

BayernInvest Bond Global Select-Fonds
Annual Report
for the financial year
from 1 January 2014 to 31 December 2014

BayernInvest Bond Global Select-Fonds

Annual Report as at 31 December 2014

DE000A0YF280

Activity report

BayernInvest Bond Global Select-Fonds is a UCITS fund that is managed in conformity with the German Investment Code. The management fee for BayernInvest Bond Global Select-Fonds comprises 1.7% p.a. of each monthly average net asset value – calculated on a daily basis – of the Fund.

Investment strategy and policy

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

At the end of the reporting period 80.98% of the Fund assets were interest-bearing securities and 18.95% bank deposits. The remainder comprised investment units, derivatives, claims and liabilities.

Key risks

Counterparty risk

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

Interest rate risk

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

BayernInvest Bond Global Select-Fonds

Annual Report as at 31 December 2014

DE000A0YF280

Activity report

Market risk

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

Currency risk

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

Liquidity risk

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

Risks associated with target funds

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

Risks associated with derivatives transactions

The Company may, within the confines of the contract, engage in derivatives transactions for the account of the Fund. Hedging transactions used for reducing the overall risk, on the other hand, can also undermine returns. Investing in derivatives systematically can increase the risk of loss in the investment fund. The risks associated with derivatives are varied. They include the risk of a change of price of the underlying, leverage risks, writer risks and market fluctuations in general.

BayernInvest Bond Global Select-Fonds Annual Report as at 31 December 2014

DE000A0YF280

Activity report

Market developments / Major changes during the reporting period

Funds:

Neither the investment policy nor the investment strategy changed during the reporting period. In 2014 BayernInvest Bond Global Select-Fonds invested in fixed-interest securities like stocks, bonds and currency derivatives. As at the reporting date, shares made up the lion's share of the Fund's investments. The remaining Fund assets comprise investment units, derivatives (currency futures contracts and currency swaps), bank deposits and interest receivables. Liabilities from collateral services rendered and miscellaneous liabilities in the form of custodian bank charges and other depositary fees, audit and publishing costs, management fees and interest payable under currency swap contracts are also among the Fund assets.

Stock market:

The year as a whole saw only a modest recovery from the previous year among European stock barometers: In 2014 the IBEX 35, the leading index for Spain, rose 3.7% – considerably higher than the 2.7% gain by its German counterpart (DAX). The European benchmark index EURO STOXX 50 went up 1.2%, while Italy's leading index, the FTSE MIB, rose 0.2%. US stock markets closed the year with much higher gains. The NASDAQ-100 jumped 17.9%, the S&P 500 11.4% and the Dow Jones Industrial Average by 7.5%. The leading index for Japan (NIKKEI 225) also posted a gain, closing the year 7.1% higher than at the beginning of 2014.

Currency market:

At the end of 2014 the value of the euro against other currencies was mixed as compared with the previous year. The single European currency slid about 12% against the US dollar and 4% against the Canadian dollar, but was virtually unchanged against the Japanese yen.

Bond market:

Sovereign debt markets were somewhat volatile in 2014. German government bonds were seen as a safe haven, with 10-year-maturity bonds trading at around 0.54% at the end of the year. Yields in the European periphery also dropped sharply. The triggering factors were the ECB's gradual lowering of key lending rates – down to 0.05% by the end of the year – and a negative overnight rate (-0.10%). Also, the ECB had announced new covered bonds purchase programmes, with similar programmes for government and corporate bonds also under discussion. First signs of a steady interest rate rise in 2015 were seen in the US in conjunction with the country's economic recovery.

Performance

Realised gains and losses for the reporting period totalled EUR 51,310,367.10 and EUR 64,331,821.02, respectively.

The results stem mostly from the derivatives transactions. These generated EUR 44,405,794.61 in income, only to be outstripped by EUR 57,442,507.12 in losses. Investments in interest-bearing securities, on the other hand, yielded a positive overall result, with realised gains of EUR 6,818,104.57 as opposed to EUR 1,366,958.81 in realised losses. Other realised gains/losses are attributed to gains and losses on currency translations from bank deposits of EUR 86,467.92 and EUR 5,522,355.09, respectively.

The performance of BayernInvest Bond Global Select-Fonds in the period beginning on 1 January 2014 and ending on 31 December 2014 was negative, at -1.71% (under the method used by the German Investment Funds Association (BVI)).

BayernInvest Bond Global Select-Fonds Annual Report as at 31 December 2014

DE000A0YF280

Activity report

Fund/Market outlook

Diverging central bank policies within the major trade blocs could be a dominating issue in 2015. Whereas the euro-zone economy may still be characterised by deflationary trends and a lack of sustainable growth, there is already talk in the US of upcoming interest rate rises.

The sanctions against Russia and counter-sanctions might weigh heavily on the European economy. Political rebellion within the EU is accelerating, as can be seen from last year's European Parliament election results in France, the policies of Hungarian Prime Minister Orbán, or the UK's threat of exiting the EU. Should the economy worsen, such developments as these will become even more troubling. The situation in Greece could also be a dominating issue in early 2015.

Fracking in the US led to a sharp rise in oil and gas production, cheaper energy in the US and new jobs. The oil price plunge at the turn of the year may, however, endanger these positive ramifications. Officially, the American economy is picking up speed, unemployment is down and the inflation rate is still very stable. While the Federal Reserve Bank has phased out its quantitative easing it has yet to raise key rates.

In the third quarter of 2014 Japan slipped into another recession. Its highly expansive monetary policy of buying up government debt and corporate assets and pushing down the yen in an effort to end its deflation woes has led so far to a mild stagflation. Whether the experiment will bear fruit will have to be analysed more closely in 2015.

In general, a diverging monetary policy could trigger exchange rate swings and higher volatility in many asset prices. The BayernInvest Bond Global Select-Fonds will continue seizing the underlying potential through opportunistic trading.

BayernInvest Bond Global Select-Fonds

Annual Report as at 31 December 2014

DE000A0YF280

List of assets as at 31 December 2014

Investment focus	Market value in EUR	% of Fund assets
I. Assets	228,211,562.90	106.76
1. Bonds	173,107,272.61	80.98
Corporates (including financials)	28,485,703.17	13.33
Pfandbriefs, municipal debentures	40,669,328.94	19.03
Special credit institutions, supra-nationals	103,952,240.50	48.63
2. Investment units	5,110,965.00	2.39
Bond funds	5,110,965.00	2.39
3. Derivatives	4,887,950.07	2.29
4. Claims	4,599,845.18	2.15
5. Bank deposits	40,505,530.04	18.95
II. Liabilities	-14,457,564.38	-6.76
III. Fund assets	213,753,998.52	100.00

BayernInvest Bond Global Select-Fonds
Annual Report as at 31 December 2014
DE000A0YF280

List of assets as at 31 December 2014

Asset type	ISIN	Market	Unit or shares or currency in 1.000	Holdings 31 December 2014	Purchases/ Additions in the reporting period	Sales/ Disposals	Price	Market value in EUR	% of Fund assets
Portfolio positions							EUR	178,218,237.61	83.38
Exchange-traded securities							EUR	165,473,826.61	77.41
Interest-bearing securities							EUR	165,473,826.61	77.41
5.7500% Allianz Finance II B.V. EO-FLR Med.-Term Nts 11(21/41)	DE000A1GNAH1		EUR	5,000		%	119.265	5,963,250.00	2.79
5.6250% Allianz SE FLR-Sub.Anl.v.2012(2022/2042)	DE000A1RE1Q3		EUR	4,000		%	120.904	4,836,160.00	2.26
1.5145% DEPFA BANK PLC EO-FLR Med.-T. Nts 2005(15)	DE000A0DY6Q5		EUR	1,000		%	99.800	998,000.00	0.47
1.0000% Dexia Crédit Local S.A. EO-Medium-Term Notes 2013(16)	XS0951560969		EUR	20,000		21,100 %	101.236	20,247,290.00	9.47
2.2500% Europ.Fin.Stab.Facility (EFSF) EO-Medium-Term Notes 2012(22)	EU000A1G0A16		EUR	65,000		25,000 %	112.658	73,227,732.50	34.26
1,1250% Kreditanst.f.Wiederaufbau Anl.v.2013 (2020)	DE000A1RET49		EUR	10,000		%	104.772	10,477,218.00	4.90
0.5680% Landesbank Baden-Württemberg FLR-Med.Term IHS.Ser.180 00/30	XS0110606174		EUR	325		%	90.740	294,905.00	0.14
0.2660% LBBW Dublin Management GmbH EO-FLR Med.-Term Nts 2004(15)	XS0197937294		EUR	2,800		%	100.048	2,801,344.00	1.31
1.2500% Nestlé Finance Intl Ltd. EO-Medium-Term Notes 2013(20)	XS0925668625		EUR	5,700		%	104.537	5,958,598.17	2.79
1.6500% DEPFA ACS BANK YN-Medium-Term Nts 2004(16)	XS0207954412		JPY	2,630,000		1,400,000 %	102.109	18,267,859.60	8.55
4.8750% DEPFA ACS BANK DL-Securities 2005(15) Reg.S	DE000A0GHGN0		USD	12,420		%	103.438	10,543,290.60	4.93
5.1250% DEPFA ACS BANK DL-Securities 2007(37) Reg.S	DE000A0LPMX0		USD	11,560		20,000 %	124.993	11,858,178.74	5.55
Securities admitted to or included in organised markets							EUR	7,633,446.00	3.57
Interest-bearing securities							EUR	7,633,446.00	3.57
0.0000% DEPFA BANK PLC EO-Zero Med.-Term Nts 2005(20)	XS0227637500		EUR	3,750		%	89.010	3,337,875.00	1.56
0.1500% LBBW Dublin Management GmbH EO-FLR Med.-Term Nts 2005(15)	XS0223751990		EUR	4,300		%	99.897	4,295,571.00	2.01
Investment units							EUR	5,110,965.00	2.39
KVG-owned investment units							EUR	5,110,965.00	2.39
BayernInvest Bond Absolute Return-Fonds Inhaber-Anteile	DE000A0JK7K6		SHARE	38,250			EUR 133.620	5,110,965.00	2.39
Total securities portfolio ²⁾							EUR	178,218,237.61	83.38

BayernInvest Bond Global Select-Fonds
Annual Report as at 31 December 2014
DE000A0YF280

List of assets as at 31 December 2014

Asset type	ISIN	Market	Shares or currency in 1,000	Holding s 31 December	Purchases / Sales / Additions Disposals in the reporting	Price	Market value in EUR	% of Fund assets
Derivatives						EUR	4,887,950.07	2.29
(Holdings marked with a minus sign are sold positions)								
Stock index derivatives						EUR	1,234,750.00	0.58
Claims/Liabilities								
Stock index futures contracts						EUR	1,234,750.00	0.58
FUTURE DAX Performance Index 20/03/2015		Frankfurt/Zurich - Eurex		No. of units 150			685,750.00	0.32
FUTURE ESTX 50 Index (Price) (EUR) 20/03/2015		Frankfurt/Zurich - Eurex		No. of units 900			549,000.00	0.26
Interest derivatives						EUR	-588,000.00	-0.28
Claims/Liabilities								
Interest rate futures contracts						EUR	-588,000.00	-0.28
FUTURE Bundesrep. Deutschland Euro-BUND 06/03/2015		Frankfurt/Zurich - Eurex	EUR	-20,000,000			-588,000.00	-0.28
Currency derivatives						EUR	4,241,200.07	1.98
Claims/Liabilities								
Currency futures contracts (sale)						EUR	2,520,493.13	1.18
Outstanding positions								
EUR/CAD 25.0m		OTC					582,118.75	0.27
EUR/NOK 40.0m		OTC					-2,673,205.94	-1.25
GBP/CAD 20.0m		OTC					-481,379.52	-0.23
GBP/USD 24.0m		OTC					873,460.38	0.41
JPY/EUR 4,035.0m		OTC					7,100,781.01	3.32
USD/EUR 44.6m		OTC					-2,881,281.55	-1.35
Currency futures contracts (purchase)						EUR	1,720,706.94	0.80
Outstanding positions								
EUR/CAD 25.0m		OTC					-526,717.78	-0.25
EUR/NOK 40.0m		OTC					2,593,984.88	1.21
GBP/CAD 15.0m		OTC					-172,193.93	-0.08
GBP/USD 24.0m		OTC					-1,233,233.87	-0.58
JPY/EUR 1,400.0m		OTC					-486,709.71	-0.23
USD/EUR 17.3m		OTC					1,545,577.35	0.72

BayernInvest Bond Global Select-Fonds

Annual Report as at 31 December 2014

DE000A0YF280

List of assets as at 31 December 2014

Asset type	ISIN	Market	Shares or currency in 1,000	Holding s 31 December 2014	Purchases / Sales / Additions Disposals in the reporting period	Price	Market value in EUR	% of Fund assets
Bank deposits, unsecuritised money market instruments and money market funds						EUR	40,505,530.04	18.95
Bank deposits						EUR	473,656.09	0.22
Cash deposits at BNP Paribas S.A.								
Cash deposits in other EU/EEA currencies								
			GBP	18,050.49	%	100.000	23,014.78	0.01
			NOK	61,056.35	%	100.000	6,755.52	0.00
Cash deposits in non-EU/EEA currencies								
			AUD	30,430.45	%	100.000	20,351.41	0.01
			CAD	23,971.40	%	100.000	16,929.55	0.01
			CHF	84,720.00	%	100.000	70,421.01	0.03
			JPY	44,140,887.00	%	100.000	300,267.93	0.14
			NZD	31,728.17	%	100.000	20,283.31	0.01
			TRY	33,574.17	%	100.000	11,882.98	0.01
			USD	4,568.89	%	100.000	3,749.60	0.00
Overnight money						EUR	40,031,873.95	18.73
Cash deposits at Bayerische Hypo- und Vereinsbank AG								
Overnight money in the Fund's currency								
			EUR	40,031,873.95	%	100.000	40,031,873.95	18.73
Other assets						EUR	4,599,845.18	2.15
Interest due								
Claims from collateral pledged in the Fund's currency								
			EUR	1,161,845.18			1,161,845.18	0.54
			EUR	3,438,000.00		EUR	3,438,000.00	1.61
Liabilities from loans						EUR	-5,833,567.97	-2.73
EUR - Loans								
			EUR	-5,833,567.97	%	100.000	-5,833,567.97	-2.73
Other liabilities						EUR	-8,623,996.41	-4.03
Management fees								
Depositary fees								
Auditing and publishing expenses								
Custodian bank charges								
Liabilities from collateral received in the Fund's currency								
			EUR	-336,180.85			-336,180.85	-0.16
			EUR	-535.50			-535.50	-0.00
			EUR	-10,924.12			-10,924.12	-0.01
			EUR	-21,605.94			-21,605.94	-0.01
			EUR	-8,254,750.00		EUR	-8,254,750.00	-3.86
Fund assets						EUR	213,753,998.52	100.00 ¹⁾
Unit price						EUR	116.76	
Issue price						EUR	128.44	
Units in circulation						UNIT	1,830,659	

BayernInvest Bond Global Select-Fonds
Annual Report as at 31 December 2014
 DE000A0YF280

List of assets as at 31 December 2014

Asset type	ISIN	Market	Shares or currency in	Holdings 31 December	Purchase/ Additions	Sales/ Disposals	Price	Market value in EUR	% of Fund assets
					in the reporting period				

Footnotes:

- 1) Tables may contain minor discrepancies due to rounded percentages.
- 2) Some of the Fund's securities and Schuldschein notes are hedged by financial instruments.

BayernInvest Bond Global Select-Fonds

Annual Report as at 31 December 2014

DE000A0YF280

Security prices and market rates

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

Exchange rates (indirect quotation)

		As at 29 December 2014	
Australian dollar	(AUD)	1.4952500	= 1 EUR (EUR)
Canadian dollar	(CAD)	1.4159500	= 1 EUR (EUR)
Swiss franc	(CHF)	1.2030500	= 1 EUR (EUR)
British pound	(GBP)	0.7843000	= 1 EUR (EUR)
Japanese yen	(JPY)	147.0050000	= 1 EUR (EUR)
Norwegian krone	(NOK)	9.0380000	= 1 EUR (EUR)
New Zealand dollar	(NZD)	1.5642500	= 1 EUR (EUR)
New Turkish lira	(TRY)	2.8254000	= 1 EUR (EUR)
US dollar	(USD)	1.2185000	= 1 EUR (EUR)

Futures exchanges

Frankfurt/Zurich - Eurex

OTC – Over-the-counter

BayernInvest Bond Global Select-Fonds
Annual Report as at 31 December 2014
DE000A0YF280

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

Asset type	ISIN	Unit or shares Currency in 1,000	Purchas es/Addition s	Sales/ Disposal s	Volume in 1,000
Exchange-traded securities					
Interest-bearing securities					
3.8750% Caisse Francaise d.Financ.Loc. EO-Med.-T.Obl.Foncières 06(14)	FR0010369306	EUR		20,000	
0.1710% DekaBank Dt.Girozentrale FLR-MTN-IHS Serie 100 v.04(15)	XS0205173445	EUR		5,000	
3.8750% DEPFA ACS BANK EO-Med.-T. Notes 2006(16)	DE000A0G1RB8	EUR		15,000	
4.3750% DEPFA ACS BANK EO-Securities 2004(15) Reg.S	DE000A0DALH4	EUR		11,450	
2.7500% Dexia Crédit Local (N.Y. Br.) DL-Notes 2010(14) Reg.S	XS0505615772	USD		6,000	
2.7500% Dexia Kommunalbank Deutschl.AG MTN-OPF Ser.1630 v.2011(2014)	DE000DXA1NP5	EUR		5,000	
3.5000% Dexia Kommunalbank Deutschl.AG Öff.Pfdb. Em.1588 v.09(14)	DE000DXA1ME1	EUR		5,000	
4.6250% ENEL Finance Intl N.V. EO-Medium-Term Notes 2011(15)	XS0695403765	EUR		2,000	
4.1250% Gas Natural CM S.A. EO-Medium-Term Notes 2012(17)	XS0843300947	EUR		1,700	
0.3750% Kreditanst.f.Wiederaufbau Med.Term Nts. v.13(17)	DE000A1RET72	EUR		50,000	
0.1020% Landesbank Baden-Württemberg FLR-MTN Serie 462 v.05(15)	XS0223472258	EUR		1,980	
0.2070% Lb.Hessen-Thüringen GZ FLR-MTN IHS S.H125 v.03(15)	XS0181049205	EUR		3,710	
3.6250% Nordd. Landesbank Luxemb. S.A. EO-Medium-Term Notes 2005(15)	XS0217737278	EUR		2,000	
2.7500% UniCredit S.p.A. EO-Mortg.Covered MTN 2013(20)	IT0004887078	EUR		7,550	

Unquoted securities

Interest-bearing securities

5.5000% DEPFA ACS BANK DL-Medium-Term Nts 2006(16)	XS0251847009	USD		3,900	
0.3734% Hypothekenbank Frankfurt Intl DL-FLR M.-T.L.d.Gag.Pu. 07(14)	XS0280850107	USD		5,000	

BayernInvest Bond Global Select-Fonds
Annual Report as at 31 December 2014
DE000A0YF280

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

Asset type	ISIN	Unit or shares Currency in 1,000	Purchases/ Additions	Sales/ Disposals	Volume in 1,000
------------	------	-------------------------------------	-------------------------	---------------------	--------------------

Derivatives (option premiums implemented in opening transactions / volume of options transactions; for warrants: purchases and sales)

Futures contracts

Stock index futures contracts

Purchased contracts:

(Underlying(s): DAX PERFORMANCE-INDEX, ESTX 50 PR.EUR, NIKKEI 225 ST.AVERAGE, S&P 500 MINI)	EUR	298,954.01
---	-----	------------

Sold contracts:

(Underlying(s): DAX PERFORMANCE INDEX, ESTX 50 PR.EUR, NASDAQ-100 E-MINI (USD), NIKKEI 225 ST.AVERAGE JPY, S&P 500 MINI)	EUR	1,311,845.67
--	-----	--------------

Interest rate futures contracts

Purchased contracts:

(Underlying(s): 10Y.US TRE.NT.SYN.AN.)	EUR	39,867.01
--	-----	-----------

Sold contracts:

(Underlying(s): EURO-BUND)	EUR	753,362.50
----------------------------	-----	------------

Currency futures contracts (sale)

Sale of currency futures:

EUR/CAD	EUR	25,000
EUR/NOK	EUR	45,000
EUR/USD	EUR	660,000
GBP/USD	EUR	94,654
USD/EUR	EUR	40,327
USD/JPY	EUR	61,609

BayernInvest Bond Global Select-Fonds
Annual Report as at 31 December 2014
DE000A0YF280

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

Asset type	ISIN	Unit or shares Currency in 1,000	Purch ases/Ad ditions	Sales/ Disposal s	Volume in 1,000
Currency futures contracts (purchase)					
Purchase of currency futures:					
EUR/CAD		EUR			25,000
EUR/NOK		EUR			75,000
EUR/USD		EUR			660,000
GBP/USD		EUR			55,743
USD/JPY		EUR			62,786
Non-deliverable forward sale					
Sale of currency futures:					
RUB/EUR		EUR			19,142
Non-deliverable forward purchase					
Sale of currency futures:					
RUB/EUR		EUR			19,996
Options					
Options on stock index derivatives					
Options on stock indices					
Purchased call options:					
(Underlying(s): NIKKEI 225 ST.AVERAGE JPY)		EUR			2,946.07
Sold call options:					
(Underlying(s): NIKKEI 225 ST.AVERAGE JPY)		EUR			502.05
Purchased put options:					
(Underlying(s): DAX PERFORMANCE-INDEX, ESTX 50 PR.EUR)		EUR			1,687.27

BayernInvest Bond Global Select-Fonds
Annual Report as at 31 December 2014
DE000A0YF280

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

Asset type	ISIN	Unit or shares Currency in 1,000	Purchases/ Additions	Sales/ Disposals	Volume in 1,000
Options on interest rate derivatives					
Options on interest rate futures contracts					
Sold call options: (Underlying(s): FUTURE EURO-BUND)					
		EUR			487.00
Options on currency derivatives					
Currency options					
Purchased put options: (Underlying(s): exchange rate CAD to JPY, exchange rate EUR to USD)					
		EUR			1,495.40
Sold call options: (Underlying(s): exchange rate EUR to NOK)					
		EUR			1,505.00
Sold put options: (Underlying(s): exchange rate CAD to JPY, exchange rate EUR to USD)					
		EUR			1,152.49

Settlement of transactions by affiliated companies

The portion of those transactions which were conducted during the reporting period for the account of the Fund through a broker that is a closely affiliated company or person was 0.33%. The total amount was EUR 16,748,883.58.

BayernInvest Bond Global Select-Fonds
Annual Report as at 31 December 2014
DE000A0YF280

**Income and expenses (including income adjustment) for
the period from 1 January 2014 to 31 December 2014**

I. Income

1. Interest on domestic securities	EUR	387,166.59
2. Interest on foreign securities (before withholding tax)	EUR	3,475,052.14
3. Interest on domestic cash investments	EUR	31,645.21
4. Interest on foreign cash investments	EUR	-1,570.97
5. Other income	EUR	38,584.11
Total income	EUR	3,930,877.08

II. Expenses

1. Interest on loans	EUR	-10.34
2. Management fees	EUR	-3,708,069.63
3. Custodian bank charges	EUR	-254,463.62
4. Auditing and publishing expenses	EUR	-10,947.71
5. Other expenses	EUR	-20,020.15
Total expenses	EUR	-3,993,511.44

III. Ordinary net income

EUR -62,634.37

IV. Disposals

1. Realised gains	EUR	51,310,367.12
2. Realised losses	EUR	-64,331,821.02
Total gains or losses on disposals	EUR	-13,021,453.90

V. Realised gains or losses for the financial year

EUR -13,084,088.27

1. Net change in unrealised gains	EUR	17,115,820.11
2. Net change in unrealised losses	EUR	-2,484,656.42

VI. Unrealised gains or losses for the financial year

EUR 14,631,163.69

VII. Total income and expenses for the financial year

EUR 1,547,075.42

BayernInvest Bond Global Select-Fonds
Annual Report as at 31 December 2014
 DE000A0YF280

Performance of the Fund

		<u>2014</u>
I. Value of the Fund at the beginning of the financial year		EUR 406,967,250.32
1. Cash inflows/outflows (net)		EUR -189,301,240.84
a) Cash inflows from sales of share certificates	EUR 14,126,968.62	
b) Cash outflows from share redemptions	<u>EUR -203,428,209.46</u>	
2. Income adjustment		EUR -5,459,086.38
3. Gains or losses for the financial year		EUR 1,547,075.42
Of which unrealised gains	EUR 17,115,820.11	
Of which unrealised losses	EUR -2,484,656.41	
II. Value of the Fund at the end of the financial year		EUR 213,753,998.52

BayernInvest Bond Global Select-Fonds
Annual Report as at 31 December 2014
DE000A0YF280

Use of Fund asset earnings

Reinvestments (total and per unit)

		Total	Per unit
I. Available for reinvestment			
1. Realised earnings for the financial year	EUR	-13,084,088.27	-7.15
2. Allocated from the Fund	EUR	13,084,088.27	7.15
3. Withholding tax amount	EUR	0.00	0.00
II. Reinvestments	EUR	0.00	0.00

Comparative overview of the three most recent financial years

Financial year	Fund assets at end of financial year	Unit price
30 June 2012	EUR 371,064,120.85	EUR 110.29
31 December 2012	EUR 457,469,769.60	EUR 128.05
31 December 2013	EUR 406,967,250.32	EUR 118.79
31 December 2014	EUR 213,753,998.52	EUR 116.76

BayernInvest Bond Global Select-Fonds
Annual Report as at 31 December 2014
DE000A0YF280

Notes pursuant to Section 7 no. 9 of the German Capital Investment Accounting and Valuation Regulation (KARBV)

Data required under the German Derivatives Regulation (DerivateV)

Underlying exposure created through derivatives

EUR 268,206,956.76

Derivatives transactions counterparties

Bank of America Merrill Lynch Int. Bank Ltd.
Barclays Bank PLC
Citibank N.A.
Credit Suisse International
DEUTSCHE BANK AG
Goldman Sachs International Limited
Merrill Lynch International
Morgan Stanley Bank AG
Morgan Stanley Bank International
Ltd. UBS Limited
UBS Securities Limited

Total collateral provided by third parties in derivatives transactions:

	Nominal value in units or currency in 1,000	Market value
EUR		8,254,750.00
Of which		
Bank accounts	EUR 8,254,750.00	8,254,750.00

Portion of securities in the Fund assets (in %)

83.38

Portion of derivatives in the Fund assets (in %)

2.29

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

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

Smallest potential risk amount	0.47%
Largest potential risk amount	2.83%
Average potential risk amount	1.56%

Risk model used pursuant to Section 10 DerivateV

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

BayernInvest Bond Global Select-Fonds
Annual Report as at 31 December 2014
DE000A0YF280

Notes pursuant to Section 7 no. 9 KARBV

Parameters applied pursuant to Section 11 DerivateV

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

Average leverage effect achieved in the financial year through derivatives transactions		2.16%
Exposure created through securities loans and repurchase agreements	EUR	0.00

Supplementary information

Unit value	EUR	116.76
Issue price	EUR	128.44
Units in circulation	UNIT	1,830,659

Notes on the asset valuation methods

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

Transparency and total expense ratio (TER)

Total expense ratio		1.83%
The total expense ratio is the sum of the fees and expenses (excluding transaction costs), expresses as a percentage of the average volume of the fund throughout a given financial year.		
Performance-related fees, as a % of the average net asset value		0.00%

BayernInvest Bond Global Select-Fonds
Annual Report as at 31 December 2014
DE000A0YF280

Notes pursuant to Section 7 no. 9 KARBV

Management fees for investment units held in the Fund

Investment unit	ID	Management fee p.a. in %
-----------------	----	-----------------------------

KVG-owned investment units

BayernInvest Bond Absolute Return-Fonds Inhaber-Anteile	DE000A0JK7K6	1.200
---	--------------	-------

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

During the financial year beginning on 1 January 2014 and ending on 31 December 2014, BayernInvest Kapitalverwaltungsgegesellschaft mbH received no reimbursements for the Fund from fees and compensation expenses paid out of the Fund to the custodian bank or to a third party, with the exception of fees paid to brokers for the provision of financial information required for research purposes.

Portfolio commission received during the reporting period (EUR)	EUR	38,584.11
Reimbursements received during the reporting period (EUR)	EUR	0.00

BayernInvest Kapitalverwaltungsgesellschaft mbH does not pay any significant trail commission to brokers from the fees paid to them out of the Fund.

Front-end loads or redemption fees were charged to the Fund for investment fund units.

Other major income and expenses

Other major income:	EUR	38,584.11
Portfolio commission	EUR	38,584.11

Other major expenses:	EUR	20,020.15
Depository fees	EUR	15,668.07
Other expenses	EUR	4,352.08

Transaction costs	EUR	123,038.15
--------------------------	------------	-------------------

Sum of the ancillary expenses associated with the acquisition of assets and the expenses associated with the disposal of assets;

For certain transaction types, such as bonds or forex transactions, the transaction costs cannot be calculated individually and are therefore omitted from the amount stated above.

BayernInvest Bond Global Select-Fonds
Annual Report as at 31 December 2014
DE000A0YF280

Notes pursuant to Section 7 no. 9 KARBV

Additional information necessary in order to understand this report

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

The allocation from the Fund is the result of the (partial) recognition of realised losses

BayernInvest Kapitalverwaltungsgesellschaft mbH, domiciled in Munich, Germany, receives a management fee of 1.7% p.a. of each monthly average net asset value – calculated on a daily basis – of the Fund. Of this amount, it pays 1.5% p.a. as a consulting fee to the investment consultant company Quaesta Capital GmbH, domiciled in Frankfurt, Germany.

Munich, March 2015

BayernInvest Kapitalverwaltungsgesellschaft mbH

Katja Lammert

Guy Schmit

Annual Report as at 31 December 2014

BayernInvest Bond Global Select-Fonds

DE000A0YF280

Auditor's remarks

To BayernInvest Kapitalverwaltungsgesellschaft mbH, Munich

BayernInvest Kapitalverwaltungsgegesellschaft mbH engaged us to audit the Annual Report of the investment fund BayernInvest Bond Global Select-Fonds in accordance with Section 102 of the KAGB (German Investment Code) for the financial year from 1 January 2014 to 31 December 2014.

Responsibility of the legal representatives

The preparation of the Annual Report in compliance with the provisions of the KAGB and the Delegated Regulation (EU) No. 231/2013 is the responsibility of the legal representatives of the asset management company.

Responsibility of the auditor

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

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

Audit opinion

In our opinion, based on the knowledge gained during the audit, the Annual Report for the financial year beginning on 1 January 2014 and ending on 31 December 2014 is in compliance with statutory regulations.

Munich, 3 March 2015

PricewaterhouseCoopers Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Stefan Peetz Wirtschaftsprüfer (German Public Auditor)	ppa. Arndt Herdzina Wirtschaftsprüfer (German Public Auditor)
--	---