relating to such Valuation Date;

“**Securities**” means up to 100,000 cash settled QAM Global Equities Fund Ltd Certificates relating to the Underlying represented by the Global Security and each a “**Security**”;

“**Securityholder Expenses**” means, in respect of a Security, all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with (i) the exercise of such Security and/or (ii) any payment due following exercise or otherwise in respect of such Security, in each case as determined by the Calculation Agent;

“**Settlement Business Day**” means a day which is both a Business Day and a day on which each Clearing Agent is open for business;

“**Settlement Currency**” means euro (“EUR”);

“**Settlement Date**” means, in relation to each Exercise Date and its corresponding Valuation Date, the fifth Settlement Business Day following the relevant Determination Date, until April 2011 in accordance with the definition of “Valuation Date” below;

“**Termination Date**” means

- (1) if the Securityholder has exercised the Security, or if the Security is deemed to be exercised, in accordance with Product Condition 3, the Valuation Date relating to the relevant Exercise Date,
- (2) if the Issuer has elected to redeem the Securities in accordance with Product Condition 3, the Valuation Date relating to the relevant Redemption Date,

all as determined by the Calculation Agent;

“**Underlying**” means the following fund share of the Sponsor or Issuer of the Underlying and with the Reference Source (if any) set out in the table below:

| Type of Underlying | Name and ISIN of Underlying  | Sponsor or Issuer of Underlying | Bloomberg Ticker |
|--------------------|------------------------------|---------------------------------|------------------|
| Fund Share         | QAM Global Equities Fund Ltd | Capital FM Ltd                  | QAMGLEQ VI       |

“**Valuation Date**” means the last Business Day of each month from and including the last Business Day of February 2006 until and including the last Business Day of February 2011 (and such final date “the **Final Valuation Date**”).

Terms in capitals which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. Form

The Securities are represented by a global security (the “**Global Security**”) which will, if deposited with a Clearing Agent in Germany, be in bearer form for the purposes of German law. The Global Security has been deposited with the Clearing Agent as defined in Product Condition 1 above. No definitive Securities will be issued.

The Securities are transferable in accordance with applicable law and any rules and procedures for the time being of any Clearing Agent through whose books such Securities are transferred.

The terms “**Securityholders**” and “**holders of Securities**” in the Conditions will be construed to mean those persons recognised as the legal owner of the Securities pursuant to German law.

### **3. Exercise Rights and Procedure, Redemption Right and Procedure**

#### *3.1. Exercise Right and Redemption Right*

Subject as provided in Product Condition 3.2 and subject to the Securities not having expired worthless in accordance with Product Condition 5, the Securities are only exercisable with respect to a Valuation Date on the Exercise Date relating to that Valuation Date, subject to the Redemption Right. Where the Valuation Date specified in a valid Exercise Notice is later than the Valuation Date specified upon exercise of the Issuer’s Redemption Right, the Securities shall be deemed to be exercised on such earlier date.

**If an Exercise Notice has not been delivered with respect to a Security in the manner set out in Product Condition 3.5 at or prior to 10.00 a.m. (Central European Time) on the Final Exercise Date then the Securities will be void and expire worthless.**

The Issuer has the irrevocable right (the “**Redemption Right**”), upon delivery of the Redemption Notice (as defined below) by the Issuer, to redeem the Securities in whole, but not in part, on the Redemption Settlement Date.

Subject to Product Condition 3.8, the exercise by the Issuer of the Redemption Right shall not preclude Securityholders from exercising Securities on any Exercise Date up to and including the Final Exercise Date or from selling or transferring Securities which sale or transfer, as the case may be, is effective on any day up to but excluding the Valuation Date specified in the Redemption Notice.

Where the Issuer has exercised the Redemption Right, it shall give notice to the Securityholders not more than 30 days and not less than 10 days before the Valuation Date specified in the Redemption Notice reminding Securityholders of such exercise of the Redemption Right and the requirement to deliver a Settlement Notice as provided herein.

If the Issuer exercises its Redemption Right, each Security, upon due delivery of a duly completed Settlement Notice by the Securityholder (which notice shall include certification as to non-U.S. beneficial ownership) to the Principal Agent with a copy to the Clearing Agent in the manner set out in Product Condition 3.5 at or prior to 10.00 a.m. (Central European Time) on the Valuation Date specified in the Redemption Notice, entitles its holder to receive from the Issuer on the Redemption Settlement Date the Redemption Cash Settlement Amount less any Securityholder Expenses.

If a duly completed Settlement Notice is not delivered and copied in accordance with Product Condition 3.4 by 10.00 a.m. (Central European Time) on the Valuation Date specified in the Redemption Notice, then the Redemption Cash Settlement Amount less any Securityholder Expenses will, subject as provided below, be paid as soon as practicable after the original Redemption Settlement Date (and such date of payment shall be deemed to be, for such Securities, the Redemption Settlement Date). **If a Settlement Notice has not been delivered and copied with respect to a Security in the manner set out in Product Condition 3.4 at or prior to 10.00 a.m. (Central European Time) on the thirtieth calendar day after the Valuation Date specified in the Redemption Notice, then the holder of such Security shall have no right to receive the Redemption Cash Settlement Amount in respect of such Security and the Issuer’s obligations in respect of such Security shall be cancelled.**

For the avoidance of doubt, in circumstances where either (i) payment of the Redemption Cash Settlement Amount as provided above is made after the original Redemption Settlement Date due to the delivery and/or copying of a Settlement Notice after 10.00 a.m. (Central European Time) on the Redemption Date as provided above or (ii) the Issuer's obligations are cancelled as provided above, the relevant Securityholder(s) shall not be entitled to any payment, whether interest or otherwise, as a result thereof.

### 3.2. *Maximum Exercise Amount Prior to Final Exercise Date*

With respect to each Exercise Date other than the Final Exercise Date, if the Clearing Agent determines in accordance with its procedures from time to time that Securities have been properly exercised in accordance with Product Condition 3.5 in respect of Securities equal to the Maximum Exercise Amount then all Securities exercised thereafter shall be deemed to have been exercised on the next following Exercise Date (subject to the Maximum Exercise Amount having already been reached on that Exercise Date in which case the next following Exercise Date and so on until their Securities have been exercised without the Maximum Exercise Amount being reached or the fourth Exercise Date following their first purported exercise, whichever is the earliest).

**In these circumstances a Securityholder attempting to exercise on one Exercise Date could find that its exercise is only effective with effect from the first, second, third or fourth Exercise Date after the original date which, but for the operation of these provisions, would have otherwise been the Exercise Date. The Cash Settlement Amount with respect to the postponed Exercise Date may be substantially different from the Cash Settlement Amount which would have otherwise been payable with respect to the original date which, but for the operation of these provisions, would otherwise have been the Exercise Date.**

In any case if the Issuer exercises its Redemption Right, the Securityholders will receive either the Redemption Cash Settlement Amount or the Cash Settlement Amount, whichever is earlier.

### 3.3. *Cash Settlement*

Each Security upon due exercise and subject to certification as to non-U.S. beneficial ownership entitles its holder to receive from the Issuer on the Settlement Date the Cash Settlement Amount less any Securityholder Expenses.

### 3.4. *General*

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount.

### 3.5. *Exercise Notice and the Settlement Notice*

Securities may only be exercised with respect to a Valuation Date by the delivery of a duly completed Exercise Notice to the Principal Agent with a copy to a Clearing Agent at or prior to 10.00 a.m. (Central European Time) on the relevant Exercise Date. The form of the Exercise Notice may be obtained during normal business hours from the specified office of each Agent.

If the Issuer exercises its Redemption Right, for each Security in respect of which a duly completed Exercise Notice has been delivered and such Exercise Notice specifies the Exercise Date falling after the Final Exercise Date, such Final Exercise Date shall be deemed to be the applicable Exercise Date. Any Exercise Notice delivered to the Principal Agent, or copied to the Clearing Agent, in each case after 10.00 a.m. (Central European Time) on the Final Exercise Date shall be void.

If the Issuer exercises its Redemption Right, the Securityholder must deliver a duly completed Settlement Notice to the Principal Agent with a copy to a Clearing Agent as provided in Product Condition 3.1.

The form of the Exercise Notice or Settlement Notice, as the case may be, may be obtained during normal business hours from the specified office of each Agent.

An Exercise Notice or the Settlement Notice shall:

- 3.5.1. specify the number of Securities being exercised (subject to a Minimum Exercise Amount) in the case of a Settlement Notice, specify the number of Securities being redeemed;
- 3.5.2. specify the applicable Valuation Date;
- 3.5.3. specify the number of the account with the Clearing Agent to be debited with the Securities being exercised, or in the case of the exercise by the Issuer of its Redemption Right, the Securities being redeemed;
- 3.5.4. irrevocably instruct and authorise the Clearing Agent to debit on or before the Settlement Date or Redemption Settlement Date as the case may be such account with such Securities;
- 3.5.5. specify the number of the account with the Clearing Agent to be credited with the Cash Settlement Amount or Redemption Cash Settlement Amount as the case may be (if any) for such Securities ;
- 3.5.6. include an undertaking to pay all Securityholder Expenses and an authority to the Clearing Agent to deduct an amount in respect thereof from any Cash Settlement Amount or Redemption Cash Settlement Amount as the case may be due to such Securityholder and/or to debit a specified account with the Clearing Agent in respect thereof and to pay such Securityholder Expenses;
- 3.5.7. certify that neither the person exercising the Security nor any person on whose behalf the Security is being exercised is a U.S. person or a person within the United States. As used herein, “**U.S. person**” means (i) an individual who is a resident or a citizen of the United States; (ii) a corporation, partnership or other entity organised in or under the laws of the United States or any political subdivision thereof or which has its principal place of business in the United States; (iii) any estate or trust which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any entity organised principally for passive investment, 10 per cent. or more of the beneficial interests in which are held by persons described in (i) to (v) above if such entity was formed principally for the purpose of investment by such persons in a commodity pool the operator of which is exempt from certain requirements of Part 4 of the United States Commodity Futures Trading Commission’s regulations by virtue of its participants being non-U.S. persons; or (vii) any other “U.S. person” as such term may be defined in Regulation S under the United States Securities Act of 1933, as amended, or in regulations adopted under the United States Commodity Exchange Act;
- 3.5.8. authorise the production of such notice in any applicable administrative or legal proceedings.

### 3.6. *Verification*

In respect of each Exercise Notice or Settlement Notice as the case may be, the relevant Securityholder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Securities.

### 3.7. *Settlement*

The Issuer shall pay or cause to be paid the Cash Settlement Amount or Redemption Cash Settlement Amount as the case may be (if any) for each duly exercised Security to the account specified in the relevant Exercise Notice or Settlement Notice as the case may be for value on the relevant Settlement Date or Redemption Settlement Date as the case may be less any Securityholder Expenses.

### 3.8. *Determinations*

Failure to properly complete and deliver an Exercise Notice or Settlement Notice as the case may be may result in such notice being treated as null and void. Any determination as to whether an Exercise Notice or Settlement Notice as the case may be has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Securityholder. Subject as set out below, any Exercise Notice or Settlement Notice as the case may be so determined to be incomplete or not in proper form, or which is not copied to the Principal Agent immediately after being delivered to a Clearing Agent as provided in the Conditions shall be void.

If such Exercise Notice or Settlement Notice as the case may be is subsequently corrected to the satisfaction of the Principal Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction is delivered to such Clearing Agent and copied to the Principal Agent.

Any Security with respect to which the Exercise Notice or Settlement Notice as the case may be has not been duly completed and delivered in the manner set out above by the time specified in Product Condition 3.1 shall become void.

The Principal Agent shall use its best efforts promptly to notify the relevant Securityholder if it has determined that an Exercise Notice or Settlement Notice as the case may be is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

### 3.9. *Delivery of an Exercise Notice or Settlement Notice*

Delivery of an Exercise Notice or Settlement Notice as the case may be shall constitute an irrevocable election by the relevant Securityholder to exercise the Securities or redeem the Securities specified and no Exercise Notice or Settlement Notice as the case may be, may be withdrawn after receipt by a Clearing Agent as provided above. After the delivery of an Exercise Notice or Settlement Notice as the case may be, the Securities that are the subject of such notice may not be transferred.

### 3.10. *Securityholder Expenses*

In respect of each Security, all Securityholder Expenses in respect thereof shall be for the account of the relevant Securityholder and no payment of any Cash Settlement Amount or Redemption Cash Settlement Amount as the case may be in respect of a Security shall be made until all Securityholder Expenses in respect thereof have been paid to the satisfaction of the Issuer.

### 3.11. *Exercise and Settlement Risk*

Exercise and settlement of the Securities is subject to all applicable laws, regulations and practices in force on the Exercise Date or Settlement Date, as the case may be, and neither the Issuer nor any Agent shall incur any liability whatsoever if it is unable

to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Agents shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Securities.

### 3.12. *Minimum Exercise Amount*

The number of Securities exercisable on any Exercise Date, as determined by the Calculation Agent, must not be less than the Minimum Exercise Amount. Any purported exercise of Securities in breach of this provision shall be void and of no effect.

## 4. **Adjustment Provisions**

### 4.1 *Fund Shares*

#### 4.1.1 *Definitions:*

**"Administrator"** means, in relation to a Fund, any entity described as such in relation to the Fund in any Fund Information Document or which provides administrative, book-keeping or similar services (however described) to the Fund, all as determined by the Calculation Agent;

**"Affiliate"** is as defined in Product Condition 1;

**"Fund"** means, with respect to a Fund Share, the issuer specified for such Fund Share in the definition of "Underlying", in Product Condition 1;

**"Fund Information Document"** means, in relation to a Fund and a Fund Share, any offering circular, prospectus, information memorandum or similar document relating to the Fund and/or the Fund Share (including any document supplementing, amending or restating the same), all as determined by the Calculation Agent;

**"Fund Share"** means the or, as the case may be, each fund share or unit specified in the definition of "Underlying" in Product Condition 1;

**"Inclusion Date"** means, in relation to a Fund which is a Fund as of the Issue Date, the Issue Date, or, in relation to any other Fund, the date that such Fund became a Fund for the purposes of the Securities;

**"Manager"** means, in relation to a Fund, any entity described as such in relation to the Fund in any relevant Fund Information Document or which provides investment, managerial, broking or arrangement or similar services (however described) to the Fund, all as determined by the Calculation Agent;

**"Master Fund"** means, in relation to a Fund, any entity described as such in relation to the Fund in any relevant Fund Information Document or which acts as a master fund, feeder fund or umbrella fund or similar entity (however described) in relation to the Fund, all as determined by the Calculation Agent;

**"Net Asset Value"** has the meaning defined in Product Condition 1 of this document;

**"Other Exchange"** means, with respect to a Fund Share, each exchange, trading system or quotation system other than the Reference Source on which such Fund Share is listed, traded or quoted;

**"Realisation Date"** means, for the purposes of substituting any Fund Share pursuant to Product Condition 4.1.3:

the earliest of

(i) the date on which the Calculation Agent determines that a market counterparty holding the Fund Shares to be substituted (including the Issuer or any Affiliate, if applicable) would be able to reasonably liquidate, redeem or otherwise dispose of such Fund Shares;

(ii) the date falling one year after the Substitution Determination Date; and

(iii) the fifth Business Day prior to any date falling on or after the Substitution Determination Date on which the Calculation Agent would be required by the Product Conditions to determine the price or value of such Fund Shares;

**"Reference Currency"** is as defined in Product Condition 1 or, if not defined in Product Condition 1, is the Settlement Currency;

**"Reference Level"** is as defined in Product Condition 1;

**"Reference Source"** is as defined in Product Condition 1;

**"Related Exchange"** means, unless otherwise defined in Product Condition 1, with respect to a Fund Share, any exchange, trading system or quotation system on which options contracts or futures contracts on such Fund Share are traded as determined by the Calculation Agent;

**"Relevant Country"** means, each of:

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency; and
- (ii) any country (or any political or regulatory authority thereof) with which a Fund Share or the related Fund has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country in which the Fund is incorporated or organised and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent;

**"Relevant Time"** means, with respect to any Fund Share, the relevant time by reference to which the Calculation Agent determines the price or value of such Fund Share for the purposes of determining the Reference Level;

**"Settlement Currency"** is as defined in Product Condition 1; and

**"Substitution Determination Date"** is as defined in Product Condition 4.1.3 below.

#### 4.1.2 *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Product Conditions to determine the price or value of a Fund Share.

**"Market Disruption Event"** means:

- 4.1.2.1 it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Fund Share by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Product Condition 1 or in "Information relating to the Underlying", or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise);
- 4.1.2.2 a general moratorium is declared in respect of banking activities in any Relevant Country; or
- 4.1.2.3 where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
  - (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
  - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
  - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
  - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or
- 4.1.2.4 a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise such Fund Share or otherwise to effect transactions in relation to such Fund Share,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities.

#### 4.1.3 *Extraordinary Fund Events*

If an Extraordinary Fund Event occurs or has occurred in relation to a Fund or its Fund Shares (each such Fund, an "**Affected Fund**"), the Issuer may take any action described in 4.1.3.1, 4.1.3.2 or 4.1.3.3 below:

- 4.1.3.1 require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for that Extraordinary Fund Event and determine the effective date of that adjustment; or
- 4.1.3.2 cancel the Securities by giving notice to Securityholders in accordance with General Condition 4. If the Securities are so cancelled, the Issuer will pay an amount to each Securityholder in respect of each Security held by such Securityholder which amount shall be the fair market value of a Security taking into account the Extraordinary Fund Event less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4; or
- 4.1.3.3 determine that such Fund shall be replaced in accordance with Product Condition 4.1.4 below and determine the relevant "**Substitution Determination Date**", being the date such determination is made or such other date as the Issuer determines to be appropriate by reference to such factor(s) as it may select including, without limitation, any hedging arrangements carried out by the Issuer and/or any of its Affiliates in relation to the Securities,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Securities.

The Calculation Agent may, but need not, determine the appropriate adjustment for the purposes of (1) above by reference to the adjustment in respect of such Extraordinary Fund Event made by a Related Exchange (if any) to options contracts or futures contracts on the relevant Fund Share traded on that Related Exchange. Any adjustment or replacement made to account for an Extraordinary Fund Event may take into account, as the Calculation Agent deems appropriate, any tax, duty, withholding, deduction or other charge whatsoever (including but not limited to a change in the tax consequences) for the Issuer or any Affiliate as a result of the Extraordinary Fund Event. Such change in tax consequences may include, but is not limited to, any changes resulting from any hedging arrangements carried out by the Issuer or any Affiliate in relation to the Securities. If any adjustment or replacement is made to account for any Extraordinary Fund Event, the Calculation Agent shall give notice as soon as practicable to the Securityholders in accordance with General Condition 4, stating the adjustment or replacement made and giving brief details of the Extraordinary Fund Event.

**"Extraordinary Fund Event"** means any of the following:

1. any change and/or modification of the currency, strategy, objectives, guidelines and/or investment policies of a Fund or a Master Fund (including but not limited to any change and/or modification of the Fund Information Document) from those prevailing on the Inclusion Date;
2. the insolvency, liquidation (whether voluntary or involuntary) or bankruptcy of, or any analogous proceedings affecting, a Fund, its Manager, its Administrator or its Master Fund;

3. the cancellation of the registration or the approval of a Fund, its Manager or its Master Fund by any relevant authority; or any suspension of a Fund, its Manager or its Master Fund by any relevant authority; or a Fund, its Manager or its Master Fund becomes subject to any investigation by any relevant governmental, legal or regulatory authority;
4. the occurrence of a Fund Merger Event (as defined below);
5. a Market Disruption Event continues for eight consecutive Business Days;
6. the Fund or any party acting on its behalf imposes any restriction, charge or fee in respect of the purchase, subscription, sale or redemption of Fund Shares (other than any restriction, charge or fee in existence as at the Inclusion Date);
7. where a buy or sell order is submitted by Deutsche Bank AG or any Affiliate in accordance with the relevant procedures of a Fund, the inability of Deutsche Bank AG or any Affiliate to buy or sell Fund Shares on any Business Day at, or at a value that equates to, the Net Asset Value of such Fund Share for such Business Day;
8. any action is taken, or proposed to be taken, by an authority leading to, or which could reasonably be expected to lead to, the adoption or promulgation of, or any change in, any applicable law or regulation after the Inclusion Date, or the issuance of any directive or any change in the interpretation thereof, whether formal or informal, by any court, tribunal or regulatory authority after the Inclusion Date (any such action, proposed action, adoption, promulgation or change, a "Change"), as a result of which the Issuer or any of its Affiliates would, if holding, purchasing or selling any Fund Shares, (i) be required, or there is a substantial likelihood (as determined by the Calculation Agent) that the Issuer or any of its Affiliates would be required, to pay an amount in respect of tax (howsoever arising) which would not have been the case as of the Inclusion Date, or (ii) receive, or there is a substantial likelihood (as determined by the Calculation Agent) that the Issuer or any of its Affiliates would receive, a payment in respect of which an amount in respect of tax (howsoever arising) would be deducted which would not have been the case as of the Inclusion Date;
9. (a) as a result of any Change or for any other reason, it would be or would become unlawful or impractical for the Issuer or any of its Affiliates to hold, purchase or sell any Fund Shares and this was not the case as of the Inclusion Date, or  
(b) any event occurs that would, if Deutsche Bank AG and/or any of its Affiliates were holding, purchasing or selling any Fund Shares, have the effect of: (i) imposing on Deutsche Bank AG and/or any of its Affiliates, any reserve, special deposit, or similar requirement which did not exist as of the Inclusion Date or modifying any such requirement existing as at the Inclusion Date; or (ii) affecting the amount of regulatory capital that would have to be maintained by the Issuer and/or any of its Affiliates in connection with any hedging arrangements carried out by the Issuer or any Affiliate in relation to the Securities subsequent to the Inclusion Date or modifying any such requirement existing as at the Inclusion Date;
10. a redemption of Fund Shares in the form of a distribution of non-cash assets;

11. the provision by a Investment Manager, or any third party, to the Issuer or any of its Affiliates of any information with regard to the asset composition of a Fund that would lead to the presumption that a Fund or Manager is investing in illiquid assets and such investment could have a detrimental effect on the Net Asset Value of the relevant Fund;
12. a Fund ceases to trade and/or a Manager or Administrator ceases its activity as manager or administrator of such Fund;
13. a change in Manager or Administrator occurs in circumstances not otherwise specified herein;
14. the occurrence of a Potential Fund Adjustment Event or a De-Listing (as defined below); or
15. any event occurs as a result of which the determination of the Reference Level becomes and is likely to remain for the foreseeable future impossible or impracticable.

**"Potential Fund Adjustment Event"** means, in respect of a Fund or a Master Fund:

- (i) a subdivision, consolidation or reclassification of such Fund or Master Fund (unless a Fund Merger Event);
- (ii) an extraordinary distribution or dividend; or
- (iii) any other event (excluding a distribution or dividend) that may have an economic, dilutive, concentrative or other effect on the theoretical value of the Net Asset Value of such Fund.

**"De-Listing"** means, for any Fund Share for which the Reference Source is an exchange, a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, the Fund Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Fund Merger Event) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

**"Fund Merger Event"** means, in respect of a Fund, its Manager or its Master Fund:

- (i) an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund outstanding; or
- (ii) a consolidation, amalgamation or merger of such Fund, such Manager or such Master Fund with or into another fund or Investment Manager other than a consolidation, amalgamation or merger in which such Fund or its Master Fund or its Manager is the continuing Fund, Master Fund or Manager, as the case may be; or
- (iii) a takeover offer for such Fund, Master Fund or Manager that results in a transfer of or an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund or all the shares of such Manager (other than Fund Shares or shares owned or controlled by the offeror).

If the Issuer determines that Fund Shares (the "**Affected Fund Shares**") should be substituted pursuant to Product Condition 4.1.3 above, the Calculation Agent shall, on or prior to the Realisation Date substitute the relevant Fund Shares with new fund shares (the "**New Fund Shares**" and the related fund, the "**New Fund**") provided the New Fund has the same or similar strategy, objectives, guidelines and investment policies as specified in the Fund Information Document (as determined by the Calculation Agent in its reasonable discretion) and provided that the currency of the New Fund Shares is the same as that for the Affected Fund Shares.

If Affected Fund Shares are substituted pursuant to this provision, the Calculation Agent shall make such adjustments to the Conditions as it in its reasonable discretion deems appropriate to account for such substitution. For the avoidance of doubt, the Calculation Agent shall determine the effect of such substitution on any relevant Reference Level by taking into account the contribution to the Reference Level of the Affected Fund Shares by reference to the value at which the Fund Shares of the Affected Fund could have been redeemed, liquidated or disposed of at the date that the substitution takes place (or, if any of the Affected Fund Shares could not reasonably be redeemed, liquidated or disposed of such value shall be deemed to be zero or such other value reflective of their market value, in the determination of the Calculation Agent).

## **5. Expiry**

If the Calculation Agent determines that on any Valuation Date (regardless of whether or not any Securities have been exercised with respect to that Valuation Date, or have been redeemed if the Issuer has exercised its Redemption Right) the Cash Settlement Amount would be equal to or less than zero, then the Securities will expire worthless.

## **6. Governing Law and Place of Jurisdiction**

The Securities are governed by and shall be construed in accordance with English law. No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## INFORMATION RELATING TO THE UNDERLYING

The Underlying is the USD share class of the QAM Global Equities Fund Ltd (the “Fund”), and is converted into EUR by applying the USD/EUR foreign exchange rate. The Fund invests in various financial instruments, through which the Fund attempts to achieve its investment objective, which is to obtain “consistent absolute performance” (as stated in the Confidential Explanatory Memorandum of the Fund). The Fund’s investments may be of a wide-ranging nature and a broad range of investment strategies may be employed by the Fund to achieve this objective, which may or may not be met. The Investment Manager of the Fund is Capital FM Ltd, a limited liability company registered in the British Virgin Islands (“Capital FM” or the “Investment Manager”).

The prospectus of the Fund is attached hereto, and further information relating to the Fund can be found from the Investment Manager. Price information relating to the Fund is published monthly on the Fund’s website, [www.quantasman.com](http://www.quantasman.com). The Fund is registered in the British Virgin Islands, under ISIN VGG7303N1015.

The Issuer accepts responsibility for accurately extracting and reproducing such information from the source described above and as far as the Issuer is aware and is able to ascertain from information published by the Fund or its Investment Manager, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has not independently verified any such information and takes no further or other responsibility (express or implied) in respect of such information.

### **Investment Strategy**

The prospectus of the Fund describes the investment approach of the Fund. The Investment Manager is given a wide discretion to apply various hedging and other portfolio management techniques in an attempt to enhance return or manage financial market risk. There is no guarantee that these techniques will achieve these results. In particular, it should be noted that the Fund may apply leverage up to 200% of the Fund’s net asset value.

For the assistance of Securityholders, and given the risks associated with investments into hedge funds, the Issuer presents the following summary of common strategies followed by hedge funds, which may assist investors in understanding these strategies. This section is provided by the Issuer and is not extracted from the Prospectus for the Fund.

The hedge funds in which the assets of the Fund may pursue different investment strategies and are permitted to invest their assets in a wide range of securities and instruments, including, without limitation, the securities and instruments mentioned below, subject always that the hedge funds for the purposes of their investment strategy may employ leverage and/or short sales without any restrictions. The strategies employed by the hedge funds included in the Fund will generally correspond with the strategy descriptions below, although each fund may have its own defined investment strategies, which may differ from those given below:

#### Equity Hedge

Hedge fund trading advisors using an equity hedge strategy, also known as long/short equity investment strategy typically seek to produce returns from investments in the global equity markets. The trades executed in implementing this investment strategy

are based on the hedge fund trading advisor's views of the outlook for, among other things, specific equity markets, regions, sectors and securities. A long/short equity investment strategy involves taking both long and short positions in various equity securities. To have a long position in an equity security is to own that security, to have a short position in an equity security is to sell such equity security for settlement at a future date without owning it. Long positions profit when the value of the equity security increases and short positions profit when the value of the equity security decreases.

Long/short equity hedge fund trading advisors may take a long position in a security if they believe that the market price of the security is less than the fair or intrinsic value of the assets or earning power of the issuer of the security. As part of their analysis, these hedge fund trading advisors may evaluate, among other things, the quality of an issuer's earnings, a comparison of its operating cash flow and underlying asset values to the market prices of its securities, as well as consider the quality of the issuer's management. Long/short equity hedge fund trading advisors may take a short position in a security if they believe that the issuer of the security exhibits an absence of certain of the qualities exhibited by issuers in whose securities the hedge fund trading advisor would take a long position. For example, such an issuer may have negative cash flows, or the market prices of its securities may be high compared to its earnings or the value of its underlying assets.

The returns on the long/short equity investment strategies used by the hedge fund trading advisors relate less to the absolute direction of the market and more to the specific long and short equity positions held by a specific hedge fund. Long/short equity hedge fund trading advisors will typically incorporate "bottom-up" research (*i.e.*, research focusing on an individual security or issuer of such security rather than more general research into, for example, the macro economic trends of a particular country or region). A long/short equity hedge fund trading advisor may have the flexibility to move between overall net long and net short positions, between value and growth strategies, between investment in small-capitalisation companies and investment in large-capitalisation companies as well as between markets, regions, sectors and securities. Long/short equity investment strategies may also involve a limited amount of leverage, and some use of derivatives.

### Market Neutral

Hedge fund trading advisors using a market neutral investment strategy seek to generate capital appreciation through a portfolio of positions that are generally neither net long nor net short. However, this market neutral approach may relate to an individual sector, market, industry or region rather than to the hedge fund's aggregate portfolio. The returns on hedge funds using a market neutral approach will not be affected by absolute directional movements in equity markets to the same degree as hedge funds with a net short or net long market weighting. As a result, hedge funds using a market neutral investment strategy may be significantly more dependent on the relative price movements of individual securities than hedge funds engaged in other investment strategies.

A typical sub-strategy of the market neutral investment strategy is statistical arbitrage, where the hedge fund trading advisor generally relies heavily on mathematical models that primarily seek to identify and take advantage of the price movements of

different securities. In addition, certain market neutral hedge fund trading advisors may incorporate subjective investment decisions that are based on fundamentals analysis when determining pairs of securities in which to take long and short positions. For example, if the securities of two companies with similar fundamentals in a given industry have diverged from their historical price relationship, the hedge fund trading advisor may acquire a long position in the securities it believes are now undervalued and a short position in the securities it believes are now overvalued, with the intention of unwinding the positions when the historical price relationship returns.

### Event Driven

Hedge fund trading advisors using a event driven investment strategy, also known as risk arbitrage, seek to generate capital appreciation through a portfolio of investments in the securities of issuers that are involved in, among other things, mergers, consolidations, acquisitions, transfers of assets, tender offers, exchange offers, recapitalisations, liquidations, divestitures, spin-offs, and similar transactions. A risk arbitrage hedge fund trading advisor may, in certain limited circumstances, invest in securities of issuers which are not currently involved in any of the foregoing transactions, but about which publications or other sources of public information suggest a possibility of such future activity. Hedge fund trading advisors engaged in this strategy must weigh the relevant factors in order to determine the probability that a transaction will be consummated, including, without limitation, shareholder approval, permission of government authorities, possibility of litigation, and the target company's willingness to accept the terms offered by an acquiring company. The profitability of a hedge fund engaged in risk arbitrage is largely dependent upon the ability of the hedge fund trading advisor to judge correctly the outcome of the proposed transaction. The portfolios of risk arbitrage hedge fund trading advisors are generally actively traded and may exhibit a high degree of turnover. In addition, these hedge fund trading advisors may from time to time use leverage, swaps and other similar financial contracts, short selling, options hedging and other arbitrage techniques.

### Convertible Arbitrage

Hedge fund trading advisors using a convertible arbitrage investment strategy will generally maintain long positions in convertible securities (instruments that, pursuant to their terms, grant the holders thereof the right to convert them into securities of a different class, series or type) and short positions in related securities, usually common stock, into which the convertible securities may be converted. Hedge fund trading advisors using this investment strategy will attempt to profit in situations where, for various reasons, there may not be a direct correspondence between the price and movement of a given convertible security and that of its related security. Returns may also be generated from any income paid by the convertible securities held in the portfolio.

Hedge fund trading advisors using a convertible arbitrage investment strategy may use fundamentals analysis of issuers and certain proprietary and other valuation techniques in managing their portfolios. In addition, these hedge fund trading advisors may use a significant amount of leverage in executing their investment strategy and will generally use certain derivative instruments, including, without limitation, op-

tions and futures, to further hedge their portfolios against market fluctuations and changes in interest rates.

### Fixed Income Arbitrage

Hedge fund trading advisors using a fixed income arbitrage investment strategy analyse and attempt to profit from investments in a variety of fixed income instruments across several markets. Fixed income arbitrage hedge fund trading advisors may look to profit from changes in the shape of the yield curve of a sovereign's debt obligations (e.g., the spread or difference in yield between debt obligations with different maturities of a sovereign issuer such as, for example, two year U.S. Treasury notes versus ten year U.S. Treasury notes) or the spread between the fixed income securities of two different sovereigns (e.g., five year German bonds versus five year U.S. Treasury notes). In addition, certain fixed income arbitrage hedge fund trading advisors will focus on profiting from expected changes in credit spreads, such as the difference between the yield on a specific company's debt and the yield on U.S. Treasury securities (e.g., sell a company's bond and buy a Treasury security), or credit spreads within a specific company's capital structure (e.g., buy a company's senior debt and sell short its subordinated debt or equity). Hedge fund trading advisors using a fixed income arbitrage strategy may also invest in certain structured products, including, without limitation mortgage-backed securities. In addition, these hedge fund trading advisors may use a significant amount of leverage in executing their strategy and generally use certain derivative instruments, including, without limitation, options and futures, to further hedge their portfolios against market fluctuations.

### Relative Value Arbitrage

Hedge fund trading advisors using a relative value arbitrage strategy will generally attempt to profit from situations where, for various reasons, there may not be a direct correspondence between the price and movement of two related securities of the same or different issuers. Relative value hedge fund trading advisors may also use one or a number of techniques within the broader arbitrage strategy including, without limitation, fixed income arbitrage, merger arbitrage, capital structure arbitrage and convertible arbitrage.

Hedge fund trading advisors using this strategy may, for example, take a long position in the equity securities of one issuer and a corresponding short position in the equity securities of an issuer in the same industry or market as the issuer in which the long position was taken. In addition, such hedge fund trading advisors may choose to take a long position in one class of securities and a short position in a different class of securities, in each case of the same issuer. Relative value arbitrage Hedge fund trading advisors may also invest in securities that represent different parts of the capital structure of the same issuer. Returns may also be generated from any income paid from high yield securities held in the portfolio.

Hedge fund trading advisors using the relative value arbitrage strategy may engage in fundamentals analysis of issuers and certain proprietary and other valuation tech-

niques in managing their portfolios. In addition, these hedge fund trading advisors may use a significant amount of borrowings (leverage) in executing their investment strategy and will generally use certain derivative instruments, including, without limitation, options and futures, to further hedge their portfolios against market fluctuations and changes in interest rates. Other instruments used in such a strategy may include equity securities, convertible securities, high yield securities, debt instruments (e.g. senior, mezzanine, junior and subordinated debt) and structured products.

### Global Macro

Global macro investment strategies focus on investment opportunities in numerous markets, sectors, industries and instruments. Global macro hedge fund trading advisors may take either long or short positions in, among other things, equities, fixed income markets, currencies and commodities (e.g., agricultural products, metals and energy), and may trade in futures contracts, options and other derivative instruments.

Global macro hedge fund trading advisors may use a combination of fundamental market research and information in conjunction with quantitative modelling to identify investment opportunities. However, certain of these hedge fund trading advisors may not invest based on fundamental economic analysis of companies or macro- or micro-economic analysis, but rather only on price movements of securities and markets, which may increase volatility and risk of loss. Hedge funds using a global macro investment strategy tend to use leverage and may be either net long or net short at any given time.

### Managed Futures

Hedge fund trading advisors employing a managed futures trading adviser strategy generally trade futures (including foreign exchange futures) and options whose returns are based on, among other things, interest rates, equity securities, market indices, precious metals and commodities. Such hedge fund trading advisors typically adopt a systematic investment approach based on technical analysis and employ mathematical models in an attempt to profit from market movements.

Hedge fund trading advisors adopting a discretionary investment approach, base their trading decisions on fundamental and technical market analysis.

### Other Investment Strategies

Hedge funds are generally not limited in the types of investment strategies they employ and they may develop new strategies at any time. In addition, hedge funds may employ strategies that are not described in this Prospectus and/or do not exist as of the date of this Prospectus. Any of these strategies may involve investing in markets or instruments that are not described in this Prospectus and/or do not exist as of the date of this Prospectus. Accordingly, it is impossible to predict all the investment strategies that may be employed by the hedge funds which will be reflected by the Basket. Nevertheless, all such investment strategies should be considered speculative, volatile and no less risky than the investment strategies described herein.

# GENERAL CONDITIONS

## 1. Status of the Securities

The Securities constitute unsubordinated, unsecured contractual obligations of the Issuer and rank *pari passu* in all respects with each other.

## 2. Early Exercise, Redemption or Termination for Extraordinary Reasons, Illegality and Force Majeure

If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Securities has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Securities for any reason, the Issuer may at its discretion and without obligation deem exercised, redeem or terminate the Securities early by giving notice to the Securityholders in accordance with General Condition 4.

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer exercises, redeems or terminates the Securities early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Securityholder in respect of each Security held by such holder equal to the fair market value of a Security notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Securityholders in accordance with General Condition 4.

## 3. Purchases

The Issuer may, but is not obliged to, at any time purchase Securities at any price in the open market or by tender or private agreement. Any Securities so purchased may be held or resold or surrendered for cancellation.

## 4. Notices

### 4.1. Validity

Notices to the Securityholders will be valid if delivered to the Clearing Agent(s) for communication by the Clearing Agent(s) to the Securityholders provided that so long as the Securities are listed on any stock exchange or publicly offered in any jurisdiction, any notice to the Securityholders shall be published in accordance with the rules and regulations of each such stock exchange and each such jurisdiction. In the Federal Republic of Germany it is expected that any notices to the Securityholders will normally be published in the *Börsen-Zeitung*.

### 4.2. Delivery

Notices given pursuant to 4.1 above will become effective on, if delivered to the Clearing Agent(s), the third day after such delivery to the Clearing Agent or all the Clearing Agents (if more than one) or, if published (whether or not also so given), on the date of such publication, or, if published more than once, on the date of the first such publication or, if required to be published in more than one newspaper, on the date of the first such publication in all the required newspapers.

## 5. Agents, Calculation Agent, Determinations and Modifications

### 5.1. Agents

The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional Agents, provided that no termination of appointment of the Principal Agent shall become effective until a replacement Principal Agent shall have been appointed and provided that, if and to the extent that any of the Securities are listed on any stock exchange or publicly offered in any jurisdiction, there shall be an Agent having a specified office in each country if so required by the rules and regulations of each such stock exchange and the securities regulators in each such jurisdiction. Notice of any appointment, or termination of appointment, or any change in the specified office, of any Agent will be given to Securityholders in accordance with General Condition 4. Each Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders. Any calculations or determinations in respect of the Securities made by an Agent shall (save in the case of manifest error) be final, conclusive and binding on the Securityholders.

### 5.2. Calculation Agent

The Issuer shall undertake the duties of calculation agent (the “**Calculation Agent**” which expression shall include any successor calculation agent) in respect of the Securities unless the Issuer decides to appoint a successor Calculation Agent in accordance with the provisions below.

The Issuer reserves the right at any time to appoint another institution as the Calculation Agent, provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any such termination or appointment will be given to the Securityholders in accordance with General Condition 4.

The Calculation Agent (except where it is the Issuer) acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Securityholders. Any calculations or determinations in respect of the Securities made by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Securityholders.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

### 5.3. Determinations by the Issuer

Any determination made by the Issuer pursuant to the Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Securityholders.

### 5.4. Modifications

The Issuer may, to the extent permitted by applicable law, modify the Conditions without the consent of the Securityholders or any of them in any manner which the Issuer may deem reasonably necessary in order to maintain or preserve the intended commercial purpose of the Conditions if such modification does not materially adversely affect the interests of the Securityholders or is of a formal, minor or technical nature or intended to correct a manifest error or to cure, correct or supplement any defective provision contained therein. Notice of any such modification will be given to the Securityholders in accor-

dance with General Condition 4 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

## **6. Taxation**

In relation to each Security the relevant Securityholder shall pay all Securityholder Expenses as provided in the Product Conditions. All payments or, as the case may be, deliveries in respect of the Securities will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax, duty or other charge whatsoever). The Issuer shall not be liable for or otherwise obliged to pay, and the relevant Securityholder shall be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer, any payment and/or any delivery in respect of the Securities held by such Securityholder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable or, as the case may be, any delivery due to the Securityholder such amount or portion as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment. Each Securityholder shall indemnify the Issuer against any loss, cost or other liability whatsoever sustained or incurred by the Issuer in respect of any such tax, duty, charge, withholding or other payment as referred to above in respect of the Securities of such holder.

## **7. Further Issues**

The Issuer shall be at liberty from time to time without the consent of Securityholders or any of them to create and issue further securities so as to be consolidated and form a single series with the Securities.

## **8. Substitution**

### *8.1. Substitution of Issuer*

The Issuer, or any previous substituted company, may at any time, without the consent of the Securityholders substitute for itself as principal obligor under the Securities any company (the “**Substitute**”), being any subsidiary or affiliate of the Issuer, subject to:

- 8.1.1. the obligations of the Substitute under the Securities being guaranteed by Deutsche Bank AG (unless it is the Substitute);
- 8.1.2. all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Securities represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and being in full force and effect;
- 8.1.3. the Issuer shall have given at least 30 days’ prior notice of the date of such substitution to the Securityholders in accordance with General Condition 4.

In the event of any substitution of the Issuer, any reference in the Conditions to the Issuer shall henceforth be construed as a reference to the Substitute.

### *8.2. Substitution of Office*

The Issuer shall have the right upon notice to Securityholders in accordance with General Condition 4 to change the office through which it is acting for the purpose of the Securities, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

## **9. Replacement of Securities**

Should any Security be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Agent (or such other place of which notice shall have been given in accordance with General Condition 4) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and as to indemnity as the Issuer may reasonably require. Mutilated or defaced Securities must be surrendered before replacements will be issued

## **10. Adjustments for European Monetary Union**

### *10.1. Redenomination*

The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 4 elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Securities shall be redenominated in euro;

The election will have effect as follows:

10.1.1. where the Settlement Currency is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, whether as from 1999 or after such date, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments in respect of the Securities will be made solely in euro as though references in the Securities to the Settlement Currency were to euro;

10.1.2. where the Conditions contain a rate of exchange or any of the Conditions are expressed in a currency (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union, whether as from 1999 or after such date, such rate of exchange and/or any other terms of the Conditions shall be deemed to be expressed in or, in the case of a rate of exchange, converted for or, as the case may be into, euro at the Established Rate; and

10.1.3. such other changes shall be made to the Conditions as the Issuer may decide to conform them to conventions then applicable to instruments expressed in euro.

### *10.2. Adjustment to Conditions*

The Issuer may, without the consent of the Securityholders, on giving notice to the Securityholders in accordance with General Condition 4 make such adjustments to the Conditions as the Issuer may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Conditions.

### *10.3. Euro Conversion Costs, etc.*

Notwithstanding Condition 10.1 and/or Condition 10.2, none of the Issuer, the Calculation Agent and any Agent shall be liable to any Securityholder or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.

### *10.4. Definitions*

In this General Condition, the following expressions have the following meanings:

“**Adjustment Date**” means a date specified by the Issuer in the notice given to the Securityholders pursuant to this Condition which falls, if the currency is that of a country not initially participating in the third stage of European Economic and Monetary Union pursuant to the Treaty, on or after such later date as such country does so participate;

“**Established Rate**” means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to the first sentence of Article 123(4), formerly 109 I (4) of the Treaty;

“**National Currency Unit**” means the unit of the currency of a country, as those units are defined on the day before the start of the third stage of European Economic and Monetary Union or, in connection with the expansion of such third stage, to any country which has not initially participated in such third stage;

“**Treaty**” means the treaty establishing the European Community.

## **11. Definitions**

Terms in capitals which are not defined in these General Conditions shall have the meanings ascribed to them in the Product Conditions.

## COUNTRY SPECIFIC INFORMATION – THE NETHERLANDS

This section should be read in conjunction with, and is subject to, the Product Conditions, the General Conditions and all other sections of this document.

### 1. Taxation

#### General

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of Securities, which term, for the purpose of this summary, includes Coupons, Receipts and Talons. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Securities. Each prospective Securityholder should consult a professional adviser with respect to the tax consequences of an investment in the Securities. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.

This summary is based on the Netherlands tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of the Prospectus, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

This summary does not address the Netherlands tax consequences of a Securityholder who holds a substantial interest (aanmerkelijk belang) in the Issuer, within the meaning of Section 4.3 of the Income Tax Act 2001. Generally speaking, a Securityholder holds a substantial interest in the Issuer, if such Securityholder, alone or together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5 percent or more of the total issued capital of the Issuer or of 5 percent or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer.

For the purpose of the principle Netherlands tax consequences described herein, it is assumed that the Issuer is neither a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes.

#### Withholding Tax

No Netherlands withholding tax is due upon payments on the Securities.

#### Corporate Income Tax and Individual Income Tax

##### Residents of the Netherlands

If the Securityholder is subject to Netherlands corporate income tax and the Securities are attributable to its (deemed) business assets, income derived from the Securities and gains realised upon the redemption and disposal of the Securities are generally taxable in the Netherlands.

If the Securityholder is an individual, resident or deemed to be a resident of the Netherlands for Netherlands tax purposes (including the individual Securityholder

who has opted to be taxed as a resident of the Netherlands), the income derived from the Securities and the gains realised upon the redemption and disposal of the Securities are taxable at the progressive rates of the Income Tax Act 2001, if:

- (i) the Securityholder has an enterprise or an interest in an enterprise, to which enterprise the Securities are attributable; or
- (ii) such income or gains qualify as "income from miscellaneous activities" (resultaat uit overige werkzaamheden) within the meaning of Section 3.4 of the Income Tax Act 2001, which include activities with respect to the Securities that exceed "regular, active portfolio management" (normaal, actief vermogensbeheer).

If neither condition (i) nor condition (ii) applies to the individual Securityholder, the actual income derived from the Securities and the actual gains realised with respect to the Securities will not be taxable. Instead, such Securityholder will be taxed at a flat rate of 30% on deemed income from "savings and investments" (sparen en beleggen) within the meaning of Section 5.1 of the Income Tax Act 2001. This deemed income amounts to 4% of the average of the individual's "yield basis" (rendementsgrondslag) within the meaning of article 5.3 of the Income Tax Act 2001 at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar the average exceeds a certain threshold. The fair market value of the Securities will be included in the individual's yield basis.

### **Gift and Inheritance Taxes**

#### Residents of the Netherlands

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the Securities by way of a gift by, or on the death of, a Securityholder who is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

An individual of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax only if he or she has been residing in the Netherlands at any time during the twelve months preceding the time of the gift.

#### Treaties

Treaties may limit the Dutch sovereignty to levy gift and inheritance tax.

### **Other Taxes and Duties**

No Netherlands VAT, capital duty, registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be due in the Netherlands by a Securityholder in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Securities.

#### Proposed EU Savings Directive On The Taxation Of Savings Income

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income. Under the Directive Member States will (if equivalent measures have been introduced by certain non-EU countries) be required, from 1 July 2005, to provide to the tax authorities of another Member State

details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

## **2. Subscription Period / Introduction of Securities**

The Securities shall be introduced by subscription on the Dutch market, during the period commencing on 30 January 2006 and ending at 17h00 on 21 February 2006. However, the Issuer reserves the right for any reason to close the subscription period prior to its stated expiry.

## **3. Paying Agent**

The Issuer has appointed Deutsche Bank AG, Amsterdam branch as its Netherlands paying agent with respect to the offering of the Securities in the Netherlands.

Deutsche Bank Amsterdam Branch  
Herengracht 450-454  
1017 CA Amsterdam  
The Netherlands

## **4. Listing**

The Securities will not be listed.

## **5. Notices**

Any notice regarding the Securities shall be validly given if published in the Euronext Official Daily List (Officiële Prijscourant) of Euronext Amsterdam and in at least one daily newspaper of wide circulation in the Netherlands, which for the time being shall be Het Financieele Dagblad. Any such notice shall be deemed to have been given on the date of publication or, if published more than once, on the date of the first publication.

## **6. Clearing and Settlement**

The Securities have been accepted for settlement through Euroclear Banking S.A./N.V.

ISIN code: **DE000DB1C090**

WKN: **DB1C09**

## **7. Other information**

Copies of the Prospectus, documents incorporated by reference, the Articles of Association of the Issuer and the latest annual and half-yearly reports, once published, are available free of charge at the offices of the Paying Agent. No general Security-

holder meetings are taking place. More information regarding the Securities can be found on [www.xavex.com](http://www.xavex.com).

## PARTY LIST

**Issuer:**

Deutsche Bank AG, London Branch  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**Agent:**

Deutsche Bank AG  
Taunusanlage 12  
D-60262 Frankfurt  
Germany

**Netherlands Paying Agent:**

Deutsche Bank A.G., Amsterdam Branch  
Herengracht 450-454  
1017 CA Amsterdam  
The Netherlands