



## Prospectus

### Convictions Premium

FR0010687038	A units
FR0010687020	B units
FR0010785873	S units
FR0010917211	USD units
FR0007085691	P units

## ***General summary***

*Prospectus*

## **Convictions Premium**

FR0010687038	A units
FR0010687020	B units
FR0010785873	S units
FR0010917211	USD units
FR0007085691	P units

### **Prospectus**

*The prospectus sets out the investment and operating rules governing the UCITS. It also establishes the framework within which the management company undertakes to manage the UCITS as well as the rules concerning the administration and operating thereof.*

### **Management regulations**

*The management regulations set out all the rules applicable to the administrative management of the UCITS: issue and redemption of units, allocation of income, operating of the UCITS, merger, liquidation, disputes.*

## Convictions Premium

FR0010687038	A units
FR0010687020	B units
FR0010785873	S units
FR0010917211	USD units
FR0007085691	P units

### Prospectus

*The prospectus sets out the investment and operating rules governing the UCITS. It also establishes the framework within which the management company undertakes to manage the UCITS as well as the rules concerning the administration and operating thereof.*

## I - General characteristics

### *I-1 Form of the UCITS*

- **Name:** Convictions Premium
- **Legal form and Member State in which the UCITS was established:** mutual fund (Fonds Commun de Placement, FCP) under French law
- **Holding a UCITS:** Up to 100% of net assets.
- **Inception date and intended duration:** 17 October 2003
- **Fund overview:**

Characteristics of the units

Unit class	ISIN code	Category	Currency	Initial NAV	Subscription and redemption	Minimum initial subscription	Subscribers concerned*
<b>A units</b>	FR0010687038	Accumulation	EUR	EUR 1,000	Thousandths of a unit	1 unit	All subscribers
<b>USD units</b>	FR0010917211	Accumulation	USD (**)	USD 1,000	Thousandths of a unit	1 unit	All subscribers.
<b>B units</b>	FR0010687020	Accumulation	EUR	EUR 1,000	Thousandths of a unit	EUR 100,000	All subscribers
<b>P units</b>	FR0007085691	Accumulation	EUR	EUR 1,000	Thousandths of a unit	1 unit	All subscribers.
<b>S units</b>	FR0010785873	Accumulation	EUR	EUR 1,000,000	Thousandths of a unit	EUR 5,000,000	Major investors

(\*) "Minimum subscription amounts do not apply to orders transmitted on behalf of the Management Company"

(\*\*) USD units, denominated in USD, are hedged against EUR/USD exchange rate risk using forward financial instruments.

- **Address at which the latest annual report and periodic reports can be obtained:**

The latest annual and periodic reports will be sent to unitholders within one week upon written request to:

#### **CONVICTIONS AM**

15 bis, rue de Marignan  
75008 Paris  
01 70.37.39.50

[info@convictions-am.com](mailto:info@convictions-am.com)  
[www.convictions-am.com](http://www.convictions-am.com)

Any further explanations may be obtained from the management company at the above address.

Prospectus publication date: 1 October 2013

## **I-2 Directory**

- **Management company:**

Company name: CONVICTIONS AM

Legal form: *Société par Actions Simplifiée* (simplified joint stock company)

Registered office: 15 bis, rue de Marignan, 75008 Paris

Status: portfolio management company

Regulatory authority: *Autorité des marchés financiers* (AMF)

Date of approval: 1 September 2008, under number GP 08000033

- **Custodian:**

Company name: BNP Paribas Securities Services

Legal form: *Société en Commandite* (partnership)

Registered office: 3, rue d'Antin, 75002 Paris

Postal address: Grands Moulins de Pantin, 9 rue du Débarcadère 93500 Pantin

Status: Credit institution approved by the French prudential supervisor, ACP  
(*Autorité de contrôle prudentiel*)

- **Centralising agent**

- **Identity of the centralising agent**

Company name: CONVICTIONS AM

Legal form: *Société par Actions Simplifiée* (simplified joint stock company)

Registered office: 15 bis, rue de Marignan, 75008 Paris

Status: portfolio management company

- **Company in charge of receiving subscription and redemption orders:**

Name: BNP PARIBAS SECURITIES SERVICES

Legal form: *Société en commandite par actions* (partnership limited by shares)

Registered office: 3, rue d'Antin, 75002 Paris

Postal address: Grands Moulins de Pantin, 9 rue du Débarcadère, 93500 Pantin

Business: Credit institution approved by the French prudential supervisor, ACP  
(*Autorité de Contrôle Prudentiel*)

- **Registrar:**

Name: BNP PARIBAS SECURITIES SERVICES

Legal form: *Société en commandite par actions* (partnership limited by shares)

Registered office: 3, rue d'Antin, 75002 Paris

Postal address: Grands Moulins de Pantin, 9 rue du Débarcadère, 93500 Pantin

Business: Credit institution approved by the French prudential supervisor, ACP  
(*Autorité de Contrôle Prudentiel*)

- **Statutory auditor:**

Company name: PwC Sellam, represented by Patrick Sellam

Registered office: 49, 53 avenue des Champs Elysées, 75008 Paris

Signatory: Mr Patrick Sellam

- **Distributor:**

CONVICTIONS AM

As the UCITS is listed with EUROCLEAR France, its units may be subscribed or redeemed through financial intermediaries that are unknown to the management company.

- **Service providers:**

**Accounting manager**

Company name: BNP Paribas Fund Services France

Legal form: *Société par Actions Simplifiée* (simplified joint stock company)

Registered office: 3, rue d'Antin, 75002 Paris

Mail: Petit Moulin de Pantin, 9 rue du Débarcadère, 93500 Pantin

## II – Operating and management procedures

This chapter sets out all the operating and management procedures applicable to the UCITS

### *II-1 General characteristics*

- **Characteristics of units or shares:**

- ISIN code:

<b>A units</b>	FR0010687038
<b>B units</b>	FR0010687020
<b>S units</b>	FR0010785873
<b>P units:</b>	FR0007085691
<b>USD units</b>	FR0010917211

- Nature of the rights attached to the category of units or shares: each unitholder has co-ownership rights to the assets of the UCITS in proportion to the number of units held.
- Registration in a register or details of liabilities management: the issuing account is held by BNP Paribas Securities Services (registrar of unitholders and liabilities manager) in conjunction with Euroclear France on which the FCP is listed.
- Voting rights: units carry no voting rights. Decisions are taken by the management company in the interest of unitholders.
- Form of units or shares: bearer, administered registered or registered.
- Decimalisation (fractions): S, P, A, USD and B units (thousandths of a unit)

- **Financial year-end:** last stock market trading day in September.

- **Taxation:**

Depending on your tax regime, any capital gains and income arising from holding units in the UCITS may be liable for tax. We recommend that you consult the distributor of the UCITS for more information on this matter.

### *II-2 Special provisions*

- **Classification:** Balanced

- **Investment objective:**

The aim of the Convictions Premium fund is to generate an annualised performance of more than 7% (net of charges) over an investment horizon of five years while managing associated risks (the objective being to keep annualised volatility at around 7%) through the discretionary use of diversified strategies (asset allocation process based on analysing macroeconomic cycles and central bank policies), selecting assets which the management company considers undervalued owing to regulatory or prudential constraints and even psychological considerations on the part of investors..

- **Benchmark**

None

**Warning**

The management company reminds potential subscribers that the 7% performance objective (net of charges) indicated in the **investment objective** section is based on the realisation of market hypotheses determined by the management company and in no way constitutes a promise with regard to the FCP's yield or performance.

- **Investment strategy**

- **Strategies employed**

Within a flexible target allocation, the fund implements the investment convictions of CONVICTIONS AM on a discretionary basis, investing in a broad range of asset classes (interest rates, foreign exchange, alternative investment, convertible bonds and also forward financial instruments on commodity futures indices) and selecting assets which, in the management company's view, offer the best performance outlook due to regulatory or prudential constraints and even psychological considerations on the part of investors.

The main asset classes are chosen by the management committee in the light of monetary cycles. The committee first determines a strategic allocation of asset classes, followed by a tactical allocation (geographic areas, economic scenarios).

Risk management is based on risk budgets and *Couverture Active des Risques extrêmes* (CARE – Active Hedging of Extreme Risks)

- Risk budgets enable a maximum allocation per instrument to be defined, based on the risk which it represents for the portfolio. This maximum allocation is dependent on the instrument's volatility and the correlation between the instrument and other instruments in the portfolio.
- The mechanism for hedging extreme risks breaks down into two phases:

(1) Management process in normal circumstances

The management process in normal circumstances involves managing a book of futures and out of the money options. This book is constantly adjusted in order to achieve neutral delta.

The main criteria dictating the distribution between options and futures are:

- implicit and historical volatility
- the volatility level in relation to option strike prices and expiration dates
- the ratios (gamma, vega, theta and rho) characterising the options portfolio

The purpose of this active management is to limit the cost of the options portfolio in normal circumstances. This cost may reduce performance during periods of stable markets.

## (2) Management process in periods of crisis

Such periods are characterised by a sudden and severe market fall in response to an unforeseeable event. Option prices rise sharply as a result of lower market prices and higher volatility. The management process involves selling the options (realising a gain) and then transforming the portfolio hedge into futures at a level set prior to the crisis.

The gain realised on the sale of the options partially offsets the fall in portfolio value as a result of a falling equity market. The process thus reduces the volatility of the portfolio in the event of a crisis.

To hedge against an unforeseeable risk, for example, the Fund will purchase futures contracts or options during normal management periods and will sell the futures or options whenever the market enters a period of crisis.

The Fund may also engage in temporary purchases and sales of securities in order to (i) invest available cash (repurchase), (ii) optimise the portfolio's return (securities lending), (iii) establish an arbitrage position to take advantage of widening yield spreads.

### Advantages and limitations of the strategy deployed:

<b>Advantages</b>	<ul style="list-style-type: none"><li>• Futures provide constant hedging for a portfolio. Hedging via a portfolio of put options increases as markets fall.</li><li>• In addition, greater volatility generates higher gains.</li></ul>
<b>Limitations</b>	<ul style="list-style-type: none"><li>• This strategy is effective only on the outbreak of a crisis if the fund manager has clearly foreseen the change in volatility and hence if the hedging mechanism was properly implemented.</li><li>• Volatility rises very quickly but also falls very rapidly. It is therefore important to arbitrage the hedge swiftly to avoid being penalised by the fall in volatility after the crisis. The effectiveness of the mechanisms depends on the fund manager's ability to predict changes in the volatility curve.</li><li>• Options require constant monitoring. The delta must be adjusted regularly in order to maintain a stable level of hedging.</li></ul>
<b>Maximum loss from the strategy</b>	<ul style="list-style-type: none"><li>• The maximum loss on managing the options book is limited to the premiums paid on options purchased on the market assuming absolutely no movement in the market between the option purchase date and the expiration date.</li><li>• In reality, the gain/loss will be equal to the difference between the implicit volatility and the volatility recorded over the period during which the options are held. During stable market periods, the mechanism gives rise to carrying costs that reduce the performance of the UCITS.</li></ul>

This hedging may stop holders fully benefiting when equity markets rise

Within a flexible, diversified portfolio, Convictions PREMIUM may invest in the following various instruments:

- Euro-denominated fixed or variable rate debt securities and money market instruments representing between 0% and 100% of net assets, and fixed or variable rate debt securities or bonds denominated in foreign currency representing between 0% and 100% of net assets. The fund manager may invest in any government or corporate issuer in any geographic area, including emerging markets, and in high yield securities.



High yield securities are limited to 30% of the net assets.

Securities issued on emerging markets may not exceed 30% of the net assets

The modified duration range is between -10 and +10.

- Equities representing between 0% and 60% of net assets, traded on the organised markets of OECD member countries with a market capitalisation in excess of EUR 100 million. The fund may invest in small and mid-caps.
- Units or shares of UCIs, respecting the following limits:
  - up to 100% of the net assets in units or shares of French or European UCITS-compliant funds (article R214-34 of the French Monetary and Financial Code (COMOFI))
  - up to 30% of the net assets in units or shares of French AIFs or AIFs set up in other EU member states, as well as investment funds created on the basis of foreign legislation (Article R214—25) provided that they meet the four eligibility criteria described in article R214-13 of the French Monetary and Financial Code

Within the limits set out above:

- These UCIs may be managed by the management company or an affiliated company.
- These UCIs are used primarily to benefit from an investment strategy that corresponds to the Fund's investment objective.
- In order not to limit the field of UCI selection, management reserves the option to select UCIs in any of the categories defined by the AMF (equity, bond, money market and short-term money market funds; UCIs with exposure to commodities through commodity futures indices; convertible bond based funds) and in all geographical zones, including emerging markets.

The Fund may invest in forward financial instruments traded on regulated or over-the-counter markets in France and abroad: futures, options, swaps, caps and floors

Each derivative instrument corresponds to a precise hedging or exposure strategy aiming to:

- (i) provide general hedging for the portfolio or certain asset classes held in the portfolio against equity, interest rate, commodity (through commodity futures indices) and/or currency risks;
- (ii) increase the fund's exposure to equity, interest rate, commodity (through forward financial instruments on commodity futures indices) and/or currency risks.

These operations will account for a maximum of 100% of the assets of the UCITS.

## Assets employed:

**Debt securities and money market instruments** The fund may invest in euro-denominated fixed or variable rate debt securities or bonds representing between 0% and 100% of net assets, and fixed or variable rate debt securities or bonds denominated in foreign currency representing between 0% and 100% of net assets. The fund manager may invest in any government or corporate issuer in any geographic area, including emerging markets, and in high yield securities

High yield securities are limited to 30% of the net assets.

Securities issued on emerging markets may not exceed 30% of the net assets

- **Units or shares of UCITS**

The fund may invest up to 100% of its net assets in units or shares of UCIs, respecting the following limits:

- up to 100% of the net assets in units or shares of French or European UCITS-compliant funds (article R214-34 of the French Monetary and Financial Code (COMOFI))
- up to 30% of the net assets in units or shares of French AIFs or AIFs set up in other EU member states, as well as investment funds created on the basis of foreign legislation (Article R214—25) provided that they meet the four eligibility criteria described in article R214-13 of the French Monetary and Financial Code

Within the limits set out above:

- These UCIs may be managed by the management company or an affiliated company.
- These UCIs are used primarily to benefit from an investment strategy that corresponds to the Fund's investment objective.
- In order not to limit the field of UCI selection, management reserves the option to select UCIs in any of the categories defined by the AMF (equity, bond, money market and short-term money market funds; UCIs with exposure to commodities through commodity futures indices; convertible bond based funds) and in all geographical zones, including emerging markets.

- **Equities**

The Fund is invested in equities traded on the organised markets of OECD member countries in any sector as dictated by the investment strategy.

The fund may invest in small and mid-caps.

- **Securities with embedded derivatives**

Holding: on an ancillary basis

The Fund may hold securities with embedded derivatives (mainly subscription warrants or rights) following events affecting assets held in the portfolio, such as the detachment of a right on a share.

- ***Derivative instruments***

The Fund may invest in forward financial instruments and options traded on regulated markets in France and abroad and/or over the counter. As part of such dealings, the fund manager may take positions on interest rate, equity, commodity and/or exchange rate risks with a view to achieving the investment objective.

These operations will be carried out within the limits of the Fund's total risk allowance (100% of net assets).

Each derivative instrument corresponds to a precise hedging or exposure strategy set out below:

- Futures. Futures may be used to:
  - (i) provide general hedging for the portfolio or certain asset classes held in the portfolio against interest rate risk (example: hedging positions in fixed income arbitrage funds against a possible increase in interest rates through the sale of futures contracts – Eurex Shatz, Bobl and Bund), equity risk, commodity risk (linked to commodity futures indices) and/or exchange rate risk;
  - (ii) synthetically reconstruct certain assets (example: setting up a synthetic position on the equity market by purchasing short-term fixed rate bonds and purchasing index futures);
  - (iii) increase the fund's exposure to interest rate, equity, commodity (through forward financial instruments on commodity futures indices) and/or exchange rate risks.
- Options. Options may be used to:
  - (i) provide general hedging for the portfolio or certain asset classes held in the portfolio against interest rate risk (example: hedging positions in funds specialising in equity-based strategies against a potential fall in interest rates by purchasing put options), equity risk and/or exchange rate risk;
  - (ii) increase the Fund's exposure to interest rate, equity and/or exchange rate market risks.
- Swaps, caps and floors. These may be used to:
  - (i) mitigate the risk profile of the portfolio or of certain asset classes held in the portfolio;
  - (ii) synthetically reconstruct assets.

Use of these financial contracts will incur not only those financial risks attached to the underlyings (described in the Risk Profile) but also a specific counterparty risk, which will be actively managed through collateral requirements.

Direct and indirect fees (operating costs) will be charged to the fund and included in the administrative fees described under "Operating and Management Fees".

Counterparties to these transactions are selected and monitored carefully (fund risk management) and are not affiliated with the management company.

The fund's annual report will provide detailed information on:

- a) exposure gained through these contracts
- b) the identity of counterparties
- c) the type and amount of collateral received by the fund to reduce counterparty risk
- d) income generated on these transactions for the whole of the period in question, as well as direct and indirect costs and fees incurred.

For all of these financial instruments (futures, options, swaps), the counterparty to the transaction is not involved in managing the derivative.

- **Financial indices**

The fund may invest indirectly in financial indices (options, futures, listed funds, etc.)

The fund may invest in indices only in accordance with applicable regulations:

- a) the index must have a single clear objective
- b) the universe of components that make up the index and the basis on which these components are selected for the strategy in question are clear and based on predetermined rules
- c) the calculation and rebalancing method must be available to investors;
- d) The composition of the index and weighting of its components are published and meet diversification rules (maximum of 20% per issuer). However, the fund is permitted to invest in financial indices with a concentration of up to 35% per issuer if market conditions so justify
- e) if cash management is part of the index strategy, the objective nature of the index calculation must not be affected.

- **Exchange rate hedging:**

Hedging is not systematic and follows the overall allocation process.

- **Deposits:** none

- **Cash borrowings:**

The Fund is not intended to act as a borrower of cash; it may, however, engage temporarily in cash borrowings within a limit of 10% of its assets.

- **Temporary purchase and sale of securities:**

Type of transactions used within the limits authorised by the regulations:

- Repurchase and reverse repurchase agreements governed by articles L.432-12 to L.432-19 of the French Monetary and Financial Code (*Code Monétaire et Financier*);
- Securities lending and borrowing governed by articles L.432-6 to L.432-11 of the French Monetary and Financial Code (*Code Monétaire et Financier*).

These may be used to:

- (i) invest available cash (repurchase agreement, for example);
- (ii) optimise the portfolio return (securities lending, for example);
- (iii) establish an arbitrage position to take advantage of widening yield spreads.

These transactions may carry specific risks associated with underlying instruments (e.g. equity, interest rate, currency risks, etc.) and counterparties.

These market risks are included in the fund's risk management process.

Counterparty risk is managed through collateral requirements.

- **Overexposure:**

- The Fund shall not seek overexposure.
- However, it may invest in derivatives up to the limit of 100% of net assets (the Fund's total risk)

- **Management of collateral for OTC financial derivatives transactions**

Collateral is required to reduce the counterparty risk arising from financial derivatives transactions.

This collateral must meet applicable regulatory criteria at all times (liquidity, daily NAV, issuer creditworthiness, low correlation with the counterparty, collateral diversification rules, operational and legal risk management, transfer of ownership, etc.).

To reduce the risks attached to this collateral, the fund generally accepts cash only.

Collateral received in cash may be:

- deposited with the fund's custodian;
- invested in high quality government bonds;
- invested in short-term money market funds

- **Risk profile**

*Your money will primarily be invested in financial instruments selected by the management company. These instruments will be subject to the changes and hazards of financial markets.*

The Fund is mainly exposed to several risk factors:

- (i) **Risk of loss of capital invested:** the capital initially invested in the FCP is not covered by any guarantee and may not be returned in full.
- (ii) **Risk associated with discretionary asset management and allocation:** the fund's performance depends on the asset allocation decided by the fund manager. There is therefore a risk that the allocation between different markets may not be optimal and that the Fund's performance may fall short of the investment objective.
- (iii) **Credit risk:** the risk of a sudden downgrading of an issuer's credit rating or the risk of an issuer's default. Some securities held in the portfolio may be **affected** by this, **leading to a sharper fall in the net asset value**.
- (iv) **Risk associated with investment in high yield securities:** This UCITS must be considered as partially speculative and aimed more specifically at investors aware of the risks inherent in investing in securities with low or non-existent ratings. Investment in high yield securities may thus result in a sharp fall in the net asset value.
- (v) **Interest rate risk:** This is the risk of a fall in fixed income instruments arising from fluctuations in interest rates. When interest rates rise sharply, the net asset value of the fund may fall significantly if modified duration is positive. When interest rates fall sharply, the net asset value of the fund may fall significantly if modified duration is negative;
- (vi) **Risk associated with holding convertible bonds:** this is the risk of a fall in the equities underlying the convertible bonds held in the portfolio, resulting in a reduction in the fund's net asset value;

- (vii) **Volatility risk:** risk associated with changes in the volatility of financial markets. This risk concerns primarily funds underlying the FCP that apply arbitrage strategies.
- (viii) **Exchange rate risk:** risk associated with exchange rate fluctuations. Investors are exposed to exchange rate risk, but the management company reserves the right to hedge exchange rates.
- (ix) **Counterparty risk:** Counterparty risk results from the use of derivative instruments. Counterparty risk arises from the fact that certain counterparties may not honour their commitments in respect of these instruments.
- (x) **Equity risk:** in the event of a fall in the equities or equity funds to which the portfolio is exposed, the net asset value of the FCP may decline. The Fund may hold equities or underlying funds investing in equities of mid-cap companies or from emerging markets with riskier market conditions. This may cause the NAV to fall more significantly and more rapidly.
- (xi) **Risk associated with investment in alternative investment funds:** The fund may invest in AIFs that incur other risks inherent in the investment techniques implemented (in particular investment decorrelated from any index or market). This could affect the net asset value, causing it to fall. The fund is also exposed to a liquidity risk by investing in this type of AIF.
- (xii) **Commodity risk:** Commodities components may move in a significantly different direction than markets in traditional securities (equities, bonds). Climatic and geopolitical factors may also affect levels of supply and demand for the underlying product in question, i.e. they may affect the expected scarcity of the product on the market. Adverse movements in these markets could have a negative impact on the Fund's net asset value.

- **Guarantee or protection**

The FCP is not covered by any guarantee or protection.

- **Subscribers concerned and typical investor profile**

Subscribers concerned:

Subscribers: All subscribers.

- B units: suitable for institutional investors with a minimum initial subscription of EUR 100,000.
- A, P and USD units: all subscribers.
- S units: suitable for major investors with a minimum initial subscription of EUR 5,000,000.

Subscriber profile:

The Fund is intended for investors seeking an instrument that will allow them to diversify their long-term investments. The minimum recommended investment period is more than five years.

Proportion of financial assets that should reasonably be invested in the Fund:

The amount that it is reasonable to invest in the Fund depends on the financial situation of the investor. To determine this situation, the investor must take into account his personal assets and his present and medium-term needs as well as his willingness to accept risk or, conversely, his preference for a more prudent investment. Investors are strongly advised to diversify their investments sufficiently so as not to be exposed solely to the risks of this Fund.

- **Determination and allocation of income**

Accumulation

- **Frequency of distribution**

Not applicable: the Fund accumulates its income.

- **Characteristics of units or shares**

Unit class	ISIN code	Category	Currency	Initial NAV	Subscription and redemption	Minimum initial subscription	Subscribers concerned*
<b>A units</b>	FR0010687038	Accumulation	EUR	EUR 1,000	Thousandths of a unit	1 unit	All subscribers
<b>USD units</b>	FR0010917211	Accumulation	USD (**)	USD 1,000	Thousandths of a unit	1 unit	All subscribers.
<b>B units</b>	FR0010687020	Accumulation	EUR	EUR 1,000	Thousandths of a unit	EUR 100,000	All subscribers
<b>P units</b>	FR0007085691	Accumulation	EUR	EUR 1,000	Thousandths of a unit	1 unit	All subscribers.
<b>S units</b>	FR0010785873	Accumulation	EUR	EUR 1,000,000	Thousandths of a unit	EUR 5,000,000	Major investors

(\*) “Minimum subscription amounts do not apply to orders transmitted on behalf of the Management Company”

(\*\*) USD units, denominated in USD, are hedged against EUR/USD exchange rate risk using forward financial instruments.

- **Subscription and redemption procedures**

Subscriptions and redemptions of units, expressed as an amount (subscriptions only) or in thousandths of a unit, are received by BNP Paribas Securities Services, centralised by 11:00 on each net asset value calculation day and executed on the basis of the next net asset value.

The UCITS also accepts scheduled investments (CAP) provided that minimum requirements are respected.

The net asset value is calculated daily.

NAV for day D is calculated on D+1.

In the event of market closure (reference calendar: Euronext) and statutory public holidays, NAV will be calculated on the previous stock market trading day. It is available from the management company (15 bis rue de Marignan, 75008 Paris; 01 70 37 39 50).

- **Information on expenses and fees**

- **Subscription and redemption fees**

Subscription and redemption fees are added to the subscription price paid by the investor or deducted from the redemption price. Fees paid to the UCITS cover the costs incurred by the UCITS when investing in or divesting investors' monies. Fees not paid to the UCITS are paid to the management company or the distributor.

Fees payable by the investor, deducted at the time of subscription/redemption	Basis	Rate
Subscription fee not paid to the UCITS	NAV x number of units	<b>A, B, S, USD and P units</b> 2% maximum
Subscription fee paid to the UCITS	NAV x number of units	None
Redemption fee not paid to the UCITS	NAV x number of units	None
Redemption fee paid to the UCITS	NAV x number of units	None

The maximum indirect subscription and redemption fees paid by the Fund are 1.5% each.

#### - **Operating and management fees**

These fees cover all fees charged directly to the UCITS, with the exception of transaction costs. Transaction costs include intermediation fees (brokerage, stock exchange taxes, etc.) and any transaction fee that may be payable, particularly to the custodian and the management company.

Other fees that may be charged in addition to operating and management fees are:

- performance fees. These are paid to the management company when the UCITS exceeds its objectives. They are therefore charged to the UCITS;
- transaction fees charged to the UCITS;

For more details about the expenses charged to the UCITS, please refer to the key investor information document.

Fees charged to the UCITS	Basis	Operating and management fees [Rate (inclusive of tax)]
Management fee	Net assets	<b>A, USD and P units:</b> 2% maximum including taxes
Management fees paid to other parties (e.g. custodian, accounting agents, stock exchange, etc.)		<b>B units:</b> 1.30% maximum including taxes <b>S units:</b> 0.90% maximum including taxes
Maximum indirect fees (management fees and commissions)	Net assets	<b>3.5% maximum</b>
Performance fee	Net assets	<b>A, B, PE, IE, S, USD and P units:</b> The variable portion of management fees will represent a maximum of 15% including taxes of the difference, if positive, between the Fund's performance and a performance of 10% per year *
Transaction fees	Deducted from	<i>Money market instruments:</i> 0.012% including



	each transaction	taxes; maximum share paid to the custodian: EUR 22 for French securities and EUR 35 for foreign securities
	transaction amount or quantity	<p><i>Other fixed income products:</i> 0.024% including taxes; maximum share paid to the custodian: EUR 22 for French securities and EUR 35 for foreign securities</p> <p><i>Convertibles &lt; 5 years:</i> 0.06% including taxes; maximum share paid to the custodian: EUR 22 for French securities and EUR 35 for foreign securities</p> <p><i>Convertibles &gt; 5 years:</i> 0.24% including taxes; maximum share paid to the custodian: EUR 22 for French securities and EUR 35 for foreign securities</p> <p><i>Listed derivatives:</i> EUR 5 per lot (paid to the management company)</p> <p><i>Equities and trackers:</i> 0.36% including taxes; maximum share paid to custodian: EUR 22 for French securities and EUR 35 for foreign securities</p>

Fees in kind: none

\*The outperformance is calculated by comparing the change in the Fund's assets to the change in the assets of a reference fund that generates performance of exactly 10% per year with the same subscription and redemption variations as the actual Fund.

A provision or, where necessary, a reduction from the provision in the event of underperformance, is recognised at each NAV calculation. The proportion of performance fees corresponding to redemptions is definitively payable to the management company.

The closing date for performance fees is the last NAV calculation date in September. Fees are deducted annually.

Remuneration from temporary purchases and sales of securities shall be calculated based on the market value of the securities concerned.

Remuneration relating to these transactions will be returned to the fund in full, less any direct and indirect operating costs.

Financial intermediaries are managed and evaluated against three criteria: price and quality of order execution, responsiveness and quality of administrative processes.

For further information, unitholders should refer to the annual report of the UCITS.

#### ○ Tax regime

Warning: Depending on your tax regime, any capital gains and income arising from holding units in the UCITS may be liable for tax. We recommend that you consult the distributor of the fund for more information on this matter.

## III – Commercial information

### • Distribution

Units of the UCITS are distributed by CONVICTIONS AM

### • Purchase and redemption of units

Subscriptions and redemptions of units are centralised by BNP Paribas Securities Services.

**Establishment appointed to receive subscriptions and redemptions:**

BNP Paribas Securities Services  
Grands Moulins de Pantin  
9 rue du Débarcadère  
93500 Pantin

As the fund is registered abroad, unit subscription and redemption orders may be received by local representatives:

ITALY

- BNP Paribas Securities Services, branch offices in Milan  
Via Ansperto no. 5  
20123 Milan
- SOCIÉTÉ GÉNÉRALE SECURITIES SERVICES S.P.A  
Via Benigno Crespi, 19/A  
20159 Milano

Germany

- BNP Paribas Securities Services S.C.A.  
Zweigniederlassung Frankfurt am Main  
Europa-Allee 12 60327 Frankfurt

Spain

- DELOITTE ASESORES TRIBUTARIOS, S.L.  
Pza. Pablo Ruiz Picasso, 1, Torre Picasso, 28020 Madrid, Spain

- **Disclosure of information concerning the UCITS**

In order to provide subscribers with regular information on fund performance, CONVICTIONS AM issues a monthly performance report, available to investors on request from the management company or on its website ([www.convictions-am.com](http://www.convictions-am.com) ).

- ESG criteria

Pursuant to article L. 533-22-1 of the French Monetary and Financial Code, investors may find information on ESG criteria taken into account by the UCITS in its investment strategy on the Convictions AM website ([www.convictions-am.com](http://www.convictions-am.com) )

## IV – Investment rules

The FCP will comply with the investment rules set out in European Directive 2009/65/EEC of 13 July 2009, its implementing texts and any amendments as codified in the Monetary and Financial Code (articles L 214-1 *et seq.* and R 214-1 *et seq.* of the Monetary and Financial Code).

## **V – Rules for the valuation and recognition of assets**

Assets are valued at the reference market price according to the terms established by the management company.

### ***V-1 Asset valuation rules***

The unit net asset value is calculated in accordance with the following valuation rules:

- Transferable securities traded on a regulated market in France or abroad are valued at their reference market value, according to the terms established by the management company, on the basis of the stock market closing price on the day of valuation.

Transferable securities not priced on the day of valuation, or whose price has been adjusted, are valued at their probable trading value under the responsibility of the Fund's management. The statutory auditor is informed of these valuations and the grounds on which they are based, when carrying out audits.

Valuations of foreign securities are converted into euro at the exchange rate for the currency in question on the valuation day.

- Transferable debt securities maturing in over three months

Transferable debt instruments subject to significant trading are valued at the market value on the basis of the closing price.

In the absence of any significant trading, however, these securities are valued by applying an actuarial method, using a reference rate that may be increased by a margin representing the intrinsic characteristics of the issuer.

- Transferable debt securities maturing in less than three months

Transferable debt securities with a residual maturity of less than three months are valued using a linear method.

This method should not be used, however, where certain securities are particularly sensitive to market risks.

- Units or shares of UCITS are valued at the last net asset value published.
- Securities that are not traded on a regulated market are valued at their probable trading value under the management company's responsibility.
- Temporary purchase and sale of securities

- *Securities purchased under reverse repurchase agreements*

Securities purchased under reverse repurchase agreements are valued on the basis of the contract price, by applying an actuarial method using a reference rate corresponding to the duration of the agreement.

- *Securities sold under repurchase agreements*

Securities sold under repurchase agreements continue to be valued at their market value. The debt representing securities sold under repurchase agreements is calculated using the same method used for securities purchased under reverse repurchase agreements.

- *Securities borrowing*

Borrowed securities and the debt representing the borrowed securities are valued at the present value of the securities concerned.

- *Securities lending*

The receivable is valued at the present value of the securities concerned.

- Futures and options

- *Futures*

Futures are valued at present value on the basis of stock market closing prices on the day of valuation.

Off-balance sheet commitments are shown at the net asset value calculated on the basis of stock market closing prices on the day of valuation.

- *Options*

Options are valued at present value on the basis of stock market closing prices on the day of valuation.

Off-balance sheet commitments are shown at the value of the underlying equivalent on the basis of stock market closing prices on the day of valuation.

### ***V-2 Accounting method***

The entity has complied with the accounting principles stipulated by current regulations and, in particular, with UCITS accounting principles.

All the transferable securities making up the portfolio have been recognised at historical cost, excluding expenses. Income is recognised on the basis of coupons received.

## **VI - Information for investors in Switzerland**

### **1. Representative**

The representative in Switzerland is BNP Paribas Securities Services, Paris, Zurich branch, 16, Seinaustrasse, 8002 Zurich.

### **2. Paying agent**

The paying agent in Switzerland is also BNP Paribas Securities Services, Paris, Zurich branch, 16, Seinaustrasse, 8002 Zurich.

### **3. Place of distribution of reference documents**

The prospectus (detailed memorandum), key investor information document (KIID), management regulations and annual and semi-annual reports may be obtained free of charge from the representative.

### **4. Publications**

1. Information concerning the Fund shall be published in the *Feuille officielle suisse du commerce* (FOSC) in Switzerland and on the web platform [www.fundinfo.com](http://www.fundinfo.com)
2. The issue and redemption prices of each unit class, as well as the net asset value followed by the note "excluding fees", are published each day on the web platform [www.fundinfo.com](http://www.fundinfo.com).

### **5. Payment of rebates and fees linked to distribution**

1. In respect of distribution in Switzerland, the Fund management company may pay rebates to the following qualified investors holding units of collective investments for the financial benefit of third parties:
  - life insurance companies;
  - pension funds and other similar institutions;
  - investment foundations;
  - Swiss fund management companies;
  - foreign fund management companies;
  - investment companies.
2. For distribution in Switzerland, the Fund management company may pay fees to the following distributors and distribution partners in respect of their distribution activities:
  - distributors subject to authorisation within the meaning of Article 19 paragraph 1 of the LPCC (*Loi fédérale sur les placements collectifs de capitaux* – Collective Investment Schemes Act)
  - distributors that are not subject to authorisation within the meaning of Article 19 paragraph 4 of the LPCC and Article 8 of the OPCC (*Ordonnance sur les placements collectifs de capitaux* – Collective Investment Schemes Ordinance)
  - distribution partners investing the units of collective investment undertakings exclusively with institutional investors managing their cash positions on a professional basis
  - distribution partners investing the units of collective investment undertakings exclusively on the basis of a written discretionary mandate.

## 6. Place of performance and jurisdiction

The place of performance and jurisdiction for units distributed in or from Switzerland is the representative's registered office.

## **VII – The United States - Investment restrictions applicable to 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, and units may not be directly or indirectly transferred, offered or sold in the United States of America (including its territories and possessions) to any US Person as defined in 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 or its Chairman).

The Fund has not been and will not be registered under the US Investment Company Act of 1940. Any sale or transfer of units in the United States of America or to a US Person may be in breach of US law and requires the written agreement of the management company's governing body or its Chairman. Those wishing to acquire or subscribe to units will have to certify in writing that they are not US Persons.

The management company's governing body or its Chairman has the authority to impose restrictions on (i) the holding of units by a US Person, ordering the compulsory purchase of shares held, or (ii) the transfer of units to a US Person. This power is extended to anyone (a) who directly or indirectly breaches the laws or regulations of any country or public authority, or (b) who could, in the opinion of the management company's governing body or its Chairman, might result in the FCP suffering any disadvantage that would otherwise have been prevented.

The offering of units has not been authorised or rejected by the SEC, the specialist commission of a US state or any other US regulatory authority. Equally, said authorities have neither accepted nor dismissed the merits of this offering, nor the accuracy or suitability of documents relating to this offering. Any statement to the contrary is against the law.

Unitholders must immediately inform the Fund if they become a US Person. Any unitholder who becomes a US Person will no longer be permitted to acquire new units and may at any time be required to relinquish his/her units to someone who is not a US Person. The management company's governing body and its Chairman reserve the right to order the compulsory purchase of any Unit directly or indirectly held by a US Person, or any units held by a person in breach of the law or contrary to the interests of the Fund.

**Definition of "US Person":** An ineligible person is a US Person as defined in SEC Regulation S (Part 230 - 17 CFR 230.903). Such a definition of US Persons can be found at the following address:

<http://www.sec.gov/about/laws/secrulesregs.htm> (as at 12 December 2012).

The unofficial French translation is available on request.

Definition of **beneficial owner**: "being a beneficial owner" generally means having a direct or indirect economic or financial interest in a financial asset, even between members of the same family living in the same home. Rule 16a-1(a)(2) of the US Securities Exchange Act of 1934, which includes an exhaustive legal definition of the concept of "beneficial owner", is available at the following address:

<http://www.sec.gov/about/laws/secrulesregs.htm> (Part 240-17 CFR 240.16a-1; as at 12 December 2012).

## **VIII – Other European countries – Investment restrictions applicable to investors**

The Fund is authorised for distribution in France (country of origin), Germany (BaFin), Spain (CNMV) and Italy (Consob/Bank of Italy).

With the exception of these three countries, the Fund has not been authorised for distribution by the local regulatory authorities of any other European Union Member State.

Consequently, units of this Fund may not be offered to the public in or from these countries.

## Convictions Premium

FR0010687038	A units
FR0010687020	B units
FR0010785873	S units
FR0010917211	USD units
FR0007085691	P units

### Management regulations

*The management regulations set out all the rules applicable to the administrative management of the UCITS: issue and redemption of units, allocation of income, operating of the UCITS, merger, liquidation, disputes.*

## **SECTION I**

### **ASSETS AND UNITS**

#### **ARTICLE 1 - Co-ownership units**

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

The Fund is set up for a term of 99 years as of its inception, except in the cases of early dissolution or extension as provided for in these regulations.

The characteristics of the various classes of units and their eligibility requirements are described in the Fund prospectus.

The different classes of units may:

- apply different dividend policies (distribution or accumulation);
- be denominated in different currencies;
- be charged different management fees;
- be charged different subscription and redemption fees;
- have a different par value;
- be systematically hedged against risk, either partially or completely, as described in the prospectus. This hedging is taken out via financial instruments that minimise the impact of hedging transactions on the Fund's other unit classes;
- be reserved for one or several distribution networks.

Units can be divided, grouped or fractioned if so decided by the management company's governing body or its Chairman, into tenths, hundredths, thousandths or ten thousandths, known as unit fractions.

The provisions of the regulations governing the issue and redemption of units are applicable to the unit fractions, the value of which will always be proportional to that of the unit that they represent. All other provisions of the regulations relative to the units apply to the unit fractions without the need to stipulate this, unless indicated otherwise.

The management company's governing body or its Chairman may decide, at their own discretion, to split the units by issuing new units, which shall be allocated to unitholders in exchange for their existing units.

The management company's governing body or its Chairman may restrict or prevent the holding of Fund units by any individual or entity forbidden from holding Fund units (hereinafter "Ineligible Person"). An ineligible person is a US Person as defined in SEC Regulation S (Part 230 - 17 CFR 230.903) and as shown in the Prospectus.



To this end, the management company's governing body or its Chairman may:

(i) refuse to issue any Unit if it appears that such an issue would or could result in this Unit being directly or indirectly held for the benefit of an Ineligible Person;

(ii) at any time require an individual or entity whose name appears on the register of Unitholders to provide it with any information or sworn statement that it considers necessary to determine whether the beneficial owner of the Units or Shares in question is an Ineligible Person or not; and

(iii) if it appears that an individual or entity is (i) an Ineligible Person and, (ii) either alone or together, the beneficial owner of units, order the compulsory purchase of all units held by such a unitholder after five days have passed. The compulsory purchase will be completed at the last known net asset value, less any applicable fees, taxes and commissions, which will have to be paid by the Ineligible Person after a period of five days, during which the beneficial owner of units may give a statement to the relevant body.

## **ARTICLE 2 - MINIMUM AMOUNT OF THE ASSETS**

Units may not be redeemed if the Fund's assets fall below the regulatory minimum. If the value of the assets remains below this amount for thirty days, the management company shall take the necessary measures to dissolve the Fund or proceed with one of the measures indicated in Article 411-16 of the AMF General Regulation (UCITS Fund transfers).

## **ARTICLE 3 - ISSUE AND REDEMPTION OF UNITS**

Units are issued at any time following receipt of subscription requests from unitholders, on the basis of the net asset value plus, where applicable, subscription fees.

Subscriptions and redemptions are executed under the conditions and according to the procedures defined in the prospectus.

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

.

Subscriptions must be fully paid up on the net asset value calculation day. Payments may be made in cash and/or by a contribution of financial instruments. The management company has the right to refuse the instruments tendered and has seven days from the date on which the instruments are deposited to make its decision known. If accepted, the instruments tendered 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 calculated after acceptance of the instruments concerned.

Redemptions are paid in cash only, except when the Fund is being liquidated and unitholders have expressed their agreement to being reimbursed in securities. They are settled by the custodian within a maximum of five days following the valuation of the unit.

Pursuant to article L. 214-8-7 of the French Monetary and Financial Code (Code Monétaire et Financier), the redemption of units by the FCP and the issue of new shares may be temporarily suspended by the management company, when exceptional circumstances so require and if unitholders' interests so dictate.

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

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

#### **ARTICLE 4 - Calculation of net asset value**

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

## **SECTION II**

### **OPERATION OF THE FUND**

#### **ARTICLE 5 - The management company**

The Fund is managed by the management company in accordance with the Fund's investment objectives.

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

#### **ARTICLE 5a - Operating rules**

The instruments eligible to form part of the Fund's assets as well as the investment rules are described in the prospectus.

#### **ARTICLE 6 - The custodian**

The custodian carries out the duties incumbent upon it under the legal and regulatory provisions in force as well as those to which it has contractually agreed with the management company. In particular, it must ensure that decisions taken by the portfolio management company are lawful. The custodian must ensure that decisions taken by the management company are lawful. It must, as necessary, take all protective measures that it considers appropriate. In the event of dispute with the management company, it shall inform the *Autorité des marchés financiers* (AMF).

#### **ARTICLE 7 - The statutory auditor**

A Statutory auditor is appointed by the governing body of the management company for a term of six financial years, subject to the approval of the *Autorité des Marchés Financiers*.

The statutory auditor performs the due diligence and checks stipulated by the law and notably certifies, whenever necessary, the sincerity and accuracy of the accounts and accounting information contained in the management report.

The statutory auditor can be reappointed.

The statutory auditor is obliged to notify the *Autorité des marchés financiers* promptly if, in the course of its duties, it becomes aware of any fact or decision concerning the undertaking for collective investment in transferable securities which is liable to:

1° Constitute a breach of the legal and regulatory provisions governing this undertaking and is likely to have significant consequences for its financial position, income or assets;

2° Impair its continued operation or the conditions thereof;

3° Lead to the expression of reservations or a refusal to certify the financial statements.

Assets will be valued and exchange ratios will be determined for the purpose of any conversion, merger or split under the statutory auditor's supervision.

The statutory auditor shall assess all contributions in kind under its responsibility.

The statutory auditor shall check the composition of the assets and other information before any publication.

The statutory auditor's fees are determined by mutual agreement between the auditor and the governing body of the management company on the basis of an agenda indicating all duties deemed necessary.

In the event of liquidation, the statutory auditor assesses the amount of the assets and prepares a report on the conditions of this liquidation.

The statutory auditor certifies the situations serving as the basis for the payment of interim dividends.

The fees payable to the statutory auditor are included in the management fees.

#### **ARTICLE 8 - Financial statements and management report**

At the end of each financial year, the management company prepares financial statements and a report on the Fund's management during the financial year ended.

The management company shall prepare an inventory of the assets at least twice yearly and under the supervision of the custodian.

The management company makes these documents available to unitholders within four months of the financial year-end and informs them of the amount of earnings to which they are entitled: these documents are either sent by mail if expressly requested by unitholders, or made available to them at the premises of the management company.

### **SECTION III**

#### **PROVISIONS FOR ALLOCATION OF INCOME**

## **ARTICLE 9 - Income**

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

Distributable income for an undertaking for collective investment in transferable securities comprises:

1° Net income plus retained earnings, plus or minus the balance of the income equalisation account;

2° Realised gains (net of fees) minus realised losses (net of fees) recorded during the financial year, plus previous financial years' net gains of the same nature which were not subject to distribution or accumulation, plus or minus the balance of the gains equalisation account.

Depending on the units held and the attached rights, distributable income shall be accumulated or distributed each year, with the exception of those amounts which are subject to compulsory distribution by law.

.

## **SECTION IV**

### **MERGER - SPLIT - DISSOLUTION - LIQUIDATION**

#### **ARTICLE 10 - Merger - Split**

The management company may either merge all or part of the Fund's assets with another fund, or split the Fund into two or more mutual funds whether under its management or otherwise.

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

#### **ARTICLE 11 - Dissolution - Extension**

If the assets of the Fund remain below the amount set in article 2 above for thirty days, the management company shall inform the AMF and shall dissolve the Fund, except in the event of a merger with another fund.

The management company may dissolve the Fund at an early date; it shall inform unitholders of its decision and from this date subscription and redemption requests shall no longer be accepted.

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

The management company shall inform the AMF by mail of the chosen dissolution date and procedure. Lastly, it shall send the statutory auditor's report to the AMF.

The management company, in agreement with the custodian, may decide to extend the term of the Fund. Its decision must be taken at least three months prior

to the expiry of the Fund's term and unitholders and the AMF must be informed thereof.

#### **ARTICLE 12 - Liquidation**

In the event of dissolution, the custodian or the management company shall be responsible for the liquidation operations. To this end, they shall be granted the broadest powers to realise assets, pay off any creditors and distribute the available balance among unitholders in the form of cash or securities.

The statutory auditor and the custodian shall remain in office until the liquidation has been completed.

### **SECTION V**

#### **DISPUTE**

#### **ARTICLE 13 - JURISDICTION – ADDRESSES FOR SERVICE**

Any disputes relating to the Fund that may arise during the Fund's term or during its liquidation, either among unitholders or between unitholders and the management company or the custodian, shall be subject to the jurisdiction of the competent courts.

### **SECTION VI**

#### **MASTER / FEEDER**

#### **ARTICLE 14 – ABILITY TO ACT AS THE MASTER FUND OF ANOTHER UCITS**

Under the terms established by the regulations in force in France (AMF GR), the management company may, at any time, authorise the fund to become the Master Fund of a UCITS fund (the Feeder Fund).

This Feeder Fund shall invest a minimum of 85% of its assets in the Master Fund, in accordance with regulations in force.