

# GOLDSPHERE

FRENCH MUTUAL FUND (FCP)  
IN COMPLIANCE WITH EUROPEAN STANDARDS

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FULL PROSPECTUS

EmA  
23 February 2010



**EDMOND DE ROTHSCHILD**  
ASSET MANAGEMENT

## SIMPLIFIED PROSPECTUS

### SECTION A - STATUTORY

#### OVERVIEW

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

#### INFORMATION ON INVESTMENTS AND MANAGEMENT

- **Classification:**  
International equities.
- **Investment objective:**  
The objective of the FCP is, over a recommended investment horizon of more than 5 years, to outperform the benchmark FTSE Gold Mines Price Index (excluding net dividends), by selecting stocks on a discretionary basis primarily from within the gold sector and related to the exploration, extraction, processing and/or marketing of gold.
- **Benchmark index:**  
The FTSE Gold Mines index, calculated excluding net dividends and expressed in US dollars for A units and in euro for B, E and I units, is comprised of international gold stocks and consists in measuring the performance of companies whose principal activity is primarily related to the exploitation of gold mines.
- **Investment strategy:**  
The FCP operates an active strategy of stock-picking, selecting stocks listed on markets mainly related to the gold sector; such stocks shall represent a minimum of 70% of the net assets.

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

- Selection of the investment universe is based on the use of fundamental filters allowing the identification of stocks which shall be considered admissible and which shall be subject to further analysis. The FCP may invest in equities without restriction in terms of capitalisation or geographic location. The FCP may therefore invest up to 100% of the net assets in the emerging markets.
- External research is used to assist managers in conducting their own research on the securities included in the investment universe.
- Stocks chosen in this way are subject to a fundamental and qualitative analysis. The manager shall select the securities exhibiting the best potential in terms of performance in order to construct a portfolio comprising approximately 40 to 80 stocks.

Depending on the Fund manager's expectations regarding the evolution of the equity markets, up to 30% of the FCP's net assets may be exposed directly and/or on an ancillary basis via UCITS to debt securities and money market instruments traded on the international markets. Such securities (mainly rated "investment grade", but with no maximum duration) are selected according to their expected yield. The FCP may also make use of unrated securities and high yield securities on an ancillary basis.

Between 70% and 110% of the FCP's assets shall be exposed to international equities, directly, and/or on an ancillary basis via UCITS and/or via the use of derivatives.

Subject to a limit of 100% of its net assets, the FCP may invest in financial futures traded on international regulated, organised or OTC markets as follows:

- equity options contracts, in order to both reduce equity volatility and increase the FCP's exposure;
- futures contracts in order to manage exposure to equities, and derivative contracts on commodity indices,
- forward currency contracts or currency swaps, in order to hedge exposure to specific currencies with respect to equities from outside the US dollar zone.

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

- coordinated French or European index funds (including ETFs) in order to increase exposure to the equity markets or diversify exposure to other asset classes.
- coordinated French or European index funds (Exchange Traded Commodities).
- coordinated French or European UCITS, regardless of their classification, in order to be exposed to 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 its objective is to invest in securities in all geographic zones, the FCP may hold securities denominated in currencies other than the US dollar, and may therefore be exposed to currency risk. Depending on the manager's expectations regarding downward currency movements, and in order to hedge against this risk, the FCP may use forward currency contracts or currency swaps.

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

**All assets in which the FCP invests are described in the detailed memorandum.**

➤ **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.

*Main risks:*

- Risk of capital loss:  
The UCITS does not guarantee or protect the capital invested; investors may therefore not get back the full amount of their initial capital invested even if they hold their units for the recommended investment period.
- Discretionary management risk:  
The discretionary management style is based on expectations regarding the performance of the equity markets. However, the Fund may not be invested in the best-performing stocks at all times. The FCP may not be able to meet its objectives.

- Equity risk:  
 The Fund manager seeks equities that may outperform the markets, in both rising and falling markets. In the event of a downturn of the equity markets, the net asset value of the FCP could drop. The FCP may have significant exposure to these markets either directly and/or via derivatives (up to 110% of the net assets, mainly in the event of substantial fluctuations of subscriptions/redemptions); its value may therefore fall faster than the markets. As its objective is to invest in companies of all capitalisations, the FCP may therefore invest in small capitalisation companies. Investors are reminded that the small capitalisation markets are intended for companies that, due to their specific characteristics, may represent a risk for investors.
- Risks associated with the emerging markets:  
 The FCP may invest up to 100% of its net assets in the emerging markets. In addition to the risks associated with each issuing company, these markets are more exposed to external risks. Furthermore, investors are reminded that the operating conditions and supervision of these markets may not be in line with the standards that exist on the large international markets.
- Sectorial risk:  
 The FCP presents a sectorial risk as it invests in the securities of a single business sector, namely the gold sector. A downturn in this market may lead to a decline in the net asset value.
- 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 US dollar and that currency depreciates against the US dollar on the currency market. Up to 110% of the FCP's net assets may be exposed to currency risk.
- Risk related to the currency in which A units are denominated:  
 Investors subscribing in euro or in currencies other than the US dollar are exposed to currency risk at the time of subscription and redemption of their units. A units are denominated in US dollars.
- Interest rate risk:  
 Interest rate risk results in a fall in the capital value of the Fund in the event of an upturn of the interest rate curve.  
 Interest rate risk is limited to debt securities and money market instruments held directly and/or via UCITS, and/or via derivatives, and accounting for a maximum of 30% of the FCP's net assets.
- Credit risk:  
 Credit risk is the risk whereby the issuer of bond or money market instruments cannot meet its obligations.  
 By using securities chosen primarily from among issues with a minimum rating of "investment grade", the FCP greatly reduces the risk linked to the default of issuers. However, these defaults may also have an impact on the securities of the issuers in question.  
 Securities that are not rated and/or high yield securities, which shall represent a maximum of 10% of the net assets, present a greater risk of default than securities rated investment grade. In the event of default, the value of these instruments may decline significantly and this will impact the net asset value of the FCP.  
 In relation to cash management, credit risk is limited thanks to the use of securities with a short-term rating equal to or greater than A2 as awarded by Standard & Poor's or any other equivalent rating awarded by another independent agency.

*Secondary risk:*

- Risk linked to investment in certain UCITS

Please see the Detailed Memorandum for further information on these risks.

➤ **Guarantee or capital protection:**

*None.*

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

A and B units are intended for all investors wishing to subscribe in US dollars and euro respectively.

E units, denominated in euro, are intended to be sold by distributors selected for this purpose by the Management Company.

I and R units, denominated in euro, are intended for legal entities.

Minimum initial subscription amount:

- A, B and E units: 1 unit
- I and R units: Legal entities with the capacity to make an initial subscription of EUR 500,000.

More specifically, the Fund is intended for investors wishing to achieve greater returns on their savings via the gold sector. US residents are not permitted to invest in this UCITS.

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.

<b>Fees payable by the investor on subscriptions and redemptions</b>	<b>Basis</b>	<b>Rate</b>
		<b>A, B, E, I and R units</b>
Subscription fee payable to third parties	Net asset value x Number of units	maximum 4.50%
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, 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:

- Performance 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.

<b>Fees charged to the UCITS</b>	<b>Basis</b>	<b>Rate</b>				
		<b>A units</b>	<b>B 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, performance fees and fees related to investments in UCITS or investment funds)	Net assets of the FCP	2% maximum inclusive of tax*	2% maximum inclusive of tax*	2.40% Maximum including taxes*	1% maximum inclusive of tax*	1,15% maximum inclusive of tax*
Performance fee (**)	Net assets of the FCP	15% of the performance exceeding that of the benchmark index				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, and more specifically, in % exclusive of tax: - Equities, ETFs and ETCs: maximum 0.50% - 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.

#### \*\* Performance fee

Performance fees are payable to the Management Company in accordance with the following procedure:  
Benchmark index: FTSE Gold Mines, excluding net dividends, expressed in US dollars for A units and in euro for B, E, I and R units.

In the event of a positive performance of the net asset value of the FCP and the benchmark index, and where the FCP's net asset value outperforms the benchmark index, a provision of 15% net of tax shall be applied to the outperformance of the FCP's net asset value in comparison to the benchmark index.

In the event of a positive performance of the FCP's net asset value and a negative performance of the benchmark index, a provision of 15% net of tax shall be applied to the absolute performance of the FCP's net asset value.

The reference periods end with the last NAV of the month of September. The first period begins on the date of the FCP's creation and ends on the last valuation day of September 2009.

The performance fees shall be accrued each time the net asset value is calculated.

This performance fee is payable annually after the 30 September of each year.

No performance fees will be charged in any of the following cases:

The FCP's performance since the end of the last reference period is negative.

The FCP's performance since the end of the last reference period is lower than that of its benchmark index.

In the event of an underperformance, the accrued performance fees are readjusted by means of a reduction in the existing provision. Such reduction cannot exceed the amount already accrued.

➤ **Tax regime:**

- Taxation of the UCITS: as FCPs have a co-ownership structure, they are exempt from corporate tax and are deemed transparent.

Eligibility (PEA, DSK, etc.): none

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 for A, B, E, I and R units 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.

Original net asset value

A units: the initial net asset value is USD 100.

B, E and R units: the initial net asset value is EUR 100.

I units: the initial net asset value is EUR 10,000.

Minimum initial subscription amount:

A, B and E units: 1 unit

I and R units: EUR 500,000

Minimum subsequent subscription amount: A, B, 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 stock market trading day of September.

The first financial year ends on the last trading day of September 2009.

➤ **Dividend policy:**

Accumulation.

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

Daily, with the exception of public holidays and/or days on which the French markets (official calendar of Euronext Paris S.A.) and American markets (official calendar of NYSE) are closed and Canadian markets (official calendar of Toronto Stock Exchange).

➤ **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:**

<i>Type of units</i>	<i>ISIN code</i>	<i>Dividend policy</i>	<i>Currency</i>
A units	FR0010657890	Accumulation	US Dollar
B units	FR0010664086	Accumulation	Euro
E units	FR0010664052	Accumulation	Euro
I units	FR0010664078	Accumulation	Euro
R units	FR0010849729	Accumulation	Euro

➤ **Creation date:**

This UCITS was approved by the *Autorité des marchés financiers* (AMF – French Financial Markets Authority) on 2 September 2008. It was established on 30 September 2008.

<b>ADDITIONAL INFORMATION</b>
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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: 23 February 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.

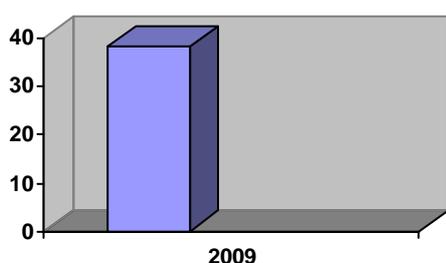
This simplified prospectus must be provided to subscribers prior to subscription.

**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 UCITS AT 31 DECEMBER 2009 (A UNITS)**

ANNUAL PERFORMANCE



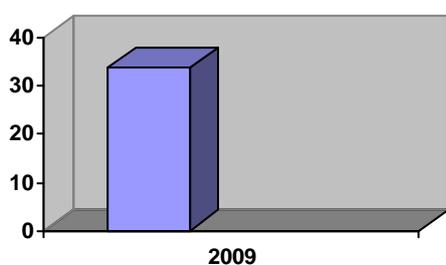
Annualised performances	1 year	3 years	5 years
The Fund	38,05 %	-	-
FTSE Gold Mines (USD)	29,63 %	7,91 %	12,59 %

*Performance calculations are made with net dividends reinvested. The performance of the benchmark, on the other hand, is calculated excluding distributed income.*

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

**PERFORMANCE OF THE UCITS AT 31 DECEMBER 2009 (B UNITS)**

ANNUAL PERFORMANCE



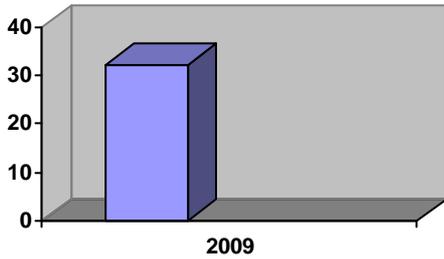
Annualised performances	1 year	3 years	5 years
The Fund	33,63 %	-	-
FTSE Gold Mines (EUR)	25,60 %	4,92 %	11,38 %

*Performance calculations are made with net dividends reinvested. The performance of the benchmark, on the other hand, is calculated excluding distributed income.*

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

**PERFORMANCE OF THE UCITS AT 31 DECEMBER 2009 (E UNITS)**

**ANNUAL PERFORMANCE**



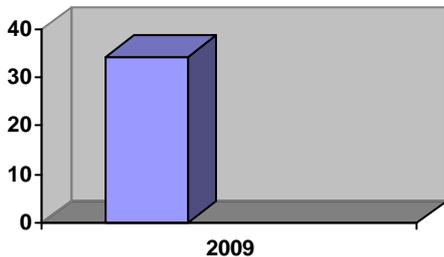
Annualised performances	1 year	3 years	5 years
The Fund	31,98 %	-	-
FTSE Gold Mines (EUR)	25,60 %	4,92 %	11,38 %

*Performance calculations are made with net dividends reinvested. The performance of the benchmark, on the other hand, is calculated excluding distributed income.*

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

**PERFORMANCE OF THE UCITS AT 31 DECEMBER 2009 (I UNITS)**

**ANNUAL PERFORMANCE**



Annualised performances	1 year	3 years	5 years
The Fund	34,23 %	-	-
FTSE Gold Mines (EUR)	25,60 %	4,92 %	11,38 %

*Performance calculations are made with net dividends reinvested. The performance of the benchmark, on the other hand, is calculated excluding distributed income.*

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

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

Performance data for R units (created on 28 January 2010) is not yet available.

**FEES CHARGED TO THE UCITS FOR THE LAST FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 – A UNITS**

<b>Operating and management fees</b>	<b>1.98%</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>3.30%</b>	
<i>These other fees consist of:</i>		
. Performance fees		1.51%
. Transaction fees		1.79%
<b>Total charged to the UCITS for the last financial year</b>	<b>5.28%</b>	

**FEES CHARGED TO THE UCITS FOR THE LAST FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 – B UNITS**

<b>Operating and management fees</b>	<b>1.99%</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>3.27%</b>	
<i>These other fees consist of:</i>		
. Performance fees		1.48%
. Transaction fees		1.79%
<b>Total charged to the UCITS for the last financial year</b>	<b>5.26%</b>	

**FEES CHARGED TO THE UCITS FOR THE LAST FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 – E UNITS**

<b>Operating and management fees</b>	<b>2.27%</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>5.23%</b>	
<i>These other fees consist of:</i>		
. Performance fees		3.44%
. Transaction fees		1.79%
<b>Total charged to the UCITS for the last financial year</b>	<b>7.50%</b>	

<b>FEES CHARGED TO THE UCITS FOR THE LAST FINANCIAL YEAR ENDED 30 SEPTEMBER 2009 – I UNITS</b>
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<b>Operating and management fees</b>	<b>0.99%</b>	
<b>Costs incurred as a result of investment in other UCITS or investment funds</b>	<b>-</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>4.65%</b>	
<i>These other fees consist of:</i>		
. <i>Performance fees</i>		<i>2.86%</i>
. <i>Transaction fees</i>		<i>1.79%</i>
<b>Total charged to the UCITS for the last financial year</b>	<b>5.64%</b>	

Operating and management fees:

These fees cover all the costs invoiced directly to the UCITS, except transaction costs and, where applicable, performance fees. Transaction costs include intermediary fees (brokerage, local 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 including:

- Performance 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 2.38% of the average net assets. The turnover rate of the equity portfolio was -96.61% 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:

#### **UCITS STRUCTURE:**

- **Name:**  
GOLDSPHERE
- **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 30 September 2008 for a period of 99 years.
- **Fund overview:**  
The FCP consists of five classes of units.  
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>Targeted investors</i>
A units	FR0010657890	Accumulation	US Dollar	1 unit	All investors
B units	FR0010664086	Accumulation	Euro	1 unit	All investors
E units	FR0010664052	Accumulation	Euro	1 unit	All investors; intended to be sold by distributors selected for this purpose by the Management Company.
I units	FR0010664078	Accumulation	Euro	EUR 500,000	Legal entities
R units	FR0010849729	Accumulation	Euro	EUR 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.lcf-rothschild.fr](http://www.lcf-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).

#### **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.

➤ **Auditor:**

KPMG AUDIT

Registered office: Immeuble KPMG – 1 Cours Valmy – 92923 PARIS LA DEFENSE

Authorised signatory: Mr Gérard GAULTRY

➤ **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.

➤ **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

➤ **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.

## II. OPERATING AND MANAGEMENT PROCEDURES

### 2.1 GENERAL CHARACTERISTICS:

#### ➤ Characteristics of the units:

- ISIN code: A units: FR0010657890  
B units: FR0010664086  
E units: FR0010664052  
I units: FR0010664078  
R units: FR0010849729
- 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.  
A, B, E, I and R units are expressed in whole units or thousandths of units.

#### ➤ Year-end:

Last stock market 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 is an accumulation UCITS that does not provide for the distribution of dividends.

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:

None

### 2.2 SPECIFIC PROVISIONS:

#### ➤ Classification:

International equities.

➤ **Investment objective:**

The objective of the FCP is, over a recommended investment horizon of more than 5 years, to outperform the benchmark FTSE Gold Mines Price Index (excluding net dividends), by selecting stocks on a discretionary basis primarily from within the gold sector and related to the exploration, extraction, processing and/or marketing of gold.

➤ **Benchmark index:**

The FTSE Gold Mines index, calculated excluding net dividends and expressed in US dollars for A units and in euro for B, E and I units, is comprised of international gold stocks and consists in measuring the performance of companies whose principal activity is primarily related to the exploitation of gold mines.

➤ **Investment strategy:**

The FCP operates an active strategy of stock-picking, selecting stocks listed on markets mainly related to the gold sector; such stocks shall represent a minimum of 70% of the net assets.

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

- *Selection of the investment universe is based on the use of fundamental filters allowing the identification of stocks which shall be considered admissible and which shall be subject to further analysis.* The FCP may invest in equities without restriction in terms of capitalisation or geographic location. The FCP may therefore invest up to 100% of the net assets in the emerging markets.
- *External research is used to assist managers in conducting their own research on the securities included in the investment universe.*
- Stocks chosen in this way are subject to a fundamental and qualitative analysis. The manager shall select the securities exhibiting the best potential in terms of performance in order to construct a portfolio comprising approximately 40 to 80 stocks.

Depending on the Fund manager's expectations regarding the evolution of the equity markets, up to 30% of the FCP's net assets may *be exposed* directly and/or on an ancillary basis via UCITS to debt securities and money market instruments traded on the international markets. Such securities (mainly rated "investment grade", but with no maximum duration) are selected according to their expected yield. The FCP may also make use of unrated securities and high yield securities on an ancillary basis.

Between 70% and 110% of the FCP's assets shall be exposed to international equities, directly, and/or on an ancillary basis via UCITS and/or via the use of derivatives.

Subject to a limit of 100% of the net assets, the FCP may invest in forward financial instruments traded on international regulated, organised or OTC markets.

Instruments used:

○ *Equities:*

Between 70% and 110% of the portfolio is invested in and/or exposed to equities, particularly those related to the gold sector, without restriction in terms of capitalisation or geographic area. The securities selected may or may not carry voting rights.

○ *Debt securities and money market instruments:*

The FCP may invest and/or expose up to 30% of the net assets in fixed and/or variable rate debt securities and money market instruments issued by public or similar issuers, and corporate issuers, without restriction in terms of maturity or geographic location. These instruments shall be mainly rated "investment grade", as defined by the independent ratings agencies.

The FCP may also make use of unrated securities and high yield securities on an ancillary basis.

In the context of cash management, the assets of the FCP may comprise 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.

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

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

- coordinated French or European index UCITS, including ETFs, in order to increase its exposure to the equity markets or to diversify its exposure to other asset classes (for example: funds invested in securities of companies in the commodity or real estate sector).
- coordinated French or European index funds (Exchange Traded Commodities).
- coordinated French or European UCITS, regardless of their classification, in order to be exposed to asset classes while benefiting from the expertise of specialised management teams.

Within this limit of 10%, the FCP may also invest on an exceptional basis in 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), 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.

These UCITS may be managed by the Management Company or an affiliated company.

○ *Derivatives:*

Subject to a limit of 100% of the net assets, the FCP may invest in forward financial instruments traded on international regulated, organised or OTC markets as follows:

- equity options contracts, in order to both reduce equity volatility and increase the FCP's exposure;
- futures contracts in order to manage exposure to equities, and derivative contracts on commodity indices,
- forward currency contracts or currency swaps, in order to hedge exposure to specific currencies with respect to equities from outside the US dollar zone.

The use of derivatives shall not have the effect of increasing the FCP's overall exposure to equity risk to more than 110%.

○ *Securities with embedded derivatives:*

The Fund may invest in financial instruments with embedded derivatives for the purpose of obtaining exposure to the international equity markets. The Fund may also purchase EMTNs (Euro Medium Term Notes) or index-linked bonds, warrants or certificates.

The use of instruments with embedded derivatives shall not have the effect of increasing the FCP's overall exposure to equity risk to more than 110%.

○ *Deposits:*

None.

○ *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.

○ *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.

· Risk of capital loss:

The UCITS does not guarantee or protect the capital invested; investors may therefore not get back the full amount of their initial capital invested even if they hold their units for the recommended investment period.

· Discretionary management risk:

The discretionary management style is based on expectations regarding the performance of the various equity markets. However, the Fund may not be invested in the best-performing stocks at all times. The FCP may not be able to meet its objectives.

· Equity risk:

The Fund manager seeks equities that may outperform the markets, in both rising and falling markets. In the event of a downturn of the equity markets, the net asset value of the FCP could drop. The FCP may have significant exposure to these markets either directly and/or via derivatives (up to 110% of the net assets, mainly in the event of substantial fluctuations of subscriptions/redemptions); its value may therefore fall faster than the markets. As its objective is to invest in companies of all capitalisations, the FCP may therefore invest in small capitalisation companies. Investors are reminded that the small capitalisation markets are intended for companies that, due to their specific characteristics, may represent a risk for investors.

· Risks associated with the emerging markets:

The FCP may invest up to 100% of its net assets in the emerging markets. In addition to the risks associated with each issuing company, these markets are more exposed to external risks. Furthermore, investors are reminded that the operating conditions and supervision of these markets may not be in line with the standards that exist on the large international markets.

· Sectorial risk:

The FCP presents a sectorial risk as it invests in the securities of a single business sector, namely the gold sector. A downturn in this market may lead to a decline in the net asset value.

· 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 US dollar and that currency depreciates against the US dollar on the currency market. Up to 110% of the FCP's net assets may be exposed to currency risk.

· Risk related to the currency in which A units are denominated:

Investors subscribing in euro or in currencies other than the US dollar are exposed to currency risk at the time of subscription and redemption of their units. A units are denominated in US dollars.

· Interest rate risk:

Interest rate risk results in a fall in the capital value of the Fund in the event of an upturn of the interest rate curve.

Interest rate risk is limited to debt securities and money market instruments held directly and/or via UCITS, and/or via derivatives, and accounting for a maximum of 30% of the FCP's net assets.

. Credit risk:

Credit risk is the risk whereby the issuer of bond or money market instruments cannot meet its obligations.

By using securities chosen primarily from among issues with a minimum rating of "investment grade", the FCP greatly reduces the risk linked to the default of issuers. However, these defaults may also have an impact on the securities of the issuers in question.

Securities that are not rated and/or high yield securities, which shall represent a maximum of 10% of the net assets, present a greater risk of default than securities rated investment grade. In the event of default, the value of these instruments may decline significantly and this will impact the net asset value of the FCP.

In relation to cash management, credit risk is limited thanks to the use of securities with a short-term rating equal to or greater than A2 as awarded by Standard & Poor's or any other equivalent rating awarded by another independent agency.

*Secondary risk:*

. Risk linked to investment in certain UCITS:

The FCP may invest on an ancillary basis in certain UCITS or investment funds (alternative funds, UCITS with simplified investment rules (ARIA), etc.) which present a risk linked to alternative management strategies (i.e. management strategies not based on any stock market index). By investing in this type of UCITS or investment fund, the FCP is exposed to liquidity risk.

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

A and B units are intended for all investors wishing to subscribe in US dollars and euro respectively.

E units, denominated in euro, are intended to be sold by distributors selected for this purpose by the Management Company.

I and R units, denominated in euro, are intended for legal entities.

Minimum initial subscription amount:

- A, B and E units: 1 unit

- I and R units: Legal entities with the capacity to make an initial subscription of EUR 500,000.

More specifically, the Fund is intended for investors wishing to achieve greater returns on their savings via the gold sector. US residents are not permitted to invest in this UCITS.

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.

Distributable income shall be fully accumulated each year, with the exception of those amounts which are subject to compulsory distribution by law.

➤ **Frequency of distributions:**

None.

➤ **Characteristics of the units:**

The FCP consists of five classes of units.  
A units are denominated in US dollars.  
B, E, I and R units are denominated in euro.  
Units are issued in whole units or thousandths of units.

➤ **Subscription and redemption procedures:**

III. Date and frequency of the calculation of the net asset value Daily, with the exception of public holidays and/or days on which the French markets (official calendar of Euronext Paris S.A.) and American markets (official calendar of NYSE) are closed and Canadian markets (official calendar of Toronto Stock Exchange).

Original net asset value

A units: the initial net asset value is USD 100.  
B, E and R units: the initial net asset value is EUR 100.  
I units: the initial net asset value is EUR 10,000.

Minimum initial subscription amount:

A, B and E units: 1 unit  
I and R units: EUR 500,000

Minimum subsequent subscription amount:

A, B, E and I units: 1 thousandth of a 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 for A, B, E, I and R units 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

➤ **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</b>
		<b>A, B, E, I and R units</b>
Subscription fee payable to third parties	Net asset value x Number of units	maximum 4.50%
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:

- Performance fees: these reward the Management Company when the UCITS exceeds its objectives. They are 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.

<b>Fees charged to the UCITS</b>	<b>Basis</b>	<b>Rate</b>				
		<b>A units</b>	<b>B 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, performance fees and fees related to investments in UCITS or investment funds)	Net assets of the FCP	2% maximum inclusive of tax*	2% maximum inclusive of tax*	Maximum of 2.40% including taxes*	1% maximum inclusive of tax*	1,15% maximum inclusive of tax*
Performance fee (**)	Net assets of the FCP	15% of the performance exceeding that of the benchmark index				None
Transaction fees charged by service providers -Custodian: between 0 and 50% -Management company: between 50 and 100%	Deduction on each transaction	<i>Variable according to the type of instrument, and more specifically, in % exclusive of tax:</i> - <i>Equities, ETFs and ETCs: maximum 0.50%</i> - <i>French UCITS: 0%</i> - <i>Foreign UCITS: 0.50%</i> - <i>Corp. actions: 0%</i> - <i>Foreign coupons: 5%</i>				

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

**\*\* Performance fee**

Performance fees are payable to the Management Company in accordance with the following procedure:

Benchmark index: FTSE Gold Mines, excluding net dividends, expressed in US dollars for A units and in euro for B, E, I and R units.

In the event of a positive performance of the net asset value of the FCP and the benchmark index, and where the FCP's net asset value outperforms the benchmark index, a provision of 15% net of tax shall be applied to the outperformance of the FCP's net asset value in comparison to the benchmark index.

In the event of a positive performance of the FCP's net asset value and a negative performance of the benchmark index, a provision of 15% net of tax shall be applied to the absolute performance of the FCP's net asset value.

## GOLDSPHERE

The reference periods end with the last NAV of the month of September. The first period begins on the date of the FCP's creation and ends on the last valuation day of September 2009.

The performance fees shall be accrued each time the net asset value is calculated.

This performance fee is payable annually after the 30 September of each year.

No performance fees will be charged in any of the following cases:

The FCP's performance since the end of the last reference period is negative.

The FCP's performance since the end of the last reference period is lower than that of its benchmark index.

In the event of an underperformance, the accrued performance fees are readjusted by means of a reduction in the existing provision. Such reduction cannot exceed the amount already accrued.

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 GROUPE EDMOND DE ROTHSCHILD. 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.

## **IV. 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.

## **V. 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.

## **VI. ASSET VALUATION & ACCOUNTING RULES**

### ➤ **Asset valuation rules:**

## GOLDSPHERE

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 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 US dollar 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 US dollar will be converted into US dollars 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.

# GOLDSPHERE 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 classes of units: A, B, E, I and R accumulation units.

A units are denominated in US dollars, B, E, I and R units in euro.

The board of the Management Company may decide that A, B, E, I and R units shall 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.

The different unit classes may be charged different management fees or have a different nominal value.

#### **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:**

An 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 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 Auditor's mandate may be renewed.

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

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

The Auditor's fees are determined by mutual agreement between the 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 Auditor shall value the amount of the assets and establish a report on the conditions of such liquidation.

**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 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.

Distributable income shall be fully accumulated each year, with the exception of those amounts which are subject to compulsory distribution by law.

**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 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 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.