

# TRICOLORE RENDEMENT

MUTUAL FUND (FCP)  
IN COMPLIANCE WITH EUROPEAN STANDARDS

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FULL PROSPECTUS



## SIMPLIFIED PROSPECTUS

**SECTION A - STATUTORY****OVERVIEW**

<u>Name</u>	:	<b>TRICOLORE RENDEMENT</b>
<u>Legal structure</u>	:	French Mutual Fund (FCP)
<u>Management Company</u>	:	EDMOND DE ROTHSCHILD ASSET MANAGEMENT
<u>Administration delegated to:</u>	:	EDMOND DE ROTHSCHILD INVESTORS ASSISTANCE
<u>Accounting delegated to:</u>	:	CACEIS FASTNET
<u>Expected lifetime</u>	:	99 years from the creation date of the FCP
<u>Custodian</u>	:	LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD BANQUE
<u>Statutory Auditor</u>	:	CABINET DIDIER KLING & ASSOCIES
<u>Promoter</u>	:	EDMOND DE ROTHSCHILD ASSET MANAGEMENT

**INFORMATION ON INVESTMENTS AND MANAGEMENT**

- **Classification:**  
French equities.
- **Investment objective:**  
The management of the FCP, over a recommended investment period of more than 5 years, aims to increase the net asset value by investing primarily in French companies whose valuation characteristics indicate that they are likely to record strong performances. The selection criteria shall be set out in the investment strategy.
- **Benchmark index:**  
The investment objective is not expressed in terms of a benchmark index. For information purposes, however, the performance of the FCP may be compared a posteriori to the SBF 120 Index, excluding net dividends, which comprises the Paris Stock Exchange's top 120 stocks in terms of capitalisation. It is calculated in euro on the basis of the closing prices.
- **Investment strategy:**  
The FCP implements an active 'stock-picking' management strategy, selecting equities listed in an investment universe comprising mainly French stocks.

At least 75% of the assets will be invested in European equities, with at least 65% in French equities. Equities from outside France will not exceed 10% of the net assets.

These equities shall be selected in accordance with the strategy described hereinafter:

- The FCP invests in an investment universe comprising the shares of companies whose capitalisation is generally greater than EUR 500 million.
- External analysts' reports are used to assist managers in conducting their own research on a reduced number of stocks included in the investment universe. External analysts are also subject to a selection process defined by the Management Company.
- Stocks chosen in this way are then subject to a quantitative and qualitative analysis. The manager will thereby specifically select stocks with high net returns (net dividend per share/share price) and which are discounted relative to the investment universe based on the following ratios: share price/revalued NAV per share, share price/cashflow per share, share price/net earnings per share (PER).

Depending on the manager's expectations regarding the evolution of the equity markets, and in order to leverage or protect performance, the FCP may:

- Invest in euro-denominated French convertible bonds traded on a European regulated market within the limit of 0% to 25% of the net assets, or foreign bonds within the limit of 10%. These convertible bonds (without restriction in terms of rating or duration) are selected on the basis of their expected yield and their correlation with the underlying equities.
- Invest in futures or options contracts traded on organised or regulated markets, subject to the limit of 100% of the net assets, in order to increase or decrease equity exposure.
- Use options contracts on equities traded on organised or regulated markets, subject to a limit of 25% of the net assets, in order to reduce equity volatility and increase the FCP's exposure to a limited number of equities. Such leverage shall be limited to 100% of the value of the portfolio's holding in a particular stock.

Moreover, the FCP may invest up to 10% of the net assets in units or shares of:

- Listed index-linked UCITS, in order to increase exposure to the equity markets or diversify exposure to other asset classes (commodities or real estate, for example).
- French or European coordinated or non-coordinated UCITS, regardless of their classification, in order to be exposed to diversified asset classes while benefiting from the expertise of specialised management teams. These UCITS may be managed by the Management Company or an affiliated company.

As the FCP can invest a maximum of 10% of the net assets in foreign securities denominated in a currency other than the euro, it may be exposed to currency risk. Depending on the manager's expectations regarding the downward evolution of currency fluctuations, and in order to protect performance, the FCP may use forward currency contracts or currency swaps subject to the aforementioned limit.

In order to manage its cash, the Fund may use cash borrowing transactions, repurchase agreements, debt securities or bonds denominated in euro, as well as fixed income and money market UCITS in particular, up to the limit of 10% of the net assets.

#### ➤ **Risk profile:**

Your money shall be invested primarily in financial instruments selected by the Management Company. These instruments shall be subject to market trends and fluctuations.

The risk profile of the Fund is suitable for an investment horizon of over 5 years. Like any financial investment, potential investors should be aware that the value of the Fund's assets is subject to the fluctuations of the equity markets and that it may vary substantially. The Management Company cannot guarantee subscribers that they will not incur losses following an investment in the Fund.

##### • Equity risk:

Fluctuations of the equity markets may lead to substantial variations in the net assets which may have a negative impact on the performance of the FCP. The Fund may also exhibit a higher risk profile and experience sharper downward movements than the global equity markets. Equity exposure could represent up to 110% of the Fund's net assets.

Furthermore, the Fund's performance will depend on the companies selected by the manager. There is a risk that the manager will not select the best performing companies.

##### • Interest rate risk:

Interest rate risk could result in a fall in the capital value of the FCP in the event of a sharp fluctuation of the interest rate curve.

##### • Credit risk:

Credit risk is the risk whereby an issuer cannot meet its obligations, in the case of default.

- Currency risk:

Given that the Fund invests in securities denominated in currencies other than the euro on an ancillary basis, the value of your investment could fall if exchange rates vary.

More detail on the risks mentioned here can be found in the detailed memorandum.

- Risk of capital loss:

The FCP does not guarantee or protect the capital invested; investors may not get back the full amount of their initial capital invested.

➤ **Target subscribers and investor profile:**

C, D and E units are intended for all subscribers.

More specifically, E units are intended to be sold by distributors selected for this purpose by the Management Company.

I and R units are intended for legal entities with the capacity to make an initial subscription of EUR 500,000.

Minimum initial subscription amount:

- C, D and E units: 1 unit
- I and R units: € 500,000

The FCP is specifically intended for investors wishing to achieve greater returns on their savings by investing mainly in the French equity markets.

The appropriate amount to be invested in this FCP shall depend on your personal situation. To determine their level of investment, investors are invited to seek professional advice in order to diversify their investments and to determine the proportion of their financial portfolio or their assets to be invested in this FCP bearing in mind, more specifically, the recommended investment period and exposure to the aforementioned risks, their personal assets, their needs and their own objectives. In all cases, unitholders must sufficiently diversify their portfolio so as not to be solely exposed to the risks of this FCP.

- Recommended minimum investment period: 5 years

#### INFORMATION ON EXPENSES, FEES AND TAXATION

➤ **Fees and expenses:**

- Subscription and redemption fees:

Subscription fees increase the subscription amount paid by the investor, while redemption fees decrease the redemption proceeds paid to the investor. The fees paid to the UCITS serve to offset the costs incurred by the UCITS to invest and disinvest investors' money. Fees which are not paid to the UCITS are attributed to the Management Company, the Promoter, etc.

<i><b>Fees payable by the investor on subscriptions and redemptions</b></i>	<i><b>Basis</b></i>	<i><b>Rate C, D, E, I and R units</b></i>
Subscription fee payable to third parties	Net asset value x number of units	maximum 4.5%
Subscription fee payable to the FCP		None
Redemption fee payable to third parties	Net asset value x number of units	None
Redemption fee payable to the FCP		

- **Operating and management fees:**

These fees cover all the costs invoiced directly to the UCITS, except transaction costs. Transaction costs include intermediary fees (brokerage, duties, local taxes, etc.) as well as transaction fees, if any, that may be charged by the custodian and the management company, in particular.

The following fees may be charged in addition to operating and management fees:

- Outperformance fees: These reward the Management Company when the UCITS exceeds its objectives. They are therefore charged to the UCITS.
- Transaction fees invoiced to the UCITS.
- A portion of the income from temporary purchases or sales of securities.

For more details about the fees charged to the UCITS, please refer to section B of the simplified prospectus.

Fees charged to the UCITS	Basis	Rate			
		C and D Units	E Units	I Units	R Units
Operating and management fees inclusive of tax (including all charges other than transaction costs, outperformance fees and fees related to investments in UCITS or investment funds)	Net assets of the FCP	Maximum of 2.00% including taxes*	Maximum of 2.40% including taxes*	Maximum of 1.00% including taxes*	Maximum of 1.15% including taxes*
Performance fees	Net assets of the FCP	None			
Transaction fees charged by service providers Custodian: between 0% and 50% Management Company: between 50% and 100%	Deduction on each transaction	Variable according to the type of instrument. In %, excluding tax - Equities, ETFs: maximum 0.35% - French UCITS: 0% - Foreign UCITS: 0.50% - Corp. actions: 0% - Foreign coupons: 5%			

\* Inclusive of all taxes.

In this activity, the Management Company has not opted for VAT.

➤ **Tax regime:**

- **Taxation of the UCITS:** As FCPs have a co-ownership structure, they are exempt from corporate tax and are deemed transparent.
- **Eligibility:** eligible for the French Equity Savings Plan (PEA).

Depending on your tax status, any capital gains and income resulting from the ownership of units of the UCITS may be subject to tax. We advise you to obtain further information in this regard from the UCITS' promoter.

## COMMERCIAL INFORMATION

➤ **Subscription and redemption procedures:**

- **Subscription and redemption procedures:** Subscription and redemption requests are centralised each day before 11:00 by LA COMPAGNIE FINANCIÈRE EDMOND DE ROTHSCHILD BANQUE and are executed, in units or thousandths of a unit, on the basis of the net asset value of the same date and calculated on the following business day.

For tax purposes, conversions from one class of units to another are treated as a redemption transaction followed by a new subscription. Consequently, the tax regime applicable to each subscriber depends on the taxation provisions applicable to the subscriber's individual situation and/or the Fund's investment jurisdiction. In case of doubt, subscribers should contact their advisor to obtain information about the tax regime applicable to them.

- Minimum initial subscription amount: C, D and E units: 1 unit  
I and R units: € 500,000
- Minimum subsequent subscription amount: C, D, E, I and R units: 1 unit
- Address of the institution appointed to receive subscription and redemption orders:  
LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD BANQUE  
47 rue du Faubourg Saint-Honoré, 75401 PARIS CEDEX 08
- Place and method of publication of the net asset value:  
LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD BANQUE  
47 rue du Faubourg Saint-Honoré, 75401 PARIS CEDEX 08

➤ **Financial year-end:**

Last trading day of September.

➤ **Dividend policy:**

Net gains/losses are attributed to the five classes of units in proportion to their share in the total net assets. C, E, I and R units accumulate income, while D units distribute income annually.

➤ **Date and frequency of the calculation of the net asset value:**

Daily, with the exception of public holidays and days on which the French markets are closed (official calendar of Euronext Paris S.A.).

➤ **Place and method of publication or communication of the net asset value:**

LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD BANQUE  
47 rue du Faubourg Saint-Honoré, 75401 PARIS CEDEX 08

➤ **Base currency of the units or shares:**

<i>Type of units</i>	<i>ISIN code</i>	<i>Dividend policy</i>	<i>Currency</i>
C units	FR0010588343	Accumulation	Euro
D units	FR0010588350	Distribution	Euro
E units	FR0010594333	Accumulation	Euro
I units	FR0010594325	Accumulation	Euro
R units	FR0010705145	Accumulation	Euro

➤ **Creation date:**

This UCITS was approved by the *Autorité des marchés financiers* (AMF – French Financial Markets Authority) on 20 November 1998. It was established on 4 December 1998.

**ADDITIONAL INFORMATION**

The full prospectus of the UCITS and the latest annual and periodic reports shall be sent to unitholders within one week upon written request to:

LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD BANQUE

47 rue du Faubourg Saint-Honoré, 75401 PARIS CEDEX 08

Telephone: 33 (0) 1 40 17 25 25

The sales teams of EDMOND DE ROTHSCHILD ASSET MANAGEMENT are at your disposal at the company's registered office for any information or questions relating to the FCP.

The Marketing Department, EDMOND DE ROTHSCHILD ASSET MANAGEMENT

Registered office: 47 rue du Faubourg Saint-Honoré, 75008 PARIS

Telephone: 00 33 1 40 17 25 25

E-mail: [contact@edram.fr](mailto:contact@edram.fr)

Fax: 00 33 1 40 17 24 42

Website: [www.edram.fr](http://www.edram.fr)

Pursuant to Articles 314-100, 314-101 and 314-102 of the AMF General Regulation, the current "Voting Policy" statement and the report detailing the conditions under which voting rights have been exercised are also available at this address.

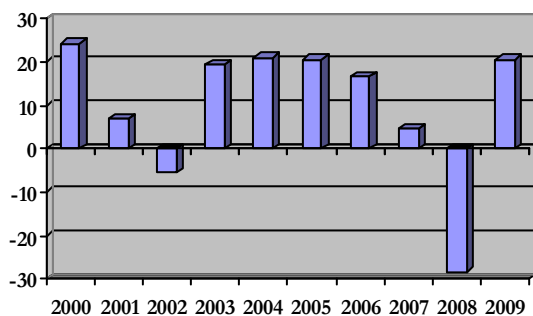
Publication date of the prospectus: 15 May 2010.

The AMF's website ([www.amf-france.org](http://www.amf-france.org)) contains additional information on the list of regulatory documents and all the provisions relating to investor protection.

This simplified prospectus must be made available to subscribers prior to subscription.

**SECTION B - STATISTICS**

This section contains statistical information regarding the performance of the FCP, the actual amount of fees charged and the transactions carried out with third parties affiliated with the Management Company.

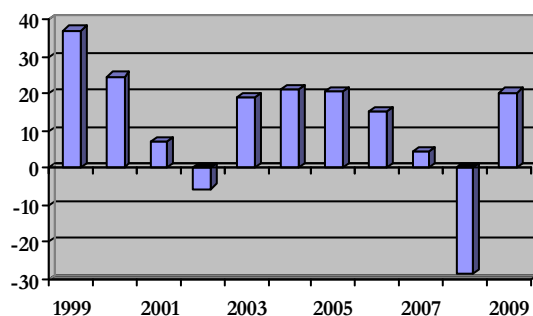
**PERFORMANCE OF THE FCP AT 31 DECEMBER 2009 – C UNITS – EUR****ANNUAL PERFORMANCE**

*Performance calculations are made with net dividends reinvested. By contrast, the performance of the benchmark is calculated excluding net dividends.*

Annualised performances	1 year	3 years	5 years
The UCITS	20.37%	-3.39%	4.83%
SBF 120 Index (EUR)	23.73%	-10.90%	1.04%

**NOTE**

*Past performance is not an indication of future performance. Performance may vary over time.*

**PERFORMANCE OF THE FCP AT 31 DECEMBER 2009 – D UNITS – EUR****ANNUAL PERFORMANCE**

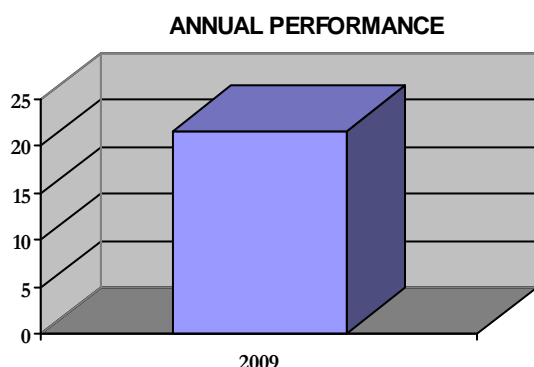
*Performance calculations are made with net dividends reinvested. By contrast, the performance of the benchmark is calculated excluding net dividends.*

Annualised performances	1 year	3 years	5 years
The UCITS	20.39%	-3.37%	4.85%
SBF 120 Index (EUR)	23.73%	-10.90%	1.04%

**NOTE**

*Past performance is not an indication of future performance. Performance may vary over time.*



**PERFORMANCE OF THE UCITS AT 31 DECEMBER 2009 | UNITS - EUR**


<i>Annualised performances</i>	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>
<b>The UCITS</b>	21.59%	-	-
<b>SBF 120 Index (EUR)</b>	23.73%	-	-

*Performance calculations are made with net dividends reinvested. By contrast, the performance of the benchmark is calculated excluding net dividends.*

**NOTE**

*Past performance is not an indication of future performance. Performance may vary over time.*

**PERFORMANCE OF THE UCITS AT ..... E UNITS - EUR**

Performance data for E units (created on 17 February 2009) is not yet available.

**PERFORMANCE OF THE UCITS AT ..... R UNITS - EUR**

Performance data for R units is not yet available.

**FEES CHARGED TO THE UCITS FOR THE LAST FINANCIAL YEAR ENDED 30 SEPTEMBER 2009  
C AND D UNITS**

<b>Operating and management fees</b>	<b>2.00%</b>	
<b>Costs incurred as a result of investment in other UCITS or investment funds</b>	-	
<i>These costs are based on:</i>		
. <i>Costs related to the purchase of UCITS and investment funds</i>		-
. <i>Deductions made for trailer fees negotiated by the management company of the investing UCITS</i>		-
<b>Other fees charged to the UCITS</b>	<b>0.16%</b>	
<i>These other fees consist of:</i>		
. <i>Outperformance fees</i>		-
. <i>Transaction fees</i>		0.16%
<b>Total charged to the UCITS for the last financial year</b>	<b>2.16%</b>	

**FEES CHARGED TO THE UCITS FOR THE LAST FINANCIAL YEAR ENDED 30 SEPTEMBER 2009**  
**I UNITS (CREATED ON 16 APRIL 2008)**

<b>Operating and management fees</b>	<b>1.00%</b>	
<b>Costs incurred as a result of investment in other UCITS or investment funds</b>	-	
<i>These costs are based on:</i>		
. <i>Costs related to the purchase of UCITS and investment funds</i>		-
. <i>Deductions made for trailer fees negotiated by the management company of the investing UCITS</i>		-
<b>Other fees charged to the UCITS</b>	<b>0.16%</b>	
<i>These other fees consist of:</i>		
. <i>Outperformance fees</i>		-
. <i>Transaction fees</i>		0.16%
<b>Total charged to the UCITS for the last financial year</b>	<b>1.16%</b>	

**FEES CHARGED TO THE UCITS FOR THE LAST FINANCIAL YEAR ENDED 30 SEPTEMBER 2009**  
**E UNITS (CREATED ON 17 FEBRUARY 2009)**

<b>Operating and management fees</b>	<b>2.40%</b>	
<b>Costs incurred as a result of investment in other UCITS or investment funds</b>	-	
<i>These costs are based on:</i>		
. <i>Costs related to the purchase of UCITS and investment funds</i>		-
. <i>Deductions made for trailer fees negotiated by the management company of the investing UCITS</i>		-
<b>Other fees charged to the UCITS</b>	<b>0.16%</b>	
<i>These other fees consist of:</i>		
. <i>Outperformance fees</i>		-
. <i>Transaction fees</i>		0.16%
<b>Total charged to the UCITS for the last financial year</b>	<b>2.56%</b>	

**FEES CHARGED TO THE UCITS FOR THE LAST FINANCIAL YEAR ENDED 30 SEPTEMBER 2009**  
**R UNITS (CREATED ON 12 JANUARY 2009)**

<b>Operating and management fees</b>	<b>0.54%</b>	
<b>Costs incurred as a result of investment in other UCITS or investment funds</b>	-	
<i>These costs are based on:</i>		
. <i>Costs related to the purchase of UCITS and investment funds</i>		-
. <i>Deductions made for trailer fees negotiated by the management company of the investing UCITS</i>		-
<b>Other fees charged to the UCITS</b>	<b>0.16%</b>	
<i>These other fees consist of:</i>		
. <i>Outperformance fees</i>		-
. <i>Transaction fees</i>		0.16%
<b>Total charged to the UCITS for the last financial year</b>	<b>0.70%</b>	

Operating and management fees:

These fees cover all the costs invoiced directly to the UCITS, except transaction costs and, where applicable, outperformance fees. Transaction costs include intermediary fees (brokerage, stock market taxes, etc.) and transaction fees (see below).

Operating and management fees include, inter alia, investment management, administration and accounting fees as well as custody, safekeeping and audit fees.

Costs incurred by the purchase of UCITS and/or investment funds:

Some UCITS invest in other UCITS or in foreign investment funds (target UCITS). Buying and holding a target UCITS (or investment Fund) causes the investing UCITS to bear two types of cost:

- Subscription and redemption fees: however, the portion of these fees charged by the target UCITS is considered a transaction cost and is therefore not included here.
- Fees charged directly to the target UCITS which constitute indirect costs for the investing UCITS.

In certain cases, the investing UCITS can negotiate trailer fees; that is, reductions in some of these fees. These reductions will reduce the total fees which the investing UCITS actually pays.

Other fees charged to the UCITS:

Other fees may be charged to the UCITS. These are:

- Outperformance fees: these reward the Management Company when the UCITS exceeds its objectives.
- Transaction fees: transaction fees are fees charged to the UCITS on each portfolio transaction. These fees are explained in detail in the full prospectus. The Management Company may benefit from these fees under the conditions set out in section A of the simplified prospectus.

Investors should note that these other expenses are liable to fluctuate substantially from year to year and that the figures shown here are those related to the previous financial year.

<b>INFORMATION ON TRANSACTIONS FOR THE LAST FINANCIAL YEAR ENDED 30 SEPTEMBER 2009</b>
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Transaction costs applicable to the equity portfolio amounted to 0.25% of the average net assets.

The turnover rate of the equity portfolio was -28.77% of the average net assets.

Transactions carried out between the Management Company on behalf of UCITS under its management and affiliated companies:

None

## DETAILED MEMORANDUM

**I. GENERAL CHARACTERISTICS:****1.1. UCITS STRUCTURE:**

- **Name:**  
TRICOLORE RENDEMENT
- **Legal form and member state in which the UCITS was established:**  
French mutual fund (FCP).
- **Creation date and intended lifetime:**  
This FCP was created on 4 December 1998 for a period of 99 years.
- **Fund overview:**  
The FCP consists of five unit classes.  
The FCP does not have any sub-funds.

<i>Type of units</i>	<i>ISIN code</i>	<i>Dividend policy</i>	<i>Currency</i>	<i>Minimum initial subscription amount</i>	<i>Target investors</i>
C units	FR0010588343	Accumulation	Euro	1 unit	All investors
D units	FR0010588350	Distribution	Euro	1 unit	All investors
E units	FR0010594333	Accumulation	Euro	1 unit	All investors; more specifically, intended to be sold by distributors selected for this purpose by the Management Company.
I units	FR0010594325	Accumulation	Euro	€ 500,000	Legal entities
R units	FR0010705145	Accumulation	Euro	€ 500,000	Legal entities

- **Address at which the latest annual and periodic reports are available:**  
The latest annual and periodic reports shall be sent to unitholders within one week upon written request to the custodian bank, LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD BANQUE, 47 rue du Faubourg Saint Honoré, 75401 PARIS CEDEX 08; website: [www.edmond-de-rothschild.fr](http://www.edmond-de-rothschild.fr)  
Additional information in relation to these documents may be obtained from the Promoter, EDMOND DE ROTHSCHILD ASSET MANAGEMENT, 47 rue du Faubourg Saint Honoré, 75401 PARIS CEDEX 08; website: [www.edram.fr](http://www.edram.fr).

## 1.2. DIRECTORY:

### ➤ Management Company:

EDMOND DE ROTHSCHILD ASSET MANAGEMENT

*Société par Actions Simplifiée* (company limited by shares) with a board of directors and a supervisory board, approved as a Portfolio Management Company by the AMF (French financial markets authority) on 15 April 2004 under number GP 04000015.

Registered office: 47 rue du Faubourg Saint-Honoré -75008 PARIS

### ➤ Custodian:

LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD BANQUE

*Société Anonyme* (Public Limited Company) with a board of directors and a supervisory board, authorised by the BANQUE DE FRANCE-CECEI as a credit institution on 28 September 1970.

Registered office: 47 rue du Faubourg Saint-Honoré, 75008 PARIS

LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD BANQUE is responsible for the safekeeping of the units of the FCP via the sub-custodian, for ensuring that the decisions taken by the Management Company are lawful, for managing the liabilities and for centralising subscription and redemption orders.

### ➤ Sub-custodian:

CREDIT AGRICOLE TITRES – S.N.C.

*Société en Nom Collectif* (Partnership) approved by the CECEI (French Credit Institutions and Investment Firms Committee) as an investment company appointed to carry out, inter alia, safekeeping activities with respect to financial instruments.

Registered office: 4 avenue d'Alsace, BP 41500 MER

Postal address: 30 rue des Vallées – BP 10 - 91801 BRUNOY CEDEX

Acting on behalf of the Custodian, the Sub-custodian is responsible for the safekeeping of the units of the FCP, for their liquidation, and for the settlement/delivery of orders received and submitted by the Custodian. It also provides financial services in relation to the units of the FCP (corporate actions, collection of income) and the safekeeping of pure registered units.

### ➤ Statutory Auditor:

CABINET DIDIER KLING & ASSOCIES

Registered office: 41 avenue de Friedland, 75008 PARIS

Authorised signatory: Mr Didier KLING

### ➤ Promoter:

EDMOND DE ROTHSCHILD ASSET MANAGEMENT

*Société par Actions Simplifiée* (company limited by shares) with a board of directors and a supervisory board, approved as a Portfolio Management Company by the AMF (French financial markets authority) on 15 April 2004 under number GP 04000015.

Registered office: 47, rue du Faubourg Saint-Honoré, 75008 PARIS

Telephone: 00 33 1 40 17 25 25

E-mail: [contact@edram.fr](mailto:contact@edram.fr)

Fax: 00 33 1 40 17 24 42

Website: [www.edram.fr](http://www.edram.fr)

EDMOND DE ROTHSCHILD ASSET MANAGEMENT decides on how to promote the FCP and may delegate the actual marketing activities to a third party of its choice. Furthermore, the Management Company is not aware of the identity of all promoters of units of the FCP, such promoters being able to act outside any agreement.

Irrespective of which company is ultimately designated promoter, the sales teams of EDMOND DE ROTHSCHILD ASSET MANAGEMENT are at the disposal of unitholders for any information or questions relating to the FCP; they may be contacted at the company's registered office or marketing department.

➤ **Administration delegated to:**

EDMOND DE ROTHSCHILD INVESTORS ASSISTANCE

Economic Interest Grouping

Registered office: 47 rue du Faubourg Saint-Honoré, 75008 PARIS

The management company EDMOND DE ROTHSCHILD ASSET MANAGEMENT is a member of and delegates the administrative management of the UCITS to the G.I.E EDMOND DE ROTHSCHILD INVESTORS ASSISTANCE according to the terms defined in its internal regulations and articles of association.

➤ **Accounting delegated to:**

CACEIS FASTNET

Société anonyme (Public Limited Company) with share capital of EUR 5,800,000

Registered office: 1-3 Place Valhubert 75013 Paris

Postal address: 1-3 Place Valhubert, 75206 Paris Cedex 13

## II. OPERATING AND MANAGEMENT PROCEDURES

### 2.1 **GENERAL CHARACTERISTICS:**

➤ **Characteristics of the units and shares:**

- ISIN code: C units: FR0010588343

D units: FR0010588350

E units: FR0010594333

I units: FR0010594325

R units: FR0010705145

- Rights: The FCP is a co-ownership of financial instruments and deposits whose units are issued and redeemed at the request of investors at their net asset value increased or decreased accordingly by fees and commissions. Unitholders have a co-ownership right in the assets of the FCP in proportion to the number of units they hold.

- Entry into a register: The units shall be admitted to EUROCLEAR FRANCE and shall qualify as registered units prior to admittance and as bearer units once admitted. The rights of holders of registered units shall be represented by an entry in a register held by the Custodian and the rights of holders of bearer units shall be represented by an entry in the account held by the Central Custodian (EUROCLEAR FRANCE) by way of sub-affiliation in the name of the Sub-custodian.

- Voting rights: no voting rights are attributed to the ownership of units. Decisions concerning the FCP are taken by the Management Company.

- Form of units: bearer or registered units.

C, D, E, I and R units are expressed in whole units or thousandths of units.

➤ **Year-end:**

Last trading day of September.

➤ **Tax regime:**

As FCPs have a co-ownership structure, they are exempt from corporate tax and are deemed transparent. Therefore, the gains or losses realised when redeeming units of the FCP (or at the time the Fund is dissolved) represent capital gains or losses and are taxed as capital gains or losses on transferable securities applicable to each unitholder depending on their individual situation (country of residence, natural person or legal entity, place of subscription, etc.). Such capital gains may be subject to withholding tax if the unitholder is not resident in France for tax purposes. Furthermore, unrealised capital gains may be subject to taxation in certain cases. Finally, unitholders should note that the FCP comprises C, E, I and R accumulation units and D distribution units.

Prior to subscribing units of the FCP, unitholders unsure of their tax situation are advised to contact a tax adviser for further information about the specific tax treatment that will be applicable to them.

➤ **Specific tax regime:**

Fund eligible for the Equity Savings Plan (PEA - *Plan d'Epargne en Actions*)

## 2.2 SPECIFIC PROVISIONS:

➤ **Classification:**

French equities.

➤ **Investment objective:**

The management of the FCP, over a recommended investment period of more than 5 years, aims to increase the net asset value by investing primarily in French companies whose valuation characteristics indicate that they are likely to record strong performances. The selection criteria shall be set out in the investment strategy.

➤ **Benchmark index:**

The investment objective is not expressed in terms of a benchmark index. For information purposes, however, the performance of the FCP may be compared to the SBF 120 Index, excluding net dividends, which comprises the Paris Stock Exchange's top 120 stocks in terms of capitalisation. It is calculated in euro on the basis of the closing prices.

➤ **Investment strategy:**

• Description of strategies used:

The FCP implements an active 'stock-picking' management strategy, selecting equities listed in an investment universe comprising mainly French stocks.

At least 75% of the assets will be invested in European equities, with at least 65% in French equities. Equities from outside France will not exceed 10% of the net assets.

These equities shall be selected in accordance with the strategy described hereinafter:

- The FCP invests in an investment universe comprising the shares of companies whose capitalisation is generally greater than EUR 500 million.
- External analysts' reports are used to assist managers in conducting their own research on a reduced number of stocks included in the investment universe. External analysts are also subject to a selection process defined by the Management Company.
- Stocks chosen in this way are then subject to a quantitative and qualitative analysis. The manager will thereby specifically select stocks with high net returns (net dividend per share/share price) and which are discounted relative to the investment universe based on the following ratios: share price/revalued NAV per share, share price/cashflow per share, share price/net earnings per share (PER).

Depending on the manager's expectations regarding the evolution of the equity markets, and in order to leverage or protect performance, the FCP may:

- Invest in euro-denominated French convertible bonds traded on a European regulated market within the limit of 0% to 25% of the net assets, or foreign bonds within the limit of 10%. These convertible bonds (without restriction in terms of rating or duration) are selected on the basis of their expected yield and their correlation with the underlying equities.
- Invest in futures or options contracts traded on organised or regulated markets, subject to the limit of 100% of the net assets, in order to increase or decrease equity exposure.



- Use options contracts on equities traded on organised or regulated markets, subject to a limit of 25% of the net assets, in order to reduce equity volatility and increase the FCP's exposure to a limited number of equities. Such leverage shall be limited to 100% of the value of the portfolio's holding in a particular stock.

Description of the asset classes:

o *Equities:*

At least 75% of the portfolio is permanently exposed to shares issued by companies whose capitalisation is greater than EUR 500 million and other similar securities traded on a French regulated market. In addition to equities and other similar securities traded on a French regulated market, the FCP may also invest up to 10% of its net assets outside France, primarily on European stock exchanges.

o *Debt securities and money market instruments:*

The overall exposure of the portfolio to debt securities and money market instruments may represent up to 25% of the portfolio.

The FCP may, in accordance with its investment strategy, invest in euro-denominated French convertible bonds traded on a European regulated market within the limit of 25% of the net assets, or foreign bonds within the limit of 10%. These instruments shall be issued without restriction in terms of allocation between public and private issuers, or in terms of rating by an independent agency, or in terms of maturity.

In the context of cash management, the assets of the FCP may comprise euro-denominated debt securities or bonds. Such instruments, with a residual duration of generally less than three months and without restriction in terms of allocation between public and private issuers, shall be issued by sovereign states, similar institutions or even by entities with a short-term rating equivalent or superior to A2 as awarded by Standard & Poor's or any other equivalent rating awarded by any other independent agency.

o *Shares or units of other UCITS or investment funds:*

The FCP may invest up to 10% of its assets in units or shares of coordinated or non-coordinated French or European UCITS, regardless of their classification, including exchange traded funds (ETFs). Investment in other UCITS allows the FCP to be exposed to diversified asset classes while benefiting from the expertise of specialised management teams, and in particular to invest its cash in money market and fixed income UCITS.

Within this limit of 10%, the FCP may also invest on an exceptional basis in the following UCITS or investment funds:

- shares or units of French venture capital funds (FCPR), French futures funds (FCIMT), French innovation funds (FCPI), feeder funds, UCITS with simplified investment rules (ARIA), funds of hedge funds, UCITS with simplified registration procedures, contractual UCITS and UCITS or investment funds investing more than 10% of their assets in units or shares of UCITS or investment funds.
- shares or units of non-coordinated foreign investment funds meeting the criteria set by the General Regulation of the AMF;

These UCITS and investment funds may be managed by companies within the Edmond de Rothschild Group.

o *Derivatives:*

The FCP may invest in forward financial instruments traded on French, regulated, organised or over-the-counter markets. In particular, the manager shall trade in:

- Forward currency contracts or currency swaps, in order to hedge exposure to specific currencies up to the limit of 10% of the net assets.
- Invest in futures or options contracts traded on organised or regulated markets, subject to the limit of 100% of the net assets, in order to increase or decrease equity exposure.



- Use options contracts on equities traded on organised or regulated markets, subject to a limit of 25% of the net assets, in order to reduce equity volatility and increase the FCP's exposure to a limited number of equities. Such leverage shall be limited to 100% of the value of the portfolio's holding in a particular stock.
- o *Embedded derivatives:*  
None
- o *Deposits:*  
None
- o *Cash borrowings:*  
In order to manage its cash, the Fund may use cash borrowing transactions up to the limit of 10% of the net assets.
- o *Temporary purchases and sales of securities:*  
The FCP will also use repurchase agreements to generate returns on its cash on a day-to-day basis, subject to the limit of 10% of the net assets.

Additional information on the fees applicable to temporary purchases and sales of securities is provided in the section entitled Fees and Commissions.

➤ **Risk profile:**

Your money shall be invested primarily in financial instruments selected by the Management Company. These instruments shall be subject to market trends and fluctuations.

The risk profile of the Fund is suitable for an investment horizon of over 5 years. Like any financial investment, potential investors should be aware that the value of the Fund's assets is subject to the fluctuations of the equity markets and that it may vary substantially. The Management Company cannot guarantee subscribers that they will not incur losses following an investment in the Fund.

- . Equity risk:  
Fluctuations of the equity markets may lead to substantial variations in the net assets which may have a negative impact on the performance of the FCP. The Fund may also exhibit a higher risk profile and experience sharper downward movements than the global equity markets. Equity exposure could represent up to 110% of the Fund's net assets.  
Furthermore, the Fund's performance will depend on the companies selected by the manager. There is a risk that the manager will not select the best performing companies.
- . Interest rate risk:  
Interest rate risk is limited to debt securities and money market instruments, which may not account for more than 25% of the net assets.  
Interest rate risk could result in a fall in the capital value of the FCP in the event of a sharp fluctuation of the interest rate curve.  
The FCP seeks instruments with floating or fixed rates generally with a maturity of less than three months for the purpose of cash management, or even convertible bonds in accordance with its investment strategy.

• Credit risk:

Credit risk is limited to debt securities and money market instruments, which may not constitute more than 25% of the net assets.

Credit risk is the risk whereby an issuer cannot meet its obligations.

In relation to cash management, credit risk is limited thanks to the use of securities issued by entities with a rating equal to or greater than BBB as awarded by Standard & Poor's or any other equivalent rating awarded by another independent agency. On the contrary, convertible bonds used within the framework of the FCP's investment strategy are not subject to restrictions in terms of rating.

• Currency risk:

The capital may be exposed to foreign exchange risk where the securities or investments it is composed of are denominated in a currency other than that of the FCP.

Currency risk is the risk of capital loss incurred when an investment is made in a currency other than the euro and such currency depreciates against the euro on the currency market.

As the Fund's object is to invest in French securities, foreign stocks denominated in currencies other than the euro may not exceed 10% of the net assets.

• Risk of capital loss:

The FCP does not guarantee or protect the capital invested; investors may not get back the full amount of their initial capital invested.

➤ **Target subscribers and typical investor profile:**

C, D and E units are intended for all subscribers.

More specifically, E units are intended to be sold by distributors selected for this purpose by the Management Company.

I and R units are intended for legal entities with the capacity to make an initial subscription of EUR 500,000.

Minimum initial subscription amount:

- C, D and E units: 1 unit
- I and R units: € 500,000

The FCP is specifically intended for investors wishing to achieve greater returns on their savings by investing mainly in the French equity markets.

The appropriate amount to be invested in this FCP shall depend on your personal situation. To determine their level of investment, investors are invited to seek professional advice in order to diversify their investments and to determine the proportion of their financial portfolio or their assets to be invested in this FCP bearing in mind, more specifically, the recommended investment period and exposure to the aforementioned risks, their personal assets, their needs and their own objectives. In all cases, unitholders must sufficiently diversify their portfolio so as not to be solely exposed to the risks of this FCP.

- Recommended minimum investment period: 5 years

➤ **Calculation and allocation of dividends:**

The net income for the financial year is equal to the amount of interest, dividends, premiums and prizes, director's fees as well as all proceeds generated by the securities held in the portfolio of the FCP, plus income generated by temporary cash holdings, less management fees, possible depreciation allowances and borrowing costs.

Distributable income is equal to the net income for the financial year plus retained earnings, plus or minus the balance of the income equalisation accounts for the last financial year.

Net gains/losses are attributed to the five classes of units in proportion to their share in the total net assets.

For C, E, I and R units, income for accumulation is equal to the net income as previously defined, plus or minus the balance of the income equalisation account for C, E, I and R units for the last financial year.

For D units, income for distribution is equal to the net income as previously defined, plus or minus the balance of the income equalisation account for D units for the last financial year, and retained earnings.

Regarding income allocation, the aforementioned income for accumulation and distribution is adjusted by the equalisation accounts according to the number of units held on the day of accumulation of income for C, E, I and R units and of payment of distributable income for D units.

Holders of C, E I and R units are subject to the pure accumulation policy, i.e. the reinvestment of all income generated, while holders of D units receive all distributable income in the form of dividends.

➤ **Frequency of distributions:**

Annual, for D units.

Not applicable in the case of C, E, I and R units.

➤ **Characteristics of the units and shares:**

The FCP consists of five unit classes.

All units are denominated in euro.

C, D, E, I and R units are all expressed in whole units or thousandths of units.

➤ **Subscription and redemption procedures:**

- Date and frequency of the calculation of the net asset value: Daily, with the exception of public holidays and days on which the French markets are closed (official calendar of EURONEXT PARIS S.A.)

- Original net asset value

C and D units: EUR 76.22

E units: € 100

I units: € 100

R units: € 100

- Minimum initial subscription amount:

C, D and E units: 1 unit

I and R units: € 500,000

- Minimum subsequent subscription amount:

C, D, E, I and R units: 1 unit

- Subscription and redemption procedures:

Subscription and redemption requests are centralised each day before 11:00 by LA COMPAGNIE FINANCIÈRE EDMOND DE ROTHSCHILD BANQUE and are executed, in units or thousandths of a unit, on the basis of the net asset value of the same date and calculated on the following business day.

For tax purposes, conversions from one class of units to another are treated as a redemption transaction followed by a new subscription. Consequently, the tax regime applicable to each subscriber depends on the taxation provisions applicable to the subscriber's individual situation and/or the Fund's investment jurisdiction. In case of doubt, subscribers should contact their advisor to obtain information about the tax regime applicable to them.

- Address of the institution appointed to receive subscription and redemption orders in France:

LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD BANQUE

47 rue du Faubourg Saint-Honoré, 75401 PARIS CEDEX 08

- Place and method of publication of the net asset value:

LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD BANQUE

47 rue du Faubourg Saint-Honoré, 75401 PARIS CEDEX 08

The net asset value is published in *Le Figaro* and the *AGEFI ACTIF*.

➤ **Fees and expenses:**

- Subscription and redemption fees:

Subscription fees increase the subscription amount paid by the investor, while redemption fees decrease the redemption proceeds paid to the investor. The fees paid to the FCP serve to offset the costs incurred by the FCP to invest and disinvest investors' money. Fees which are not paid to the UCITS are attributed to the Management Company, the Promoter, etc.

<b>Fees payable by the investor on subscriptions and redemptions</b>	<b>Basis</b>	<b>Rate C, D, E, I and R Units</b>
Subscription fee payable to third parties	Net asset value x number of units	maximum 4.5%
Subscription fee payable to the FCP		None
Redemption fee payable to third parties	Net asset value x number of units	None
Redemption fee payable to the FCP		None

- Operating and management fees:

These fees cover all the costs invoiced directly to the UCITS, except transaction costs. Transaction costs include intermediary fees (brokerage, local taxes, etc.) as well as transaction fees, if any, that may be charged by the custodian and the management company, in particular.

The following fees may be charged in addition to operating and management fees:

- Outperformance fees: These reward the Management Company when the UCITS exceeds its objectives. They are therefore charged to the UCITS.
- Transaction fees invoiced to the UCITS.
- A portion of the income from temporary purchases or sales of securities.

<b>Fees charged to the UCITS</b>	<b>Basis</b>	<b>Rate</b>			
		<b>C and D Units</b>	<b>E Units</b>	<b>I Units</b>	<b>R Units</b>
Operating and management fees inclusive of tax (including all charges other than transaction costs, outperformance fees and fees related to investments in UCITS or investment funds)	Net assets of the FCP	Maximum of 2.00% including taxes*	Maximum of 2.40% including taxes*	Maximum of 1.00% including taxes*	Maximum of 1.15% including taxes*
Performance fees	Net assets of the FCP	None			
Transaction fees charged by service providers : Custodian: between 0% and 50% Management Company: between 50% and 100%	On the transaction amount	Variable according to the type of instrument. In %, excluding tax - Equities, ETFs: maximum 0.35% - French UCITS: 0% - Foreign UCITS: 0.50% - Corp. actions: 0% - Foreign coupons: 5%			

\* Inclusive of all taxes. In this activity, the Management Company has not opted for VAT.

In an exceptional case where a sub-custodian applies a transfer fee for a particular transaction not described in the provisions mentioned above, a description of the transaction and the transaction fees charged shall be specified in the management report of the UCITS.

- Procedure for the selection of intermediaries:

The manager selects intermediaries which must be included in the list of intermediaries held by the Management Company as part of the procedures of the Edmond de Rothschild Group. This list is compiled on the basis of objective criteria which specifically take into account the quality of services rendered and the fee schedules.

- Calculation and allocation of the proceeds resulting from temporary purchases and sales of securities and any equivalent transaction under foreign law:

Repurchase agreements are conducted via the intermediary of La Compagnie Financière Edmond de Rothschild Banque according to the market conditions prevailing at the time of the transaction.

The Management Company does not receive any fees in relation to these transactions; such fees are paid to the Custodian.

### III. COMMERCIAL INFORMATION:

#### ➤ **Information for investors**

Redemption and subscription orders in respect of units are centralised by:

LA COMPAGNIE FINANCIERE EDMOND DE ROTHSCHILD BANQUE

47 rue du Faubourg Saint-Honoré, 75401 PARIS CEDEX 08

Telephone: 33 (0) 1 40 17 25 25

All requests for information about the FCP may be sent to the promoter.

### IV. INVESTMENT RULES

In accordance with the provisions of the French Monetary and Financial Code (*Code Monétaire et Financier*) prevailing on the publication date of this Prospectus, the FCP is subject to the investment regulations applicable to coordinated UCITS that cannot invest more than 10% in coordinated French or European UCITS.

Method used to calculate the commitment: the FCP shall use the linear approximation method to calculate the ratio of commitment on forward financial instruments.

### V. ASSET VALUATION & ACCOUNTING RULES

#### ➤ **Asset valuation rules:**

The net asset value per unit is calculated in accordance with the valuation rules specified below; the application procedures are set out in detail in the notes to the annual financial statements. The valuation is calculated on the basis of closing prices.

- Securities traded on a French or foreign regulated market are valued at their market price. The reference market value is calculated in accordance with the terms and conditions determined by the Management Company and detailed in the notes to the annual financial statements;
- Transferable debt instruments and similar securities that are not traded in large volumes are valued by means of an actuarial method; the rate used is that applied to issues of equivalent securities plus or minus, where applicable, a differential reflecting the issuer's specific characteristics. Nevertheless, transferable debt securities with low sensitivity and a residual maturity of less than or equal to three months may be valued using a linear method. The means of application of these rules is decided by the Management Company and set out in detail in the notes to the annual financial statements;
- For transferable securities which have not been priced on the valuation day as well as for other balance sheet items, the Management Company corrects their valuation in order to take into account any likely event-driven fluctuations. Such decision is notified to the Statutory Auditor;
- Transactions involving forward financial instruments (futures or options) traded on a French or foreign regulated market are valued at their market value according to the rules defined by the Management Company and set out in detail in the notes to the annual financial statements;
- Transactions involving forward financial instruments (futures or options) or swaps concluded on over-the-counter markets authorised by UCITS regulations are valued at their market value or at a value estimated according to the provisions determined by the Management Company and are set out in detail in the notes to the annual financial statements.
- SICAV shares and FCP units are valued either on the basis of the last known net asset value or last known market price on the valuation day.

➤ **Accounting method:**

The Fund has complied with the accounting rules laid down by the regulations in force and, in particular, with the accounting standards applicable to UCITS.

The FCP has chosen the euro as its accounting currency.

Interest income is recorded on the basis of cashed-in coupons.

The value of all securities denominated in a currency other than the euro shall be converted into euro in accordance with the WMRB exchange rate (fixing of exchange rates in LONDON at 16:00) on the valuation date.

All transactions are recorded exclusive of fees.

## TRICOLORE RENDEMENT MUTUAL FUND (FCP)

### MANAGEMENT REGULATIONS

#### TITLE I ASSETS AND UNITS

##### **Article 1 – Co-ownership units:**

The co-owners' rights are represented by units, with each unit corresponding to the same fraction of the Fund's assets. Each unitholder has a co-ownership right in the assets of the Fund proportional to the number of units they hold.

The term of the Fund is 99 years starting from its creation date, except in the event of early dissolution or extension as set forth in the present regulations.

The Fund consists of five unit classes: C, E, I and R accumulation units and D distribution units.

Following the decision of the board of the Management Company, C, D, E, I and R units may be split into thousandths, referred to as fractions of units.

The provisions of the regulations governing the issue and redemption of units shall apply to fractions of units whose value shall always be proportionate to that of the units they represent. Unless otherwise provided, all other provisions of the regulations relating to units shall apply to fractions of units without any need to make a specific provision to that end.

Finally, the board of the Management Company may decide, at its own discretion, to split the units by issuing new units which shall be allocated to unitholders in exchange for their existing units.

The characteristics of the different classes of units and their eligibility requirements are specified in the simplified prospectus and in the detailed memorandum of the FCP.

##### **Article 2 – Minimum capital:**

Units may not be redeemed if the assets of the FCP fall below EUR 300,000; if the assets remain below this amount for a period of thirty days, the Management Company shall make the necessary provisions to liquidate the UCITS concerned, or to carry out one of the operations mentioned in Article 411-17 of the AMF General Regulation (transfer of the UCITS).

##### **Article 3 – Subscription and redemption of units:**

Units are issued each time a subscription request is received on the basis of their net asset value plus a subscription fee, where applicable.

Redemptions and subscriptions are executed under the conditions and according to the procedures defined in the simplified prospectus and in the detailed memorandum.

Units of the FCP may be admitted to an official stock exchange listing in accordance with the regulations in force.

Subscriptions must be fully paid up on the day the net asset value is calculated. Subscriptions may be made in cash and/or by a contribution in kind in the form of transferable securities. The Management Company is entitled to refuse any securities offered and, for that purpose, must communicate its decision within seven days of the date on which the securities were tendered. If they are accepted, the securities contributed in kind are valued according to the rules laid down in article 4 and the subscription is based on the first net asset value following acceptance of the securities concerned.

Redemptions are made exclusively in cash, except in the event of liquidation of the Fund when unitholders have agreed to be reimbursed in securities. The redemption price is paid by the Custodian within 5 days of the valuation day of the units.

However, if in exceptional circumstances the redemption requires the prior sale of assets held in the Fund, this deadline may be extended to a maximum of 30 days.



With the exception of succession or an inter vivos gift, the sale or transfer of units between unitholders or unitholders and third parties is considered as a redemption followed by a subscription; if this involves a third party, the sale or transfer amount must, where applicable, be supplemented by the beneficiary in order to at least reach the minimum subscription amount stipulated by the simplified and full prospectuses.

By application of article L.214-30 of the *Code Monétaire et Financier*, the French Financial and Monetary Code, the redemption of units by the FCP as well as the issue of new units may be suspended on a temporary basis by the Management Company in exceptional circumstances and if this is deemed necessary to protect the interests of the unitholders.

When the net assets of the FCP have fallen below the minimum threshold set by the regulations, no redemptions may be carried out.

**Article 4 – Calculation of the net asset value:**

The net asset value is calculated in accordance with the valuation rules specified in the detailed memorandum of the full prospectus.

**TITLE II**  
**MANAGEMENT OF THE FUND**

**Article 5 - The Management Company:**

The Fund is managed by the Management Company in accordance with the Fund's investment objectives.

The Management Company shall act in all circumstances on behalf of the unitholders and has the exclusive right to exercise the voting rights attached to the securities held in the Fund.

**Article 5 BIS – Operating rules:**

The instruments and deposits in which the assets of the UCITS may be invested as well as the investment rules are described in the detailed memorandum of the full prospectus.

**Article 6 – The Custodian:**

The Custodian is responsible for the custody of the assets held in the Fund, for processing the orders received from the Management Company in relation to the purchase and sale of securities as well as those relating to the exercise of subscription and allotment rights attached to the securities held in the portfolio. It is responsible for all collections and payments.

The Custodian must ensure that decisions taken by the Management Company are lawful. Where applicable, it must take all protective measures that it deems necessary. In the event of a dispute with the Management Company, it shall inform the AUTORITE DES MARCHES FINANCIERS.

**Article 7 - The Statutory Auditor:**

A Statutory Auditor has been appointed by the board of the Management Company for a term of six financial years with the approval of the AUTORITE DES MARCHES FINANCIERS.

The Statutory Auditor carries out the checks and audits established by law and, in particular, certifies whenever necessary the fairness and regularity of the financial statements and of the accounting information contained in the management report.

The Statutory Auditor's mandate may be renewed.

The Statutory Auditor shall inform the AUTORITE DES MARCHES FINANCIERS and the Management Company of the FCP of any irregularities and misstatements observed during the course of his work.

The Statutory Auditor shall supervise the valuation of the assets and the determination of exchange ratios used in the event of a conversion, merger or split.

The Statutory Auditor shall review all contributions in kind and, as part of his responsibilities, shall establish a report on its valuation and consideration.

The Statutory Auditor shall certify the accuracy of the composition of the assets and other information before any publication.

The Statutory Auditor's fees are determined by mutual agreement between the Statutory Auditor and the board of the Management Company on the basis of an agenda indicating all duties deemed necessary.

In the event of a liquidation, the Statutory Auditor shall value the amount of the assets and establish a report on the conditions of such liquidation.



## TRICOLORE RENDEMENT

The Statutory Auditor certifies the financial statements serving as the basis for the payment of interim dividends.

### **Article 8 – The financial statements and the management report:**

At the end of each financial year, the Management Company prepares the financial statements and a report on the management of the Fund during the last financial year.

The list of assets and liabilities is certified by the Custodian and all of the above documents are reviewed by the Statutory Auditor.

The Management Company shall make these documents available to unitholders within four months of the financial year-end and shall notify them of the amount of income attributable to them: these documents are either sent by post at the unitholders' express request or are made available to them at the offices of the Management Company or of the Custodian.

## **TITLE III** **DIVIDEND POLICY**

### **Article 9**

The net income for the financial year is equal to the amount of interest, arrears, dividends, premiums and prizes, director's fees as well as all proceeds generated by the securities held in the portfolio of the Fund, plus income generated by temporary cash holdings, less management fees, possible depreciation allowances and borrowing costs.

Distributable income is equal to the net income for the financial year plus retained earnings, plus or minus the balance of the income equalisation accounts for the last financial year.

Net gains/losses are attributed to the five classes of units in proportion to their share in the total net assets.

For C, E, I and R units, income for accumulation is equal to the net income as previously defined, plus or minus the balance of the income equalisation account for C, E, I and R units for the last financial year.

For D units, income for distribution is equal to the net income as previously defined, plus or minus the balance of the income equalisation account for D units for the last financial year, and retained earnings.

Regarding income allocation, the aforementioned income for accumulation and distribution is adjusted by the equalisation accounts according to the number of units held on the day of accumulation of income for C, E, I and R units and of payment of distributable income for D units.

Holders of C, E I and R units are subject to the pure accumulation policy, i.e. the reinvestment of all income generated, while holders of D units receive all distributable income in the form of dividends.

## **TITLE IV** **MERGER – SPLIT – DISSOLUTION – LIQUIDATION**

### **Article 10 - Merger – Split:**

The Management Company may either merge all or part of the assets of the Fund with another UCITS under its management, or split the Fund into two or more FCPs under its management.

Such mergers or splits may only be carried out one month after unitholders have been notified. Such mergers or splits give rise to the issue of a new certificate indicating the number of units held by each unitholder.

**Article 11 - Dissolution – Extension:**

If the assets of the Fund remain below the amount set in Article 2 above for thirty days, the Management Company shall inform the AUTORITE DES MARCHES FINANCIERS and shall dissolve the Fund (or, where applicable, the sub-fund), except in the event of a merger with another FCP.

The Management Company may dissolve the Fund (or, where applicable, the sub-fund) early; it shall inform unitholders of its decision and from this date subscription and redemption orders shall no longer be accepted.

The Management Company shall also dissolve the Fund if a request is made for the redemption of all of the units, if the Custodian's appointment is terminated and no other Custodian has been appointed, or upon expiry of the Fund's term, unless such term is extended.

The Management Company shall inform the AUTORITE DES MARCHES FINANCIERS by post of the dissolution date and procedure. Lastly, it shall send the AUTORITE DES MARCHES FINANCIERS the Statutory Auditor's report.

The Fund's extension may be decided by the Management Company subject to the agreement of the Custodian. Its decision must be taken at least three months before the expiry of the Fund's term and must be communicated to the unitholders and the AUTORITE DES MARCHES FINANCIERS.

**Article 12 – Liquidation:**

In the event of dissolution, the Custodian or the Management Company is responsible for carrying out the liquidation. For this purpose, they shall receive broader powers to sell the FCP's assets, settle liabilities, if any, and allocate the balance in cash or in securities to the unitholders.

The Statutory Auditor and the Custodian shall continue to carry out their functions until the end of the liquidation.

**TITLE V**  
**DISPUTES**

**Article 13 – Competent courts – Jurisdiction:**

All disputes relating to the Fund that may arise during the term of the Fund or during its liquidation either between the unitholders or between the unitholders and the Management Company or the Custodian are subject to the jurisdiction of the competent courts.