

# PROSPECTUS

## La Française Protectaux

### Mutual Fund

#### 1. General features

##### 1.1 Legal form of the UCITS

**Name:**

La Française Protectaux

**Legal form and Member State in which the UCITS has been incorporated:**

Fonds Commun de Placement (mutual fund) under French law

**Launch date and scheduled duration:**

17/01/2003 - 99 years

**Date of approval by the Financial Markets Authority:**

03/12/2002

**Summary of management offer:**

Type of unit	ISIN code	Original net asset value	Sub-funds	Allocation of income	Allocation of gains	Denomination currency	Target subscribers	Minimum value of initial subscription
I units	FR0010107953	EUR 1,000	No	Capitalisation	Capitalisation	EUR	Reserved for professional clients within the meaning of MiFID	EUR 100,000
R units	FR0010996736	EUR 1,000	No	Capitalisation	Capitalisation	EUR	All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services	None
T C EUR units	FR0013289485	EUR 1,000	No	Capitalisation	Capitalisation	EUR	All investors without payment of retrocession fees to distributors	None

**Location where the latest annual report and the latest interim report may be obtained:**

The latest annual reports and the composition of assets will be sent within eight working days, upon written request by the unitholder to:

LA FRANÇAISE ASSET MANAGEMENT  
Marketing department  
128, boulevard Raspail  
75006 Paris  
Tel.: +33 (0) 1 44 56 10 00  
E-mail: [contact-valeursmobilières@la-française.com](mailto:contact-valeursmobilières@la-française.com)

For further information, please contact the Marketing department of the management company via the following e-mail address: [contact-valeursmobilières@la-française.com](mailto:contact-valeursmobilières@la-française.com).

## 1.2 Stakeholders

### **Management company:**

LA FRANÇAISE ASSET MANAGEMENT

Simplified joint stock company, registered in the Paris Trade and Companies Register under number 314 024 019

Management company approved by the French Financial Markets Authority on 1 July 1997, under number GP 97-76,

Registered office: 128, boulevard Raspail – 75006 Paris

### **Depositary and registrar:**

#### **Identity of the UCITS Depositary**

The Depositary of the UCITS is BNP Paribas S.A., located at 9 rue du Débarcadère, 93500 PANTIN (the "Depositary"). BNP Paribas S.A., registered in the Trade and Companies Register under number 662 042 449, is an institution approved by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the French Financial Markets Authority (Autorité des Marchés Financiers – AMF), whose registered office is located at 16, Boulevard des Italiens, 75009 Paris, France.

#### **Description of the responsibilities of the Depositary and potential conflicts of interest**

The Depositary carries out three types of responsibilities: checking the legality of the decisions of the management company (as defined in Article 22(3) of the UCITS V Directive), monitoring the UCITS cash flow (as defined in Article 22(4)) and holding UCITS assets (as defined in Article 22(5)).

The main objective of the Depositary is to protect the interests of unitholders/investors in the UCITS. This will always take precedence over commercial interests.

Potential conflicts of interest may be identified, especially in the case where the Management Company has a commercial relationship with BNP Paribas S.A. alongside its appointment as Depositary (which may be the case where BNP Paribas S.A., by delegation from the Management Company, calculates the net asset value of the UCITS while BNP Paribas S.A. is the Depositary or where a group connection exists between the Management Company and the Depositary).

In order to manage situations such as this, the Depositary has implemented and regularly updates a conflict of interest management policy, with the aim of:

- identifying and analysing potential conflicts of interest;

- recording, managing and monitoring conflicts of interest:

- o based on the permanent measures put in place in order to manage conflicts of interest, such as the distribution of tasks, the separation of hierarchical and operational lines, the monitoring of internal lists of insiders and dedicated IT environments;

- o On a case-by-case basis:

- by implementing appropriate preventive measures such as the creation of an ad hoc monitoring list and new Chinese walls, or by verifying that transactions are properly processed and/or by keeping the relevant clients informed,

- or by refusing to manage activities which could lead to conflicts of interest.

#### **Description of any safekeeping functions delegated by the Depositary, list of delegates and sub-delegates and identification of conflicts of interest likely to result in such a delegation.**

The Depositary of the UCITS, BNP Paribas S.A., is responsible for safeguarding the assets (as defined in Article 22(5) of the Directive 2009/65/EC amended by Directive 2014/91/UE). In order to offer services related to the custody of assets in a large number of countries, allowing the UCITS to achieve their investment objectives, BNP Paribas S.A. has appointed sub-depositaries in the countries where BNP Paribas S.A. has not established a local presence. These entities are listed on the following website:

<http://securities.bnpparibas.com/solutions/asset-fund-services/depositary-bank-and-trustee-serv.html>

The appointment and monitoring process for sub-depositaries adheres to the highest quality standards, including the management of potential conflicts of interest which may arise as a result of these appointments.

Up-to-date information relating to the abovementioned points will be sent to the investor upon request.

### **Statutory auditor:**

DELOITTE et Associés

6 place de la Pyramide 92908 Paris-La Défense cedex

Represented by Ms Virginie GAITTE

### **Marketers:**

Banque Coopérative et Mutuelle Nord Europe

4, place Richebé, 59000 LILLE

LA FRANÇAISE AM FINANCE SERVICES  
Customer relations department  
128, boulevard Raspail – 75006 PARIS

Caisse Fédérale du Crédit Mutuel Nord Europe, Caisses du Crédit Mutuel Nord  
4 place Richebé - 59800 Lille

***Delegated entities:***

***Appointed account manager:***

BNP PARIBAS S.A.,  
Whose registered office is 16 Boulevard des Italiens 75009 Paris  
With its postal address at Grands Moulins de Pantin, 9 rue du Débarcadère, 93500 Pantin

***Advisors:***

None

***Centralising agent:***

LA FRANÇAISE ASSET MANAGEMENT  
Simplified joint stock company, registered in the Paris Trade and Companies Register under number 314 024 019  
Management company approved by the French Financial Markets Authority on 1 July 1997, under number GP 97-76,  
Registered office: 128, boulevard Raspail – 75006 Paris

***Institution responsible for the receipt of subscription and redemption orders:***

**- for bearer units to be registered or registered with Euroclear:**

LA FRANÇAISE AM FINANCE SERVICES  
Customer relations department  
128, boulevard Raspail – 75006 PARIS

**- for registered units yet to be listed or already listed in the IZNES Shared Electronic Registration System (DEEP):**

IZNES  
Service Operations  
20-22, rue Vernier – 75017 PARIS

## **2. Terms of operation and management**

### **2.1 General features**

***Unit features:***

- Nature of right attached to each unit category: Each unitholder has a right of co-ownership to the fund assets in proportion to the number of units held.
- Liabilities managed by  
BNP Paribas S.A  
for units yet to be registered or already registered in bearer form within Euroclear, and by IZNES for units yet to be registered or already registered in pure registered form within the IZNES Shared Electronic Registration System (DEEP).
- Bearer units listed with EUROCLEAR France: **TC, R, I units**
- Registered units managed in the IZNES Shared Electronic Registration System (DEEP): **I, R units**
- Voting rights: the units do not carry any voting rights; decisions are taken by the management company.
- Form of the units: the mutual fund units are bearer units listed with EUROCLEAR or registered units managed in the IZNES Shared Electronic Registration System (DEEP).
- Decimalisation: each unit can be divided into hundred thousandths.

***Closing date:***

- End of accounting period: last trading day in December
- End of the first financial year: 30 September 2003

**Tax system:**

Please note: Depending on your tax system, any capital gains and income associated with holding units in the UCITS could be subject to taxation. If the unitholder is uncertain about their tax situation, they should consult the UCITS marketer or their financial adviser for more information.

**2.2 Specific provisions****ISIN code:**

I units	FR0010107953
R units	FR0010996736
T C EUR units	FR0013289485

**Classification:**

Bonds and other debt securities denominated in euros

**Management objective:**

The fund aims to achieve a return (net of fees) superior to that of its benchmark index, the Solactive Bund Daily (-1x) Inverse Index, over the recommended investment period of two years. In other words, the objective of the fund La Française Protectauxis is to achieve positive performance against a backdrop of rising eurozone 10-year interest rates, with a recommended investment period of two years.

**Benchmark index:**

The Solactive Bund Daily index (-1x) Inverse Index replicates a short position in the German 10-year Bund futures contract rolled from one contract into another.

The Bloomberg ticker for this index is the SODI1BUN Index, and its administrator is Solactive AG.

Further information on the benchmark index is available on the administrator's website: <https://www.solactive.com/Indices/?index=DE000SLA8QS4>

The fund is neither an index fund nor an index benchmark but, for post-hoc comparison purposes, unitholders can refer to the benchmark index.

The benchmark is only used for comparison. The manager is free to decide whether or not to invest in the securities that make up the benchmark index. They are therefore free to choose the securities that make up the portfolio in accordance with the management strategy and investment restrictions.

**Investment strategy:**

The fund is managed on the basis of the active management of short positions on futures contracts, option positions and swaps.

Since the fund is structurally invested in bonds denominated in Euros and issued or guaranteed by the government of France or a country with a rating of AAA (Standard & Poor's or equivalent according to the management company's analysis) or Aaa (Moody's or equivalent according to the management company's analysis), it enters into forward sales transactions to enable participation in potential increases in the interest rate. Beyond a short strategic exposure, the fund takes tactical measures aimed at harnessing the volatility of long rates in the eurozone.

The management style aims to ensure that the portfolio performs in close correlation with the rise in long rates while realising interim profits by rigorously monitoring the positions.

The assets in the portfolio are selected via a proprietary process of the management company. The selection criteria are as follows:

- Exposure to fixed income markets: 100% of net assets
- fixed-rate debt securities, variable-rate debt securities and negotiable debt securities
- private bonds: up to 20% maximum of net assets
- bonds denominated in euros and issued or guaranteed by the government of France or a country with a rating of AAA (Standard & Poor's or equivalent according to analysis of the management company) or Aaa (Moody's or equivalent according to analysis of the management company),
- issuers with no rating provided that their issues meet the rating condition
- any OECD member country

If a security rated investment grade is downgraded to sub-investment grade ("speculative securities"), the asset concerned will not be sold unless the management company considers this sale to be in unitholders' interests. In total, these sub-investment grade assets may not exceed 10% of the fund's assets.

The management company shall not exclusively or systematically rely on ratings, but rather shall conduct a credit analysis at the time of investment.

The sensitivity spread of the fund is between -10 and 2.

- Exposure to equity markets: 0% of net assets
- UCI under French or foreign law

- investment from 0% to 10% in units and/or shares of UCIs

As part of efficient portfolio management techniques, the fund may use forward financial instruments traded on organised or regulated markets, or over-the-counter, both in French and abroad: futures, options, caps, floors and swaps. Each derivative addresses a specific strategy for efficient portfolio management, hedging and/or exposure of the asset classes held in the portfolio against interest rate risks.

The fund's investment limit for derivative instruments shall not exceed 100% of its net assets.

The fund may invest more than 35% of its assets in financial securities or money market instruments issued or guaranteed by the same entity if these securities or money market instruments are issued or guaranteed:

- by an EU or EEA Member State,
- by its local public authorities,
- by a third country,
- by international public bodies of which one or more EU or EEA Member States are members,
- by CADES (social debt amortization fund).

These financial securities and/or money market instruments shall belong to at least six different issues, but the securities belonging to any one issue shall not exceed 30% of the total assets of the fund.

## 2. Assets (excluding embedded derivatives)

- Equities: no
- Debt securities and money market instruments:
  - Short and medium-term negotiable debt securities (NEU CP, NEU MTN)
  - Bonds: yes
  - Treasury bills: yes
- UCI units or shares yes

	Authorised investment	Maximum holding threshold
UCITS under French law*	X	10%
UCITS under European law*	X	
AIF under French law meeting the requirements of Article R214-13 of the Monetary and Financial Code*	X	10%
AIF under European law meeting the requirements of Article R214-13 of the Monetary and Financial Code*	X	
Investment fund under foreign law meeting the requirements of Article R214-13 of the Monetary and Financial Code*	X	

\* These funds may not themselves hold more than 10% of their assets in UCITS/AIF/investment funds.

The fund may invest in UCITS managed by the management company or a legally affiliated company up to a limit of 25% of the assets of these funds.

## 3. Derivative instruments

Nature of the markets used:

- regulated: yes
- organised: yes
- OTC: yes

Risks on which the manager seeks to act:

- equities: no
- interest rates: yes
- foreign exchange: no
- credit: yes
- Index: no

Nature of activities:

- hedging: yes
- exposure: yes
- arbitrage: yes

Nature of the instruments used:

- futures: yes
- swaps: yes

- forward exchange: no
- options: yes
- caps and floors: yes

The use of derivatives allows for flexibility in management and better responsiveness in different market contexts.

#### **4. Securities with embedded derivatives**

Risks on which the manager seeks to act:

- equities: no
- interest rates: yes
- foreign exchange: no
- credit: yes
- index: no

Nature of activities:

- hedging: yes
- exposure: yes
- arbitrage: yes

Nature of the instruments used:

- EMTN
- BMTN
- Callables

#### **Management of financial guarantees relating to transactions on over-the-counter derivative financial instruments:**

OTC transaction counterparties will be counterparties such as credit institutions, authorised by the management company and domiciled in OECD Member States.

These counterparties do not have discretionary decision-making powers over the management of the assets underlying the derivative financial instruments.

These transactions may be carried out with companies linked to the Group of the management company.

These transactions may give rise to the guarantee deposit:

- cash,
- securities issued by OECD member countries,
- money market UCITS/AIF units or shares.

The fund shall not receive securities as collateral as part of the management of financial guarantees relating to transactions on over-the-counter derivative financial instruments and effective portfolio management techniques.

Financial guarantees received in cash may be:

- placed in deposit with a credit institution whose registered office is located in an OECD Member State or in another country with equivalent prudential rules,
- invested in high-quality government bonds,
- invested in short-term monetary undertakings for collective investment as defined in the guidelines for a common definition of European monetary undertakings for collective investment.

#### **5. Deposits**

The fund reserves the right to make deposits of up to 10% of net assets in order to manage its cash flow.

#### **6. Cash borrowings**

The fund reserves the right to temporarily borrow cash up to the regulatory limit (10% of its net assets)

#### **7- Temporary securities purchase and sale transactions**

##### **o General description of transactions:**

##### **• Nature of activities:**

Transactions for the temporary purchase or sale of securities shall be carried out in accordance with the Monetary and Financial Code. They shall be carried out within the framework of cash flow management and/or the optimisation of UCI income. Under no circumstances will these strategies aim to create or result in the creation of a leverage effect.

##### **• Nature of transactions used:**

These transactions shall consist of securities loans and borrowings and/or repurchase and reverse repurchase transactions of interest rate or credit products of OECD member countries. The instruments subject to transactions of this nature shall be bonds and other negotiable debt securities issued by public and/private entities and rated "investment grade" (rating higher than or equal to BBB- according to Standard&Poor's or Baa3 according to Moody's) and/or speculative (rating lower than BBB- or Baa3).

o General data for each type of transaction:

• Envisaged level of use:

Transactions for the temporary sale of securities (securities lending, repurchase transactions) may be carried out up to an amount equivalent to a maximum of 50% of the UCI's assets, while transactions for the temporary purchase of securities (securities borrowing, repurchase agreements) may be carried out up to an amount equivalent to a maximum of 10% of the UCI's assets. The expected proportion of assets under management that will be subject to such transactions may be 25% of net assets.

• Selection of counterparties:

The management company follows a specific selection process for financial intermediaries, also used for intermediaries designated for transactions for the temporary purchase or sale of securities. These intermediaries are selected on the basis of their research quality, the cash assets that they offer, and their speed, reliability and quality with regard to how they process orders.

At the end of this rigorous and regulated process, subject to a grade, the counterparties selected for transactions for the temporary purchase or sale of securities are credit institutions authorised by the management company which have their registered office in a Member State of the European Union.

• Remuneration:

No remuneration is paid to the depositary (within the framework of his capacity as depositary) or to the management company for transactions for the temporary purchase or sale of securities. All income from these transactions is paid in full to the UCI.

The costs/fees relating to transactions for the temporary purchase and sale of securities are not invoiced to the Fund. These costs/fees are borne in full by the management company.

Furthermore, the management company does not receive any commission in kind on these transactions.

• Accepted guarantees:

Within the framework of transactions negotiated OTC for the temporary purchase or sale of securities, the UCI may receive cash in its reference currency as collateral.

Guarantees are held by the depositary of the UCI.

• Reinvestment policy for guarantees received:

Financial guarantees received in cash are reinvested in accordance with the applicable rules.

Financial guarantees received must be able to be fully enforced by the UCI at any time and without consulting or obtaining the approval of the counterparty.

Financial guarantees received in cash may be:

- placed in deposit;
- invested in high-quality government bonds;
- invested in short-term monetary UCIs.

Securities received as collateral cannot be sold, reinvested or used as a guarantee deposit.

• Risks:

There is no correlation policy to the extent that guarantees received in cash in the reference currency of the UCI do not present an exchange risk or valuation risk due to fluctuating financial markets. Therefore, there is no discount policy applied to the guarantee received.

The audit teams in charge of the fund shall respect all the limits described under the heading "Envisaged level of use". The policy of financial guarantees limited to cash does not require a specific risk procedure for monitoring collateral and associated discounts.

The recourse to the purchase and/or sale transactions of securities may result in legal risks, in particular relating to contracts.

***Risk profile:***

*"Your money will be invested in financial instruments selected by the management company. These instruments will be exposed to market trends and risks".*

The risks described below are not exhaustive: investors should analyse the risks inherent to each investment and make their own decisions. Through the fund, subscribers are exposed to the following risks:

**Risk of capital loss:**

Given that the fund's capital is not secured, subscribers may lose all or part of their initial investment.



**Discretionary risk:**

The discretionary management style applied to the fund is based on stock-picking and on forecasts for the markets of the fund's assets. There is a risk that the fund may not be able to invest in the best-performing securities at all times. The fund's performance may therefore be lower than the management objective. Moreover, the net asset value of the fund may post negative performance.

**Interest rate risk:**

The fund is subject to interest rate risk. The interest rate risk is the risk that the value of the fund's investments may decrease if interest rates rise. Therefore, when interest rates increase, the net asset value of the fund may decrease.

**Credit risk relating to issuers of debt securities:**

These risks may arise from a risk of unexpected bankruptcy or downgrading of an issuer of a debt security, linked to the deterioration of the intrinsic credit quality. If an issuer is downgraded, then the value of its assets will fall, which may result in a decrease in the net asset value of the fund.

**Counterparty risk:**

Counterparty risk arises from entering into financial forward contracts traded OTC and from temporary securities purchase and sale transactions: This is the risk that a counterparty may default on payment. The defaulting of the payment of a counterparty may therefore lead to a decrease in the net asset value.

**Sustainability risk:** This refers to the possible occurrence of an ESG event or condition that could potentially or actually cause a significant negative impact on the value of an investment in a fund. Sustainability risks can either represent a risk as such, or have an impact on other risks and contribute – by way of correlation – significantly to risks such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks can have an impact on long-term risk-adjusted returns for investors. Assessing sustainability risk is complex and can be based on ESG data that is difficult to obtain and incomplete, believed to be outdated, or otherwise materially inaccurate. Even when identified, there is no guarantee that this data will be properly assessed.

**Guarantee or protection:**

The Fund does not benefit from any guarantee or protection.

**Target subscribers:**

I units	Reserved for professional clients within the meaning of MiFID
R units	All subscribers, including investors subscribing via distributors providing a non-independent advisory service within the meaning of MiFID II or Reception and Transmission of Orders (RTO) with services
T C EUR units	All investors without payment of retrocession fees to distributors

The fund is primarily intended for investors seeking to protect themselves against a possible rise in long-term rates in the eurozone and/or to take advantage of a possible rise in long-term rates in the eurozone.

**T units subscription terms:**

Subscriptions for T units (net units) are reserved:

- for investors subscribing through distributors or intermediaries:
  - subject to national legislation prohibiting all retrocession fees to distributors
  - providing:
    - o independent advice within the meaning of European regulation MiFID II,
    - o individual portfolio management under mandate
- funds of funds

Any arbitrage of fund units towards T units will benefit from the MiFID II tax exemption until 31 December 2018 (letters dated 16 March 2017 and 31 October 2017 of the Directorate-General for Public Finance, which confirms that such exchange transactions benefit from the tax deferral provided for in Article 150-0 B of the General Tax Code; [www.la-francaise.com](http://www.la-francaise.com)), provided that subscriptions for T units are immediately preceded by the same unitholder for a product equivalent to the number of redeemed units and on the same net asset value date.

**US investors**

Units have not been and will not be registered under the US Securities Act of 1933 (hereinafter the "Act of 1933") or any other law applicable in a US state. Units may also not be directly or indirectly transferred, offered or sold in the United States of America (including its territories and possessions) to any US Person (hereinafter "U.S. Person"), as defined in the American Regulation



'Regulation S' of the Act of 1933 as adopted by the Securities and Exchange Commission ("SEC") unless (i) the units have been registered or (ii) an exemption applies (with the prior agreement of the management company's governing body).

The fund has not been and will not be registered under the US Investment Company Act of 1940. Any re-sale or transfer of units in the United States of America or to a U.S. Person may be in breach of U.S. law and requires the written agreement of the management company of the fund. Those wishing to acquire or purchase units will have to certify in writing that they are not a "U.S. Person".

#### Russian and Belarusian investors

In accordance with the provisions of EU Regulation No. 833/2014 subscription to units/shares of this fund is prohibited to any Russian or Belarusian national, to any natural person residing in Russia or Belarus or to any legal person, entity or body established in Russia or Belarus except nationals of a Member State and to natural persons holding a temporary or permanent residence permit in a Member State.

*The appropriate amount to invest in the mutual fund depends on your personal financial situation. To determine this, you must take into account your personal assets, current needs as well as your risk appetite or, on the contrary, your preference for a prudent investment. You are also strongly advised to diversify your investments so that they are not exposed solely to the risks of this fund.*

#### **Recommended investment period:**

This fund may not suit investors who intend to withdraw their contribution within two years.

#### **Methods of determining and allocating distributable amounts:**

I units Capitalisation

R units Capitalisation

T C EUR units Capitalisation

The distributable amounts consist of:

1. The net result, which corresponds to the amount of interest, arrears, dividends, bonuses and lots, directors' fees and all income relating to the securities making up the fund portfolio, plus income from sums temporarily held as liquid assets, minus management fees and borrowing costs, plus retained earnings, plus or minus the balance of the income adjustment account;

2) the realised capital gains, net of costs, minus the realised capital losses, net of costs, during the financial year, plus the similar net capital gains realised during the previous financial years which were not subject to distribution or capitalisation, minus or plus the balance of accrued capital gains.

#### **Accounting currency:**

EUR

#### **Subscription and redemption terms:**

##### **TC, I, R units**

Subscription orders (in value or hundred thousandths of units) and redemption orders (in hundred thousandths of units) are processed on each net asset value calculation day at 11 a.m. (if the Stock Exchange is open in Paris, or the next trading day, except for public holidays in France) at La Française AM Finance Services for units to be registered or bearer units within Euroclear; and are carried out on the basis of the next net asset value calculated on D+1 (i.e. at an unknown rate).

Related payments are made on the second trading day following the processing date (D+2).

Each unit can be divided into hundred thousandths

##### **I, R units**

Subscription requests (in amounts or in hundred thousandths of units) and redemption requests (in hundred thousandths of units) are processed on each net asset value calculation day (D) at 11 a.m. (if the Stock Exchange is open in Paris or on the following trading day, excluding statutory public holidays in France) with La Française AM Finance Services for units to be registered or recorded as bearer units with Euroclear and with IZNES for units to be registered or recorded as pure registered units with the IZNES Shared Electronic Registration System (DEEP); and are made on the basis of the net asset value of D calculated on D+1 (i.e. at an unknown rate).

Related payments are made on the second trading day following the processing date (D+2).

Each unit can be divided into hundred thousandths

The orders shall be carried out according to the table below:

Processing of subscription orders	Processing of redemption orders	Order fulfilment at the latest, in T	Publication of the net asset value	Settlement of subscriptions	Settlement of redemptions
T before 11 a.m.	T before 11 a.m.	Each trading day (T)	T + 1 business day	T + 2 business days	T + 2 business days

#### **Redemption gates mechanism:**

When exceptional circumstances so require, and if the interests of investors or the public so dictate, the management company may implement this mechanism, which allows redemption requests from investors in the fund to be spread over several net asset values if they exceed a given threshold.

Description of the method:

The management company may decide not to execute all redemptions on the same net asset value when the objectively pre-established threshold is reached on a net asset value. To determine the level of this threshold, the management company takes into account the frequency with which the fund's net asset value is calculated, the fund's management strategy and the liquidity of the assets in the portfolio.

For the fund, the limit on redemptions may be applied by the management company when the threshold of 5% of its net assets is reached.

The threshold triggering this cap on redemptions corresponds, for all unit categories in the fund, to the ratio between:

- the difference recorded on the same centralisation date between the number of units in the fund for which redemption is requested or the total amount of such redemptions and the number of units in the fund for which subscription is requested or the total amount of such subscriptions; and
- the net assets of the fund or the total number of units in the fund.

However, when redemption requests exceed the trigger level, the fund may decide to honour redemption requests in excess of the limit, and thus execute some or all of the orders that might otherwise be blocked.

For example, if total unit redemption requests represent 10% of the fund's net assets while the trigger threshold is set at 5% of net assets, the fund may decide to honour redemption requests up to 8% of net assets (and therefore execute 80% of the redemption requests).

The maximum number of net asset values for which a cap on redemptions may be applied is 20 net asset values over 3 months, and the estimated maximum capping time is 1 month.

Unitholder information:

If this mechanism is activated, investors in the fund will be informed by any means via the management company's website. Investors in the fund whose redemption orders have not been executed will be informed as soon as possible.

Handling of unexecuted orders:

During the period of application of this system, redemption orders will be executed in the same proportions for unitholders of the fund who have requested redemption at the same net asset value. Redemption orders deferred in this way will not have priority over subsequent redemption requests. Unitholders of the fund may not cancel redemption orders that have not been executed and are automatically deferred.

Exemptions from the scheme:

If this mechanism is triggered, it will not be applied to subscription and redemption transactions for the same number of shares, on the basis of the same net asset value, for the same fund and for the same investor or beneficial owner (known as round-trip transactions). This exclusion also applies to transfers from one unit class to another, at the same net asset value, for the same amount and for the same investor or beneficial owner.

**Minimum value of initial subscription:**

I units	EUR 100,000
R units	None
T C EUR units	None

**Minimum value of subsequent subscriptions:**

I units	None
R units	None
T C EUR units	None

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

Every day the Exchange is open in Paris, or the following trading day, excluding statutory public holidays in France.

**Original net asset value:**

I units	EUR 1,000
R units	EUR 1,000
T C EUR units	EUR 1,000

**Location where the net asset value is published:**

the management company's premises and the website: [www.la-francaise.com](http://www.la-francaise.com)

**Costs and fees:***Subscription and redemption fees:*

Subscription and redemption fees increase the subscription price paid by the investor or decrease the redemption price. The fees received by the UCITS offset the charges it incurs in investing or divesting the assets entrusted to it. Commissions not retained by the fund are paid to the investment company, distributor, etc.

Costs payable by the investor, levied at the time of subscription and redemption	Base	Rate/scale
Subscription fee not paid to the UCITS	Net asset value x Number of units	<b>I units:</b> 2.00% maximum <b>R units:</b> 2.00% maximum <b>T C EUR units:</b> None
Sales fee paid to the UCITS	Net asset value x Number of units	<b>I units:</b> None <b>R units:</b> None <b>T C EUR units:</b> None
Redemption fee not paid to the UCITS	Net asset value x Number of units	<b>I units:</b> None <b>R units:</b> None <b>T C EUR units:</b> None
Redemption fee paid to the UCITS	Net asset value x Number of units	<b>I units:</b> None <b>R units:</b> None <b>T C EUR units:</b> None

*Operating and management charges:*

These cover all costs charged directly to the UCITS, apart from transaction fees. Transaction costs include intermediation charges (brokerage, stamp duties, etc.) and any turnover fees charged in particular by the depositary and the management company.

In addition to operating and management charges, there may also be:

- outperformance fees. These are paid to the management company when the UCITS has exceeded its objectives. They are therefore charged to the UCITS;
- turnover fees are charged to the UCITS.

	Costs invoiced to the UCITS	Base	Rate/scale
1	Financial management fees	Net assets	<b>I units:</b> 0.411% (incl. taxes) <b>R units:</b> 0.881% (incl. taxes) <b>T C EUR units:</b> 0.411% (incl. taxes)
2	Administrative costs external to the management company	Net assets	<b>I &amp; R &amp; T C EUR units:</b> 0.099% (incl. taxes)
3	Maximum indirect costs	Net assets	None
4	Turnover fees	Deducted from each transaction	Equities: 0.40% (with a minimum of €120) Convertible bonds < 5 years: 0.06% Convertible bonds > 5 years: 0.24% Other bonds: 0.024% (with a minimum of €100) Monetary instruments: 0.012% (with a minimum of €100) Swaps: €300 Forward exchange: €150 Spot exchange: €50 UCI: €15 Futures: €6 Options: €2.5
5	Outperformance fee	Net assets	None

The UCITS may not inform shareholders specifically or offer them the possibility of redeeming their shares without incurring charges in the event of an increase in administrative costs external to the management company which would be equal to or less than 10 basis points per calendar year; the notification may therefore be made by any means.

A percentage of the management fee may be paid to remunerate marketers and distributors, subject to applicable regulations.

Other costs invoiced to the UCITS

- contributions due to the UCITS management pursuant to Article L621-5-3 (II)(3)(d) of the Monetary and Financial Code;
- taxes, duties, licence fees and government fees (relating to the UCITS), both extraordinary and non-recurring;
- extraordinary and non-recurring costs relating to debt recovery or a procedure for asserting a right (e.g.class action procedure).

**Choice of intermediaries:**

The Management Company has introduced a procedure for selecting and evaluating intermediaries and counterparties that takes into account objective criteria such as intermediation costs, execution quality and research. This procedure is available on the Management Company's website at the following address: <https://www.la-francaise.com/fr/informations-reglementaires/>. Unitholders should refer to the annual report of the fund for any further information they may require.

#### **Information on risks relating to potential conflicts of interest**

The management company may entrust Crédit Industriel et Commercial with the intermediation service, which will be provided by the Table Buy Side department within CIC Market Solutions. Crédit Industriel et Commercial is a Société Anonyme (public limited company) under French law with a share capital of 608,439,888 euros. On 30 September 1999, Crédit Industriel et Commercial obtained authorisation from the CECEI as a bank providing investment services. The two companies belong to the same group, which is likely to generate a potential risk of conflict of interest.

The service provided by Crédit Industriel et Commercial has therefore been governed by a service contract, to ensure that there is no impact on the fund's investors/shareholders in terms of cost and quality of service.

Crédit Industriel et Commercial's main purpose is to provide intermediation services (i.e. receiving, transmitting and executing orders on behalf of third parties) mainly for the Group's asset management companies. Within this framework, the service provider chooses brokers from the list of brokers authorised by the management company and places orders according to criteria defined by the latter.

Crédit Industriel et Commercial can act as principal or agent. Intervention in "principal" mode corresponds to intervention as counterparty to the management company's portfolios. Acting as an agent, Crédit Industriel et Commercial acts as an intermediary between portfolios and market counterparties. These may be entities belonging to the management company's group.

### **3. Sustainability-related information**

Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended ("SFDR"), governs the transparency requirements relating to the integration of risks related to sustainable development in the investment decisions, taking into account the negative effects on sustainable development and the publication of environmental, social and governance ("ESG") information, as well as the publication of information relating to sustainable development.

The occurrence of an ESG event or condition that could potentially or actually cause a negative material impact on the value of an investment of the fund. Sustainability risks can either represent a risk as such, or have an impact on other risks and contribute – by way of correlation – significantly to risks such as market risks, operational risks, liquidity risks or counterparty risks. Sustainability risks can have an impact on long-term risk-adjusted returns for investors. Assessing sustainability risk is complex and can be based on ESG data that is difficult to obtain and incomplete, believed to be outdated, or otherwise materially inaccurate. Even when identified, there is no guarantee that this data will be properly assessed.

The Management Company has identified two types of climate risk borne by the issuers: physical risks resulting from damage directly caused by meteorological phenomena and transition risks linked to the effects of the implementation of a low-carbon economic model: legal, regulatory and political developments, changes in supply and demand, innovations and technological breakthroughs and customer and stakeholder perception of the contribution to the transition. The risks linked to biodiversity have not been assessed due to a lack of data and established methodology.

The Management Company incorporates sustainability risks and opportunities into its research, analysis and investment-decision process in order to improve its ability to manage risks more comprehensively and generate long-term sustainable returns for investors.

The Management Company believes that investors are mostly likely to be affected by transition risks over the short and medium term. If, however, global warming leads to a significant rise in temperatures, the physical risks would become predominant. Transition risks linked to the market or to technology are yet to appear but could materialise very quickly. The legal, economic and political risks, for example linked to the implementation of a carbon tax or a price on carbon, should materialise more gradually.

The intrinsic characteristics of these risks – long-term, difficult to project as a probability and without precedent – are often difficult to reconcile with standard investment processes which are based on probabilities established from the past. The Management Company measures these risks for all portfolios and integrates them from time to time into investment decisions based on its assessment of risk occurrence.

As at the date of the prospectus, the fund does not promote ESG characteristics, nor does it have a specific sustainable investment objective (Article 6 SFDR).

The investments underlying this financial product do not take into account the European Union's criteria for environmentally sustainable economic activities.

### **4. Commercial information**

1. The fund units are distributed by Banque Coopérative et Mutuelle Nord Europe, LA FRANCAISE AM FINANCE SERVICES, Caisse Fédérale du Crédit Mutuel Nord Europe and Caisses du Crédit Mutuel Nord.

2. Subscription/redemption requests are centralised with La Française AM Finance Services for units yet to be registered or already registered in bearer form within Euroclear, and by IZNES for units yet to be registered or already registered in pure registered form within the IZNES Shared Electronic Registration System (DEEP) .

3. Information about the "La Française Protectaux" mutual fund is available from the management company's premises or online at: [www.la-francaise.com](http://www.la-francaise.com).

4. Notification of the portfolio breakdown: the management company may directly or indirectly inform the unitholders of the UCI with professional investor status of the breakdown of assets of the UCI, for purposes exclusively associated with regulatory obligations as part of the calculation of shareholders' equity. This notification takes place, where applicable, within a period which may not be less than 48 hours after the publication of the net asset value.

## 5. Investment rules

The fund shall comply with the investment rules set by the Monetary and Financial Code.

## 6. Overall risk method

The mutual fund applies the commitment approach.

## 7. Rules for asset accounting methods and valuation

The mutual fund abides by the accounting rules laid down under the regulations in force and in particular the accounting rules applicable to UCI.

All transferable securities in the portfolio are recorded at past cost, excluding fees.

On each net asset valuation date and balance sheet date, the portfolio is valued based on:

### Transferable securities

UCIs: at the last-known net asset value. Estimated net asset values are used for UCIs and foreign investment funds with a monthly valuation.

### Accounting method for interest

Interest on bonds and debt securities is recorded using the accrued interest method.

### Method for adjusting the net asset value relating to swing pricing with a trigger threshold

This mechanism aims to protect unitholders in the event of significant subscriptions or redemptions on the liabilities side of the fund's balance sheet by applying an adjustment factor to unitholders who invest or redeem significant amounts of outstanding assets. This is likely to generate costs for incoming and outgoing unitholders which would otherwise affect all unitholders remaining in the fund.

Therefore, in the event that on the net asset value calculation day, the total net subscription/redemption orders of investors of all fund units exceeds the pre-established threshold set by the management company and defined on the basis of objective criteria as a percentage of the net assets of the fund, the net asset value may be adjusted upwards or downwards to take into account the readjustment costs arising from net subscription/redemption orders.

The cost parameters and trigger thresholds are established by the management company and reviewed on a regular basis. These costs are estimated by the management company on the basis of the transaction costs and buy-sell ranges.

It is not possible to forecast whether the swing will be applied at a given time in the future, or how often the management company will carry out such adjustments.

Investors shall be informed that the volatility of the fund's net asset value may not only reflect that of the securities held in the portfolio due to the application of swing pricing.

The swung net asset value is the only net asset value of the fund and the only one communicated to unitholders in the fund.

However, if there are outperformance fees, these shall be calculated on the basis of the net asset value before application of the adjustment mechanism.

## 8. Remuneration

In accordance with Directive 2009/65/EC and Article 314-85-2 of the General Regulations of the Financial Markets Authority, the management company has implemented a remuneration policy for categories of staff whose professional activities have significant

repercussions on the risk profile of the management company or of the UCITS. These categories of staff include managers, members of the Board of Directors (including the senior management), risk takers, persons performing auditing tasks, persons in a position to influence employees, and all employees receiving a total remuneration who are in the same remuneration range as the risk takers and the senior management. The remuneration policy is compliant and encourages healthy and effective risk management, and does not encourage risk-taking which would be incompatible with the risk profiles of the management company or with its articles and does not hinder the obligation of the management company to act in the greater interests of the UCITS.

La Française Group has set up a remuneration committee at Group level. The remuneration committee is set up in accordance with the internal regulations and in accordance with the principles laid down in Directive 2009/65/EC and Directive 2011/61/EU. The remuneration policy of the management company is designed to promote good risk management and to discourage risk-taking which would exceed the tolerable level of risk, by taking into account the investment profiles of the funds under management and by implementing measures enabling any conflicts of interests to be avoided. The remuneration policy is reviewed annually.

The remuneration policy of the management company, detailing the way in which remuneration and benefits are calculated, is available free of charge from the registered office of the management company. A summary is available from the website: <https://www.la-francaise.com/fr/informations-reglementaires>.

# MUTUAL FUND REGULATIONS

## La Française Protectaux

### SECTION 1: ASSETS AND UNITS

#### Article 1: Co-ownership units

The rights of the co-owners are expressed in units, each unit corresponding to the same fraction of the fund's assets. Each unitholder has a right of co-ownership to the fund assets in proportion to the number of units held.

The duration of the fund is 99 years from its creation except in the case of early dissolution or extension provided for in these regulations.

Unit categories:

The features of the different classes of units and their access conditions are specified in the prospectus of the mutual fund.

The different classes of units may:

- Use different income distribution procedures (distribution or capitalisation or carry forward);
- Be denominated in different currencies;
- Bear different management fees;
- Incur different subscription and redemption fees
- Have different nominal values;
- Be systematically hedged against risk, in part or in full, as defined in the prospectus. This hedging is provided through financial instruments, minimising the impact of hedging on the other classes of units of the mutual fund;
- Be confined to one or more marketing channels.

The units may be divided, grouped or split into tenths, hundredths, thousandths, ten thousandths or hundred thousandths (referred to as "fractional units") at the discretion of the management company.

The provisions of the articles of association governing the issue and redemption of units apply to fractional units, whose value will always be proportional to that of the unit they represent. All other provisions of the regulations relating to units shall apply to fractional units without the need to specify, unless otherwise provided.

Finally, the Executive Board of the management company may decide unilaterally to split units by creating new units to be allocated to the unitholders in exchange for the old units.

#### Article 2: Minimum volume of assets

Units may not be redeemed if the assets fall below EUR 300,000; if the assets remain below this amount for a period of 30 days, the management company shall make the necessary provisions to liquidate the UCITS in question, or to carry out one of the operations mentioned in Article 411-16 of the General Regulations of the Financial Markets Authority (transfer of the UCITS).

#### Article 3: Issue and redemption of units

Units may be issued at any time at the request of the unitholders, based on the net asset value plus any subscription fees, where applicable. Redemptions and subscriptions are carried out according to the terms and conditions set out in the prospectus. Mutual fund units may be admitted to listing in accordance with the regulations in force.

Subscriptions must be fully paid on the day on which the net asset value is calculated. They may be paid for in cash and/or through the contribution of financial instruments. The management company has the right to refuse the securities offered and, for this purpose, has a period of seven days from their deposit to make its decision known. In the event of acceptance, the securities offered are valued according to the rules set out in Article 4 and the subscription is carried out on the basis of the first net asset value following acceptance of the securities in question.

Redemptions may be made in cash. Redemptions may be made in kind. If the redemption in kind corresponds to a representative share of the portfolio assets, then only the written agreement signed by the outgoing unitholder must be obtained by the UCITS or



the management company. Where the redemption in kind does not correspond to a representative share of the assets in the portfolio, all unitholders must provide written approval authorising the outgoing unitholder to obtain the redemption of his/her units against certain specific assets, as explicitly established in the agreement.

By way of derogation from the above, when the fund is an ETF, redemptions on the primary market may, with the agreement of the portfolio management company and in the interest of the unitholders, be carried out in kind according to the conditions established in the prospectus or the fund regulations. The assets are then delivered by the issuing account holder in accordance with the conditions established in the fund's prospectus.

Redeemed assets are generally valued in accordance with the rules set in Article 4, and redemption in kind is carried out on the basis of the first net asset value following the acceptance of the assets in question.

Redemptions are settled by the issuing account holder no later than five days after the valuation of the unit.

However, if, in exceptional circumstances, the redemption requires the prior realisation of assets included in the fund, this period may be extended; it may not exceed 30 days.

Except in the case of inheritance or inter vivos distribution, the sale or transfer of units between unitholders, or from unitholders to a third party, is treated in the same way as a redemption followed by a subscription; in the case of a third party, the amount of the sale or transfer must, where applicable, be supplemented by the beneficiary to reach at least that of the minimum subscription required by the prospectus.

Pursuant to Article L214-8-7 of the Monetary and Financial Code, both the redemption by the mutual fund of its units and the issue of new units may be suspended on a temporary basis by the management company where required by exceptional circumstances and where this is in the interests of the unitholders.

If the net assets of the mutual fund are lower than the amount specified in the regulations, no units may be redeemed.

#### **Redemption gates mechanism:**

When exceptional circumstances so require, and if the interests of investors or the public so dictate, the management company may implement this mechanism, which allows redemption requests from investors in the fund to be spread over several net asset values if they exceed a given threshold.

#### Description of the method:

The management company may decide not to execute all redemptions on the same net asset value when the objectively pre-established threshold is reached on a net asset value. To determine the level of this threshold, the management company takes into account the frequency with which the fund's net asset value is calculated, the fund's management strategy and the liquidity of the assets in the portfolio.

For the fund, the limit on redemptions may be applied by the management company when the threshold of 5% of its net assets is reached.

The threshold triggering this cap on redemptions corresponds, for all unit categories in the fund, to the ratio between:

- the difference recorded on the same centralisation date between the number of units in the fund for which redemption is requested or the total amount of such redemptions and the number of units in the fund for which subscription is requested or the total amount of such subscriptions; and
- the net assets of the fund or the total number of units in the fund.

However, when redemption requests exceed the trigger level, the fund may decide to honour redemption requests in excess of the limit, and thus execute some or all of the orders that might otherwise be blocked.

For example, if total unit redemption requests represent 10% of the fund's net assets while the trigger threshold is set at 5% of net assets, the fund may decide to honour redemption requests up to 8% of net assets (and therefore execute 80% of the redemption requests).

The maximum number of net asset values for which a cap on redemptions may be applied is 20 net asset values over 3 months, and the estimated maximum capping time is 1 month.

#### Unitholder information:

If this mechanism is activated, investors in the fund will be informed by any means via the management company's website. Investors in the fund whose redemption orders have not been executed will be informed as soon as possible.

#### Handling of unexecuted orders:

During the period of application of this system, redemption orders will be executed in the same proportions for unitholders of the fund who have requested redemption at the same net asset value. Redemption orders deferred in this way will not have priority over subsequent redemption requests. Unitholders of the fund may not cancel redemption orders that have not been executed and are automatically deferred.

#### Exemptions from the scheme:

If this mechanism is triggered, it will not be applied to subscription and redemption transactions for the same number of shares, on the basis of the same net asset value, for the same fund and for the same investor or beneficial owner (known as round-trip transactions). This exclusion also applies to transfers from one unit class to another, at the same net asset value, for the same amount and for the same investor or beneficial owner.

Minimum subscription conditions are possible, according to the terms set out in the prospectus.

The mutual fund may partially or totally stop issuing units temporarily or definitively pursuant to Article L214-8-7, third paragraph, of the Monetary and Financial Code in objective situations leading to the closure of subscriptions, such as a maximum number of units or equities being issued, a maximum amount of assets being achieved or the expiry of a determined subscription period. These objective situations are defined in the prospectus of the mutual fund.

Information on this instrument's activation will be issued via any means to all existing unitholders concerned by its activation; it will also include information on the threshold and the objective situation which led to the decision for partial or total closure. In the event of a partial closure, the information issued via any means will clarify in detail the terms under which existing unitholders may continue to subscribe over the period of the partial closure. Unitholders shall also be informed via any means of the decision of the UCITS or of the management company to either end the partial or total closure for subscription (during the passage under the activation threshold) or not to end it (in the event of changes to the threshold or changes in the objective situation which led to the instrument being implemented). Any proposed change to the objective situation or to the instrument activation threshold must always be made in the interests of the unitholders. The information issued via any means will clarify the precise reasons for the changes.

The management company reserves the right to restrict or deny the direct or indirect holding of fund units by any person or entity which is prohibited from holding the fund units (hereinafter "Ineligible Person") as described below:

An "Ineligible Person" is:

- a "U.S. Person" as defined in SEC Regulation S of the Securities and Exchange Commission (SEC) (Part 230 – 17 CFR 230.903); or
- any other person who (a) is directly or indirectly in violation of the laws and regulations of any country or government institution, or (b) may, in the opinion of the management company of the mutual fund, cause damage to the mutual fund, which it would have otherwise not endured or suffered.

To this end, the management company of the mutual fund may:

- (i) refuse to issue any units as soon as it becomes evident that such issuance will or may result in the aforementioned units being directly or indirectly held by or for an Ineligible Person;
  - (ii) demand, at any time, that a person or entity whose name appears on the register of unitholders provide any information, accompanied with a solemn declaration, which it deems necessary in order to establish whether the actual beneficiary of the relevant units is an Ineligible Person or not;
- and
- (iii) when it is apparent that a person or entity is (i) an Ineligible Person and, (ii) solely or jointly, the effective beneficiary of the units, proceed with the forced redemption of all the units held by a unitholder without delay and, at the latest, within five days.

The forced redemption will take place at the last known net asset value, minus, where applicable, the relevant fees, rights and commissions, which will be charged to the Ineligible Person within five days, during which time the actual beneficiary of the units may present his observations to the competent authority.

This power also covers any person (i) who is in direct or indirect violation of the laws and regulations of any country or government institution, or (ii) may, in the opinion of the management company of the mutual fund, cause damage to the mutual fund, which it would have otherwise not endured or suffered.

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

The net asset value of the units is calculated in accordance with the valuation rules set out in the prospectus.

Contributions in kind may only consist of securities, transferable securities or contracts in which UCIs are authorised to invest, such contributions shall be valued pursuant to the valuation rules used to calculate the net asset value.

## **SECTION 2: FUND OPERATION**

#### **Article 5: The management company**

The fund is managed by the management company in accordance with the strategy set out for the fund.

The management company shall act under all circumstances in the exclusive interests of the unitholders and may alone exercise the voting rights attached to the securities in the fund.

#### **Article 5a: Operating rules**

The instruments and deposits in which the UCI may invest and the investment rules are specified in the prospectus.

#### **8.1 Article 5b: Admission for trading on a regulated market and/or a multilateral trading system**

The units may be admitted to trading on a regulated market and/or a multilateral trading system in accordance with the regulations in force. If the mutual fund whose units are admitted for trading on a regulated market has a management objective linked to an index, the fund must have a mechanism in place to ensure that the price of its units does not deviate substantially from its net asset value.

#### **Article 6: The depositary**

The depositary shall perform the duties incumbent upon it pursuant to the laws and regulations in force as well as those contractually entrusted to it by the management company. In particular, it must ensure the legality of decisions taken by the management company of the portfolio. Where necessary, it must take all the precautionary measures that it deems to be necessary. In the event of any dispute with the management company, it will inform the Financial Markets Authority.

#### **Article 7: The statutory auditor**

A statutory auditor shall be designated for six financial years, after agreement with the Financial Markets Authority, by the governing body of the management company.

It certifies the legality and accuracy of the accounts.

The statutory auditor's term of office may be renewed.

The statutory auditor is required to notify the Financial Markets Authority as quickly as possible of any fact or ruling regarding the UCITS of which it becomes aware over the course of its assignment, of a nature that may:

1. constitute a breach of the legislative or regulatory provisions applicable to this body or be liable to have significant effects on the financial situation, profits or the assets;
2. adversely affect the conditions or the continuity of its operation;
3. lead to the issuance of reserves or the refusal to certify the accounts.

The statutory auditor shall supervise asset valuations and the calculation of the exchange parity in conversion, merger or demerger transactions.

It assesses any contribution or redemption in kind under its responsibility, except in the context of redemptions in kind for an ETF on the primary market.

It shall monitor the composition of the assets and other items prior to publication.

The statutory auditor's fees are determined by mutual agreement between the auditor and the executive board of the management company on the basis of a work schedule specifying the duties considered necessary.

The auditor shall certify the situations on the basis of which interim distributions are made.

#### **Article 8: Financial statements and management report**

At the end of each financial year, the management company prepares summary documents and draws up a report on the management of the fund during the past financial year.

The management company establishes, at least semi-annually and under the supervision of the depositary, an inventory of the assets of the UCI.

The management company shall make these documents available to the unitholders within four months of the end of the financial year and shall inform them of the amount of income they have the right to: these documents are either sent by post at the express request of the unitholders, or made available at the management company.

## SECTION 3: ALLOCATION PROCEDURES OF DISTRIBUTABLE AMOUNTS

### Article 9: Procedures for allocating income and distributable amounts

The distributable amounts consist of:

- 1) the net profit plus the amount carried forward, plus or minus the balance of prepayments and accrued income;
- 2) The capital gains made, net of costs, minus the capital losses made, net of costs, during the financial year, plus the similar net capital gains made during the previous financial years which were not subject to distribution or capitalisation and minus or plus the balance of the net capital gains of the pre-payment account.

The amounts stated in 1) and 2) may be distributed, in whole or in part, independently of each other.

The payment of the distributable amounts shall be performed within a maximum period of five months following the end of the financial year.

The mutual fund's net income is equal to the amount of interest, arrears, bonuses and lots, dividends, directors' fees and all other income relating to the securities making up the fund's portfolio, plus income from sums temporarily available, minus management fees and borrowing costs.

The management company shall decide how distributable amounts will be distributed.

For each equity category, as applicable, the mutual fund may opt for one of the following formulae for each of the amounts detailed in 1) and 2):

pure capitalisation: the distributable amounts are fully capitalised, with the exception of those that are subject to mandatory distribution by law;

pure distribution: the amounts are fully distributed, rounded to the nearest number;

For mutual funds seeking to maintain the freedom to capitalise and/or distribute and/or carry forward distributable amounts, the management company shall decide on the allocation of each of the amounts detailed in 1) and 2) each year.

During the course of the financial year, the management company may decide to make one or more prepayments not exceeding the net income of each of the amounts stated in points 1 and 2, recorded at the date of the decision.

The exact methods for the allocation of income are set out in the prospectus.

### Article 10: Merger – Split

The management company may either make a total or partial contribution of the assets comprising the fund to another UCITS, or may split the fund into two or more mutual funds.

Unitholders must be notified before any such merger or demerger takes place. The transactions will lead to a new certificate being issued, specifying the number of units held by each unitholder.

### Article 11: Dissolution – Extension

If the assets in the fund remain below the amount specified above in Article 2 for thirty days, then the management company shall advise the Financial Markets Authority and dissolve the fund, unless there is a merger operation with another mutual fund.

The management company may dissolve the fund early; it shall inform the unitholders of its decision, and no subscription or redemption orders will be accepted after this date.

The management company shall also dissolve the fund in the event of a redemption order for all of the units, or where the depositary is relieved of its responsibilities and no other depositary has been appointed, or on expiry of the term of the fund, if it has not been extended.

The management company shall inform the Financial Markets Authority by post of the date and of the selected procedure for dissolution. Subsequently, the management company shall send the statutory auditor's report to the Financial Markets Authority.

The management company may, by agreement with the depositary, decide to extend a fund's term. Its decision must be taken at least three months prior to expiry of the fund's term, and must be notified to the unitholders and the Financial Markets Authority.

### Article 12: Liquidation

In the event of dissolution, the management company shall act as liquidator, failing which a liquidator shall be appointed by the court at the request of any interested party. To this end, the liquidator is vested with the most extensive powers for liquidating assets, paying creditors and distributing the available balance to unitholders in cash or securities.

The statutory auditor and the depositary shall continue to carry out their duties until the liquidation operations have been completed.

### **Article 13: Jurisdiction – Choice of domicile**

Any disputes concerning the mutual fund arising during its existence or upon its liquidation, whether among unitholders or between unitholders and the management company or the depositary, shall be subject to the jurisdiction of the competent courts.