



LA FRANÇAISE

UCITS  
under Directive 2009/65/EC

# PROSPECTUS

## La Française Rendement Global 2022

Mutual Fund

### 1. General features

#### 1.1 Legal form of the UCITS

**Name:**

La Française Rendement Global 2022

**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:**

17/09/2014 - 99 years

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

29/07/2014

**Summary of the 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	FR0012020659	EUR 1,000	No	Capitalisation	Capitalisation	EUR	Reserved for professional clients within the meaning of MiFID	EUR 500,000
I D EUR units	FR0013238516	EUR 1,000	No	Capitalisation and/or distribution and/or carry forward	Capitalisation and/or distribution and/or carry forward	EUR	Reserved for professional clients within the meaning of MiFID	EUR 500,000
T D EUR units	FR0013286994	EUR 100	No	Capitalisation and/or distribution and/or carry forward	Capitalisation and/or distribution and/or carry forward	EUR	All investors without payment of retrocession fees to distributors	None
D USD H	FR0013183597	USD 100	No	Capitalisation and/or distribution and/or carry forward	Capitalisation and/or distribution and/or carry forward	USD	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	USD 1,000
IC USD H	FR0013055894	USD 1,000	No	Capitalisation	Capitalisation	USD	Reserved for professional clients within the meaning of MiFID	USD 500,000
IC CHF H	FR0013048303	CHF 1,000	No	Capitalisation	Capitalisation	CHF	Reserved for professional clients within the meaning of MiFID	CHF 500,000
R units	FR0012020675	EUR 100	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	FR0013287000	EUR 100	No	Capitalisation	Capitalisation	EUR	All investors without payment of retrocession fees to distributors	None
D units	FR0012020667	EUR 100	No	Capitalisation and/or distribution and/or carry forward	Capitalisation and/or distribution and/or carry forward	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 USD H	FR0013287638	USD 100	No	Capitalisation	Capitalisation	USD	All investors without payment of	USD 1,000

units							retrocession fees to distributors	
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The minimum initial subscription value does not apply to the Management Company or to the entities of the La Française Group, which may only purchase one unit.

Units in foreign currencies are systematically hedged against exchange risk for the reference currency of the Fund.

***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-francaise.com](mailto:contact-valeursmobilières@la-francaise.com)

For further information, please contact the Marketing Department of the management company via the following e-mail address: [contact-valeursmobilières@la-francaise.com](mailto:contact-valeursmobilières@la-francaise.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,  
Head office: 128, boulevard Raspail – 75006 Paris

***Depositary and registrar:***

**Identity of the UCITS Depositary**

The Depositary of the UCITS is BNP Paribas Securities Services SCA, a subsidiary of the BNP PARIBAS SA group located at 9, rue du Débarcadère 93500 PANTIN (the "Depositary"). BNP PARIBAS SECURITIES SERVICES, a partnership limited by shares, registered in the Trade and Companies Register under number 552 108 011, 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 3, rue d'Antin, 75002 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 Securities Services SCA alongside its appointment as Depositary (which may be the case where BNP Paribas Securities Services, by delegation from the Management Company, calculates the net asset value of the UCITS while BNP Paribas Securities Services 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 Securities Services SCA, is responsible for the safekeeping of the assets (as defined in Article 22(5) of the Directive 2009/65/CE 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 Securities Services SCA has appointed sub-depositaries in the countries where BNP Paribas Securities SCA Services 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:**

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 Securities Services, SCA

With its registered office at 3 rue d'Antin - 75002 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,

Head office: 128, boulevard Raspail – 75006 Paris

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

LA FRANÇAISE AM FINANCE SERVICES

Customer relations department

128, boulevard Raspail – 75006 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 fund assets in proportion to the number of units held.

Liabilities managed by BNP Paribas Securities Services.

- Units listed with EUROCLEAR France.

- Voting rights: the units do not carry any voting rights; decisions are taken by the management company.

- Form of the units: the units of this mutual fund are bearer units.

- Decimalisation: Each unit can be divided into thousandths

**Closing date:**

- End of accounting period: last trading day in December
- End of the first financial year: 31 December 2014

**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	FR0012020659
I D EUR units	FR0013238516
T D EUR units	FR0013286994
D USD H	FR0013183597
IC USD H	FR0013055894
IC CHF H	FR0013048303
R units	FR0012020675
T C EUR units	FR0013287000
D units	FR0012020667
T C USD H units	FR0013287638

**Classification:**

International bonds and other debt securities

**Management objective:**

The management objective is, over the recommended investment period of 8 years from the launch date of the Fund until 31 December 2022, to outperform (net of fees) bonds issued by the French Government denominated in euro and maturing in 2022.

The profitability of the Fund comes from the value of the accrued coupons of the bonds in the portfolio and the variations in capital due to the fluctuation in interest rates and credit spreads.

**Benchmark index:**

The Fund is not linked to a benchmark index.

The average time to maturity of the bond portfolio is around eight years from the date it was launched. The average time to maturity drops each year to reach that of a monetary investment in 2022.

The mutual fund is neither an index fund nor an index benchmark and is exposed to credit risk but, for post-hoc comparison purposes, the unitholder can refer to:

- for shares denominated in EUR: - the performance of the OAT 2.25% October 2022 [FR0011337880].

For information purposes: actuarial yield rate at 17 June 2014: 1.43%

The OAT (fungible Treasury bond) is the instrument which has been used since 1985 by the French state for borrowing over periods ranging from 7 to 30 years, whether fixed rate or indexed rate, with a "bullet" repayment.

- for shares denominated in USD: the performance of the U.S. Treasury Bill 1.625% November 2022 [US912828TY62]

For information purposes: the average actuarial yield as at 26 November 2015 is: 2,01%

U.S. Treasury Bills are fixed-rate bond securities issued by the U.S. Treasury with a maturity of between 2 and 10 years and which are repaid upon maturity.

- for shares denominated in CHF: the performance of the Emprunt Fédéral de la Confédération suisse 4% February 2023 [CH0008435569]

For information purposes: the average actuarial yield as at 19 November 2015 is: -0,57%

Emprunts fédéraux de la Confédération suisse (bonds issued by the Swiss government) are securities issued by the Banque Nationale Suisse (BNS) with a maturity of between 10 and 50 years and which are repaid upon maturity.

The fund is managed actively and on a discretionary basis. The fund is not managed with reference to an index.

**Investment strategy:****1- Strategy used**

The investment strategy involves the discretionary management of a portfolio of bonds issued by private or public bodies, maturing on or before 31 December 2022.

The strategy is not limited to bond carrying. The Management Company may use arbitrage in the event of new market opportunities or an increased default risk of one of the issuers in the portfolio.

During the marketing period, the portfolio management will be active in order to manage overall exposure by means of risk management.

The management of the Fund is mainly based on the management team's in-depth knowledge of the selected companies' balance sheets and the fundamentals of sovereign debt.

To achieve the management objective, up to 100% of the portfolio is invested in fixed-rate or floating-rate bonds, other negotiable debt securities and money market instruments (Treasury bills, Treasury notes, certificates of deposit) from all economic sectors.

The manager investing in entities which are:

- Public and/or private from OECD countries [0-100%]
- Public from non-OECD countries [0-100%]
- Private from non-OECD countries [0-50%]

The private debt/public debt allocation is not determined in advance and will be based on market opportunities

Up to 100% of the Fund will be invested in issues rated "investment grade" (ratings higher than or equal to BBB- according to Standard & Poor's or Baa3 according to Moody's) and/or speculative (rating less than BBB- or Baa3).

Where the issue is not rated, the issuer's rating criterion will be taken into account. If the issuer/security is not rated, the security will not be eligible for the Fund, and will therefore be excluded from the scope of the investment.

The management company will therefore not exclusively or systematically use external ratings to determine the securities suitable for investment. It will also carry out an analysis during the investment as part of its management process. This analysis will mainly focus on the company's financial situation, its strategy, growth prospects and its business sector and the inherent regulatory risks.

Investment in convertible bonds is limited to maximum of 30% of net assets.

The manager invests in securities denominated in EUR and/or USD and/or GBP. Unless the securities are denominated in euros, the manager will systematically hedge the exchange risk. There may however be a residual currency exchange risk due to imperfect hedging.

Consequently, the selection of securities focuses on the financial situation, debt structure and cash flow statements of issuers to avoid default situations. Moreover, issuers with high repayment rates and junior subordinated issues are preferred.

The sensitivity range for interest rates in which the mutual fund is managed	From 8 to 0 (decreasing over time).
Security denomination currencies in which the mutual fund is invested	EUR, USD, GBP: 0–100% of net assets
Level of exchange risk borne by the fund	residual due to imperfect hedging
Geographic area of the issuers of securities to which the mutual fund is exposed	OECD countries (all zones): 0 - 100% Non-OECD countries (emerging markets): 0 - 100%

The mutual fund may invest up to 10% of its assets in units or shares of UCITS established under French or European law in accordance with Directive 2009/65/EC.

Taking into account the investment strategy implemented, the Fund's risk profile is strongly tied to the selection of speculative securities which may represent up to 100% of the assets and therefore including default risk. The Fund's risk profile varies over time; the exposure to different risk factors gradually decreases as the investment period approaches its maturity.

On an exceptional and temporary basis in the event of a significant number of redemption requests, the manager may borrow cash up to a limit of 10% of its net assets.

The mutual fund will preferably use derivative instruments on organised futures markets but reserves the right to enter into OTC contracts where these contracts are better suited to the management objective or offer lower trading costs. The Fund reserves the right to trade on all European and international futures markets.

The manager may use financial instruments such as futures, forwards, options, interest rate swaps, foreign exchange swaps, forward exchange transactions, Credit Default Swaps (CDS on single underlying asset options and CDS on indices) and Non Deliverable Forwards.

They will mainly act with the aim of hedging and/or exposing the fund to interest rate and/or credit futures markets, and with the aim of hedging future exchange markets.

The fund may use Total Return Swaps (TRS) up to a limit of 25% maximum of the net assets. The expected proportion of assets under management that shall be subject to TRS may be 10 %. The assets underlying the TRSs may be credit indices.

The investment limit for the fund on derivative instruments shall not exceed 100% of its net assets

**As the Fund approaches maturity and depending on the prevailing market conditions, the Management Company shall opt either to continue the investment strategy, merge with another UCITS or liquidate the Fund, subject to the AMF's approval.**

## **2- Assets (excluding embedded derivatives)**

In order to achieve its management objective, the mutual fund will use different types of assets:

### **a) *Shares:***

There is an indirect equity risk due to the exposure to convertible bonds; the Fund may be exposed to equities of all market caps and all economic sectors up to a maximum 10% of the net assets.

### **b) *Debt securities and interest rate instruments:***

- Negotiable debt securities: yes
- Bonds (fixed rate, floating rate, indexed): yes
- Treasury bills: yes
- Short-term negotiable securities: yes  
with the following characteristics:
  - all economic sectors
  - the selected securities will be invested in the public and/or private sector.

### **c) *UCITS:***

Up to 10% of the fund may be invested in units or equities of UCITS under French or foreign law in accordance with Directive 2009/65/EC.

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

## **3- Derivative instruments**

The mutual fund may trade in any futures or options as long as their underlying funds have a direct or correlated financial relationship with a portfolio asset, used for both hedging and exposure of the portfolio.

Nature of the markets used:

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

Risks on which the manager seeks to act:

- equities: yes
- interest rates: yes
- foreign exchange: yes
- credit: yes
- indices: yes (interest rates)

Nature of activities:

- hedging: yes
- exposure: yes
- arbitrage: no

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Nature of the instruments used:

- futures: yes
- vanilla options (listed, OTC): yes
- swaps (interest rates, currencies): yes
- forward exchange (NDF): yes
- credit derivatives: yes, CDS
- Total Return Swap (TRS): yes

#### **4- Securities with embedded derivatives**

Risks on which the manager seeks to act:

- equities: yes
- interest rates: yes
- foreign exchange: no
- credit: yes
- indices: yes (interest rates)

Nature of activities:

- hedging: yes
- exposure: yes
- arbitrage: no

Nature of the instruments used:

- convertible bonds
- Warrants
- EMTN
- Callables
- Puttables

**5- Deposits:** the Fund reserves the right to make deposits of up to 10% in order to manage its cash flow.

**6- Cash borrowings:** the fund reserves the right to temporarily borrow cash up to a limit of 10% of its net assets.

**7- Temporary securities purchase and sale transactions:** yes

• **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. In no circumstances shall 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 states. The instruments subject to transactions of this nature shall be bonds - financial instruments 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&Poors or Baa3 according to Moody's) and/or speculative (rating lower than BBB- or Baa3).

• **Envisaged level of use:**

Transactions for the temporary sale of securities (securities lending, reverse 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 assets.

#### **8. Information relating to financial guarantees (temporary purchase and sale of securities and/or OTC derivatives, including total return swaps (TRS)):**

• **Nature of financial guarantees:**



Within the framework of transactions for the temporary purchase or sale of securities and/or OTC derivatives, 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.

**• 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 and/or certain derivatives such as total return swaps (TRS). These intermediaries are selected based on their research quality, the cash assets that they offer, and their speed and reliability with regard to how they process orders and the quality they provide in doing so.

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 and/or certain derivatives such as total return swaps (TRS) 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 its capacity as Depositary) or to the management company for transactions for the temporary purchase or sale of securities and/or certain derivatives such as total return swaps (TRS).

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 and/or total return swaps (TRS) 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.

**• 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 risks relating to these types of transactions are described in the section "risk profile of the prospectus".

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

***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".*

Risk of capital loss:

Investors are advised that their capital is not guaranteed and may therefore not be returned to them.

Discretionary risk:

The discretionary management style applied to the mutual fund is based on the selection of portfolio assets and/or market expectations. There is a risk that the mutual fund may not be invested in the best-performing assets or markets at all times. The Fund's performance may therefore be lower than the management objective. In addition, the net asset value of the fund may have a negative performance.

Interest rate risk:

The mutual fund is subject to interest rate risk on European and international markets. The interest rate risk is the risk that the value of the Fund's investments may decrease if interest rates rise. Thus, when interest rates rise, the net asset value of the fund may fall.

Credit risk relating to issuers of debt securities:

These risks may arise from a downgrading of the credit rating or the defaulting of an issuer of debt securities. If an issuer's credit rating is downgraded, the value of its assets falls. Accordingly, this may cause the net asset value of the Fund to fall. When investing in bonds there is a direct or indirect risk arising from the possible presence of securities of lower quality, known as "high-yield" or speculative securities.

These "speculative" securities have a higher risk of default. They are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times at the best price. The value of the mutual fund unit may therefore be lower when the value of these securities in the portfolio falls.

Default risk relating to issuers of debt securities:

The default risk is the risk related to solvency of the entity which issued the securities. This risk is even greater should the Fund invest in speculative or unrated securities which could lead to an increased level of risk of the net asset value of the Fund decreasing and a loss of capital.

Risk associated with investments in "high-yield" securities (known as speculative securities):

This fund should be considered speculative. It is aimed specifically at investors who are aware of the risks inherent to investing in securities with a low or non-existent rating. These speculative securities are classed as speculative and have a higher risk of default; they are likely to suffer higher and/or more frequent variations in valuations and are not always sufficiently liquid to be sold at all times at the best price. The value of the mutual fund unit may therefore be lower when the value of these securities in the portfolio falls.

Risk associated with investing in non-OECD countries (emerging markets):

The Fund may be exposed up to 100% in non-OECD countries. Market risks are amplified by possible investments in non-OECD countries where market movements, upward or downward, may be stronger and faster than in major international markets. Investing in non-OECD markets involves a high degree of risk due to the political and economic situation of these markets, which may affect the value of the mutual fund's investments. Their operational and supervisory conditions may differ from the standards prevailing on the major international markets. In addition, investment on these markets involves risks linked to restrictions imposed on foreign investments, counterparties, increased market volatility, delays in settlements/deliveries and the limited liquidity of certain lines in the mutual fund's portfolio. The net asset value of the mutual fund may fall as a consequence.

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.

Equity risk associated with holding convertible bonds:

The Fund may be exposed up to 30% in convertible bonds. The value of convertible bonds depends to some extent on the evolution of the prices of their underlying equities. Changes in the underlying equities may lead to a fall in the fund's net asset value.

Exposure to equity risk shall be limited to maximum of 10% of the net assets.

Exchange rate risk:

The mutual fund may invest in transferable securities denominated in currencies other than the reference currency. The manager will systematically hedge the currency risk. There may however be a residual currency exchange risk due to imperfect hedging. The net asset value of the fund may fall as a consequence.

Risk arising from techniques such as derivatives: risk of increased losses owing to the use of financial futures such as OTC financial agreements and/or futures contracts.

Potential risk of a conflict of interest:

This risk relates to the completion of temporary purchases and sales of securities transactions, during which the fund uses an entity as counterparty and/or financial intermediary that is linked to the group to which the fund's Management Company belongs.

***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
I D EUR units	Reserved for professional clients within the meaning of MiFID
T D EUR units	All investors without payment of retrocession fees to distributors
D USD H	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
IC USD H	Reserved for professional clients within the meaning of MiFID
IC CHF H	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
D 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 USD H units	All investors without payment of retrocession fees to distributors



Investors who subscribe to this fund are seeking a diversified bond investment over a recommended investment period running to 31 December 2022.

**Investors are informed that their main goal is to hold their investment until 31 December 2022 in order to benefit from the best conditions regarding actuarial yield offered by the fund.**

*The reasonable amount to invest in the UCITS 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 UCITS.*

**Characteristics of units in foreign currencies:**

Units not in the same currency as the mutual fund currency are completely hedged, i.e. hedged against exchange risk via the use, in particular, of forward exchange contracts, swaps, forwards, etc.

There may however be a residual currency exchange risk due to imperfect hedging.

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

Subscriptions for T units will be authorised, provided that they are immediately preceded by a redemption in R and D units by the same unitholder for a product equivalent to the number of redeemed units and on the same net asset value date.

These subscriptions are then exempt from any commissions.

Any arbitrage of fund units towards T units will benefit from the MiFID II tax exemption until 31/12/2018 (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)).

**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".

**Recommended investment period:**

until 31 December 2022. This Fund may not suit investors who intend to withdraw their contribution before 31 December 2022.

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

I units	Capitalisation
I D EUR units	Capitalisation and/or distribution and/or carry forward
T D EUR units	Capitalisation and/or distribution and/or carry forward
D USD H	Capitalisation and/or distribution and/or carry forward
IC USD H	Capitalisation
IC CHF H	Capitalisation
R units	Capitalisation
T C EUR units	Capitalisation
D units	Capitalisation and/or distribution and/or carry forward
T C USD H units	Capitalisation

**D USD H units:** the management company will make prepayments on a quarterly basis.

**D, I D EUR and T D EUR units:** The net result will be subject to capitalisation (total or partial) and/or distribution (total or partial) and/or be carried forward (total or partial), by decision of the Management Company.

The net realised capital gains will be subject to capitalisation (total or partial) and/or distribution (total or partial) and/or be carried forward (totally or partially), by decision of the management company.

The management company does not intend to pay interim dividends. Distribution is carried out on an annual basis.

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:**

Subscription orders (specified amount or thousandths of units) and redemption orders (in thousandths of units) shall be accepted by your usual financial intermediary on any day no later than 10.00 a.m. They are centralised by La Française AM Finance Services at 11 a.m. on the net asset value calculation dates (if the Stock Exchange is open in Paris, except for legal holidays in France) and executed on the basis of the next net asset value calculation (i.e. unknown at the time of execution).

Payments relating thereto are made on the second trading day following the processing date.

Each unit can be divided into thousandths of units.

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

**The fund will be closed for subscription at 11.00 a.m. on 31 October 2017.** From this date, only investments preceded by a redemption on the same day for the same number of units, for the same net asset value and by the same unitholder may be executed. A notice announcing the early closure of the investment period shall be published on the Management Company's website: [www.la-francaise.com](http://www.la-francaise.com).

Subscriptions for T units will be authorised, provided that they are immediately preceded by a redemption in R or D units by the same unitholder for a product equivalent to the number of redeemed units and on the same net asset value date. These subscriptions are then exempt from any commissions.

**Minimum value of initial subscription:**

I units	EUR 500,000
I D EUR units	EUR 500,000
T D EUR units	None
D USD H	USD 1,000
IC USD H	USD 500,000
IC CHF H	CHF 500,000
R units	None
T C EUR units	None
D units	None
T C USD H units	USD 1,000

**Minimum value of subsequent subscriptions:**

I units	None
I D EUR units	None
T D EUR units	None
D USD H	None
IC USD H	None
IC CHF H	None
R units	None
T C EUR units	None
D units	None
T C USD H units	None

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

The net asset value is calculated on each trading day of the Paris Stock Exchange, excluding legal holidays in France.

In the interest of unitholders, during the marketing period until 31 October 2017, the Fund will be valued at the asking price; beyond this period ending on 31 October 2017, the Fund will be valued at the bid price.

**Original net asset value:**

I units	EUR 1,000
I D EUR units	EUR 1,000
T D EUR units	EUR 100
D USD H	USD 100
IC USD H	USD 1,000
IC CHF H	CHF 1,000
R units	EUR 100
T C EUR units	EUR 100
D units	EUR 100
T C USD H units	USD 100

**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. Fees that are not paid to it revert to the management company, marketer, 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 unit:</b> 3.00% maximum <b>I D EUR unit:</b> 3.00% maximum <b>T D EUR unit:</b> None <b>D USD H:</b> 3.00% maximum <b>IC USD H:</b> 3.00% maximum <b>IC CHF H:</b> 3.00% maximum <b>R unit:</b> 3.00% maximum <b>T C EUR unit:</b> None <b>D unit:</b> 3.00% maximum <b>T C USD H unit:</b> None
Sales fee paid to the UCITS	Net asset value x Number of units	<b>I units:</b> None <b>I D EUR units:</b> None <b>T D EUR unit:</b> None <b>D USD H:</b> None <b>IC USD H:</b> None <b>IC CHF H:</b> None <b>R units:</b> None <b>T C EUR unit:</b> None <b>D unit:</b> None <b>T C USD H unit:</b> None
Redemption fee not paid to the UCITS	Net asset value x Number of units	<b>I units:</b> None <b>I D EUR units:</b> None <b>T D EUR unit:</b> None <b>D USD H:</b> None <b>IC USD H:</b> None <b>IC CHF H:</b> None <b>R units:</b> None <b>T C EUR unit:</b> None <b>D unit:</b> None <b>T C USD H unit:</b> None
Redemption fee paid to the UCITS	Net asset value x Number of units	<b>I units:</b> None <b>I D EUR units:</b> None <b>T D EUR unit:</b> None <b>D USD H:</b> None <b>IC USD H:</b> None <b>IC CHF H:</b> None

		<b>R units:</b> None <b>T C EUR unit:</b> None <b>D unit:</b> None <b>T C USD H unit:</b> None
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#### 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>D and R units:</b> 1.051% (incl. taxes) Maximum rate <b>D USD H units:</b> 0.940% (incl. taxes) Maximum rate <b>I and T units:</b> 0.540% (incl. taxes) Maximum rate
2	Administrative costs external to the management company	Net assets	<b>I, D USD H and T units:</b> 0.06% maximum rate (including tax) <b>R units:</b> 0.07% maximum rate (including tax) <b>D units:</b> 0.12% maximum rate (including tax)
3	Maximum indirect costs	Net assets	Insignificant
4	Turnover fees	Deducted from each transaction	Shares: 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€ UCITS: 15€ Futures: €6 / Options: 2.5€
5	Outperformance fee	Net assets	None

#### 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).
- Information concerning these fees is also laid out, ex post, in the UCITS's annual report.

#### Choice of intermediaries:

Financial intermediaries will be independently selected by the management company based on different criteria: the quality of the service provider, the research, the execution and applied prices, and the quality of the Back Office for clearing and settlement transactions. The management company refrains from placing its orders with a single intermediary.

Unitholders should refer to the annual report of the fund for any further information they may require.

### 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.

Sustainability risks refer to the occurrence of an ESG event or condition that could potentially or actually cause a negative material 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.

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. Furthermore, in order to limit this risk as a whole, the Management Company has implemented an exclusion policy targeting the sectors most likely to be the source of liability risks linked to environmental factors.

More information on the inclusion of ESG (environmental, social and governance quality) criteria in the investment policy applied by the Management Company, the charter on sustainable investment, the climate and responsible investment strategy report, the engagement and exclusion policy can also be found online on the Management Company's website at the following address: <https://www.la-francaise.com/fr/nous-connaître/nos-expertises/investissement-durable>.

As of the date of the prospectus, the fund is managed using an investment process that incorporates ESG factors, but does not promote ESG characteristics, and has no specific sustainable investment objective.

#### **4. Commercial information**

1. The Fund units are distributed by LA FRANCAISE AM FINANCE SERVICES, Caisse Fédérale du Crédit Mutuel Nord Europe and Caisses du Crédit Mutuel Nord.

2. Subscription/redemption requests are processed by LA FRANÇAISE AM FINANCE SERVICES.

3. Information about the "La Française Rendement Global 2022" mutual fund is available from the management company's premises or online at: [www.la-francaise.com](http://www.la-francaise.com).

4. Information regarding the inclusion of ESG (environmental, social and quality of governance) criteria in the investment policy is available on the management company's website: [www.la-francaise.com](http://www.la-francaise.com) and will appear in the annual report.

5. 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**

Methodology for calculating the overall risk: absolute VaR method. The fund's VaR is limited by the management company and may not exceed 20% of the fund's net assets with a confidence interval of 99% and a monitoring period not exceeding 20 working days.

The indicative leverage effect (total nominal value of the positions on the financial contracts used) may not exceed 100% of the Fund's assets. However, this level may be higher under exceptional market circumstances.

#### **7. Rules for asset accounting methods and valuation**

The Fund abides by the accounting rules laid down under the regulations in force and in particular the accounting rules applicable to UCIs.

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**

- Listed securities: at market value – excluding accrued coupons on bonds - closing price. Foreign prices are converted to euros using the closing exchange rates on the valuation day. Transferable securities whose price has not been noted on the valuation day are valued at the last officially published rate or at their probable trading value, under the responsibility of the Management Company.
- UCIs: at the last-known net asset value.
- Negotiable debt securities and swaps maturing in more than three months: at market value. When the time to maturity becomes equal to three months, negotiable debt securities are valued at the last rate up to maturity. If they are purchased with a maturity of less than three months, interest is calculated using a linear method.
- Any temporary securities purchase and sale transactions will be valued according to the provisions of the contract. Certain fixed rate transactions with a maturity of more than three months may be valued at market price.

### **Financial futures**

French and European markets: fixing value at closing on valuation days. American market: fixing value at closing on the previous day. Asian market: day's closing price.

Commitments on options markets are calculated by converting the options to the equivalent underlying securities.

Commitments on swaps are valued at their market value.

Forward exchange transactions are valued using the forward exchange rates on the valuation date, taking into account the premium/discount.

The valuation prices of credit default swaps (CDS) come from a contributor chosen by the Management Company.

### **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.

Such adjustments may not exceed a 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. Investors shall be informed that the volatility of the NAV of the mutual fund 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 of the Fund. However, if there are performance 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 Rendement Global 2022

### 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 holders, 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.

The UCITS 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. 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.

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

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

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.

### 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 shares 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.

