

French mutual fund (Fonds Commun de Placement, FCP)

GAN PRUDENCE

➤ Annual Report
as at 30.09.15

Groupama Asset Management - 25 rue de la Ville l'Evêque - 75008 Paris, France

CONTENTS

1. Characteristics of the UCI	3
2. Changes affecting the UCI	9
3. Management Report	10
4. Regulatory Information	12
5. Certification by the Statutory Auditor	14
6. Annual Financial Statements	16

1. INVESTMENT POLICY

- **LEGAL FORM**

French mutual fund (Fonds Commun de Placement).

- **CLASSIFICATION**

"Diversified" UCITS

- **DISTRIBUTABLE INCOME CALCULATION AND APPROPRIATION METHODS**

The UCITS is a multi-class Fund:

- IC units: accumulation.
- ID units: distribution. Interim dividend payments are authorised. Option to carry forward earnings in full or in part.
- N units: accumulation.

- **INVESTMENT OBJECTIVE**

The Fund is a feeder of the GROUPAMA PRUDENCE fund (F unit), whose investment objective is the same as its master fund, namely to outperform the following composite index: 10% MSCI World Local Currency closing D-1 (net dividends reinvested), 40% Barclays Capital Euro Aggregate closing D-1 (coupons reinvested), 50% capitalised EONIA D-1.

- **BENCHMARK INDEX**

The benchmark index is the same as that of its master fund, i.e. the following composite index: 10% MSCI World Local Currency closing D-1 (net dividends reinvested), 40% Barclays Capital Euro Aggregate closing D-1 (coupons reinvested), 50% capitalised EONIA D-1.

The MSCI World Local Currency is a market-cap weighted index (free-float adjusted) that measures the performance of equity markets in developed countries. Since June 2007, this index has comprised the following 23 developed countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. It is expressed in local currency, i.e. it excludes the impact of fluctuations in foreign exchange rates.

The Barclays Capital Euro Aggregate index is composed of bonds denominated in euros: government bonds, bonds issued by public issuers and private "investment grade" issuers (financial, corporate and utilities). All issues are at a fixed rate and denominated in euros.

EONIA (Euro Overnight Index Average) is the average rate of the daily transactions on the interbank market in euros. It corresponds to the average overnight interbank rate communicated to the European Central Bank (ECB) by 57 reference banks and weighted by the volume of transactions processed. It is calculated by the European Central Bank. It is published by the European Banking Federation.
Bloomberg reference code: EONIA Index.

The management of the Fund does not seek to replicate the benchmark index. However, the latter may be used to assess performance retrospectively.

- **INVESTMENT STRATEGY**

The GAN PRUDENCE Fund is a feeder fund of the GROUPAMA PRUDENCE fund (F unit). The GAN PRUDENCE Fund's assets shall at all times be comprised entirely of F units of the GROUPAMA PRUDENCE fund and, on an ancillary basis, liquid assets.

of the master fund's investment objective:

The investment objective is to outperform the following composite benchmark index: 10% MSCI World Local Currency closing D-1 (net dividends reinvested), 40% Barclays Capital Euro Aggregate closing D-1 (coupons reinvested), 50% capitalised EONIA D-1.

Recap of the master fund's investment strategy:

• **Description of the strategies used:**

✓ Overall UCITS strategy:

The purpose of the GROUPAMA PRUDENCE fund is to manage a portfolio of eurozone and international securities, primarily by investing in equity and interest rate UCITS, and, for up to 20% of its net assets, in bearer securities (equities, debt securities and money market instruments).

The Fund's overall exposure to risky equity and high-yield-bond (speculative or high-yield securities) asset classes and assets exposed to currencies will be limited to 30% of the Fund's net assets.

The investment strategy was developed using a top-down approach implemented by a "Lead Manager" responsible for asset allocation. The Lead Manager selects the UCITS and securities to include in the portfolio.

✓ Portfolio composition strategy:

In selecting UCITS and securities for the portfolio, the manager applies a top-down process, based around a dual approach combining a tactical allocation and the selection of securities and UCITS.

• Tactical asset allocation:

The Lead Manager sets the tactical allocation (weighting of various asset classes, choice of geographical diversification) based on regional or country macroeconomic fundamentals (unemployment rate, inflation rate, GDP growth, interest rates), the performance outlook of the various asset classes and risk/return ratios (a top-down approach).

• Selection of securities and UCITS

Interest rate Market

Major decisions and selections are based partly on directional management, which consists of making the portfolio more or less sensitive than its benchmark index (arbitraging UCITS of various durations), and of overexposing or underexposing the portfolio to credit risk by using specialised UCITS. Investments in the form of bearer securities or within such UCITS will primarily focus on investment grade issues (investment category) or issues deemed equivalent by the management company.

Equity Market

The manager selects the UCITS and securities to be included in the portfolio based on the various sources of added value revealed through economic analysis, financial engineering and financial analysis. They will select UCITS and securities according to various criteria: capitalisation size (large, medium and small), different styles (growth stocks, high-yield securities), their sector positioning, etc.

✓ Management style:

The UCITS adopts an active management style aimed at outperforming its benchmark index.

• Assets, excluding embedded derivatives:

✓ Interest rate Market:

The investment portion in interest rate products will be between 80% and 100% of net assets.

These investments, whether in the form of bearer securities or within underlying UCITS, will primarily focus on investment grade issues (investment category) or issues deemed equivalent by the management company.

Through these investments in bearer securities or within underlying UCITS, the Fund may be exposed, for up to 30% of its net assets, to high-yield bonds (speculative securities with a rating below BBB- (S&P/Fitch) or Baa3 (Moody's) or those deemed equivalent by the management company).

The assets of the underlying UCITS will be composed of fixed-rate bonds, EMTNs (Euro Medium Term Notes), negotiable debt securities, inflation-linked variable-rate bonds, securitisation vehicles, mortgage-backed securities and high-yield bonds (speculative securities).

The following interest rate UCITS may be used:

French UCITS or equivalent European UCITS:

- Up to 100% of net assets in “Bonds and other debt securities denominated in euros”, “Money market”, “Short-term money market”, “Bonds and other international debt securities” or “diversified” UCITS.

✓ *Equity markets:*

The Fund’s equity exposure will be between 0% and 20% of its net assets, through UCITS and direct equities.

The following selected equity UCITS may be used:

French UCITS or equivalent European UCITS:

- Up to a maximum of 20% in “French equities”, “European Union country equities”, “Eurozone equities” or “International equities” UCITS.

The UCITS may be those managed directly or indirectly by Groupama Asset Management.

External UCITS will be subjected to a close review of their management procedures, performances, risk and any other qualitative or quantitative criteria that may allow the quality of management to be assessed in the short, medium or long term.

International equities UCITS may be invested in non-OECD countries (emerging markets).

✓ Up to 100% of net assets may be invested in trackers (listed index entities) that replicate changes in equity or bond markets.

• Derivatives:

Derivatives may be used from time to time to support the investment strategy while seeking to improve performance.

✓ *Types of markets targeted*

The UCITS may trade on all types of derivatives markets:

- Regulated markets,
- Organised markets,
- Over-the-counter markets.

✓ *Risks in which the manager intends to trade*

The manager will trade in:

- Equity risk (specific to a stock or generally to a market index)
- Interest rate risk,
- Exchange rate risk, on an ancillary basis.

✓ *Types of trades*

The manager will buy or sell derivatives for the purpose of:

- Hedging,
- Exposure.
- Arbitrage: on an ancillary basis

✓ *Types of derivatives used*

The use of derivative instruments will be limited to a maximum commitment of 100% of the UCITS’ net assets and will be conducted in accordance with the various asset class limits defined in the investment strategy.

These instruments are distinct from the derivative instruments that can be used in the funds subscribed to by the Groupama Prudence fund.

- *Interest rate market:*

On regulated markets, the following instruments are used in particular:

- *Futures contracts: A contract traded on a regulated market that guarantees or commits to a specific price for a specific quantity of a given product (the underlying product) at a future date.*
- *Options on futures contracts: A contract that, upon the immediate payment or receipt of a premium, confers the right to buy or sell, for a limited period, at a price set in advance, a given quantity of financial instruments listed on a standard futures market.*

On over-the-counter markets, the manager may trade specifically in the following on an ancillary basis:

- Options: See the previous paragraph.
- Interest rate or currency swaps: An exchange contract between two entities for a certain period of time.

The manager will use these instruments to deal in markets to adjust exposure to interest rate or yield curve risks in strict compliance with the portfolio's sensitivity range of between 0 and 6.

- **Equity markets:**

The manager may trade in particular in:

- Options: the main strategies used will be as follows:
 - Protection strategy via listed options on equity indices or equity volatility.
 - Performance strategy via listed options on equity indices.
 - Convexity strategy via listed options on equity indices.
- Swaps (a financial flow exchange agreement between two entities over a given period). They may be used occasionally for the same purpose as options.

Purchases or sales of index futures contracts for managing the overall exposure of the portfolio.

✓ **Counterparty Selection Criteria**

Counterparties in over-the-counter instruments (over-the-counter derivatives and effective portfolio management techniques) are selected through a specific procedure in force within the Management Company; the main selection procedures relate to their financial solidity, their expertise in the types of transactions envisaged, general contractual clauses and specific clauses relating to techniques for mitigating counterparty risk.

- Deposits:

Up to 10% of the Fund's net assets may be in the form of deposits at a credit institution based in a Member State of the European Union or the European Economic Area, with a term of less than 12 months, as a store of cash to be used as needed.

- Cash borrowing:

On an exceptional basis, with the aim of investing in anticipation of a market rise or on a temporary basis as part of managing large redemptions, the Manager may borrow cash up to the value of 10% of the Fund's net assets from the custodian, Groupama Banque.

- Temporary purchases and sales of securities:

✓ **Types of trades used:**

- repurchase and reverse repurchase agreements in compliance with the French Monetary and Financial Code,
- loans and borrowings of securities in compliance with the French Monetary and Financial Code.

✓ **Types of trades:**

Their main aim will be to enable:

- the adjustment of the distribution of sensitivity over the curve;
- arbitrages of curves,
- the investment of cash.

These transactions shall be conducted in strict adherence to a sensitivity range of between 0 and 6.

✓ **Level of use envisaged and authorised:**

- - Temporary sales of securities: up to 50% of net assets.
- Temporary purchases of securities:
 - Reverse repurchase agreements: 10% maximum of its net assets. This limit is raised to 100% of net assets for reverse repurchases against cash where there is no sale, even temporary, of the repurchased securities.

Reverse repurchase agreements are commonly used as a management tactic to obtain some remuneration for uninvested cash (see assets, excluding embedded derivatives).

- Borrowing of securities: up to 10% of net assets.

For further information on the conditions of remuneration from temporary sales and purchases of securities, please refer to the "Fees and commissions" section.

Information relating to the master fund's financial guarantees:

In the context of temporary purchases and sales of securities and derivatives transactions traded over-the-counter, the UCITS may receive securities or cash as collateral.

Cash collateral is reinvested in accordance with the applicable rules.

All of these assets must be issued by high-quality, liquid, diversified issuers with low volatility that are not an entity of the counterparty or its group.

The discounts applied to collateral received take into account the quality of credit, the price volatility of the securities and the result of stress tests carried out in accordance with the regulatory provisions.

The level of financial guarantees and the discount policy are determined in accordance with the regulations in force.

• **RISK PROFILE**

The risk profile of the GAN PRUDENCE feeder Fund is the same as the risk profile of its master fund, GROUPAMA PRUDENCE, as defined below.

Recap of the master fund's risk profile:

• Risks specific to the interest rate market:

Interest rate risk:

As unitholders are exposed to interest rate risk, they may find the performance is negative as a result of interest rate fluctuations.

Credit risk:

This is the possibility that the issuer's credit rating may fall or that the issuer may default, which will negatively impact the price of the security and thus the net asset value of the Fund.

Risk linked to the use of high-yield speculative securities:

This Fund is to be considered as partially speculative and aimed particularly at investors aware of the inherent risks of investing in securities with a low rating or no rating at all. As such, the use of high-yield securities means that the net asset value may drop more significantly.

• Risks specific to the equity market:

Equity markets:

The value of an investment and the income it generates may go up as well as down and investors may not recover the capital initially invested in the company. A portfolio's value may be affected by external factors such as political and economic developments or political changes in certain governments.

• Risks common to the interest rate and equity markets:

Risk of capital loss

Investors will be exposed to the risk of not recovering the full amount of the capital they invest, since the UCITS does not offer any capital guarantee. Discretionary management risk:

Discretionary management style relies on anticipating trends in the various markets (equities, bonds, etc.). There is a risk that the UCITS may not be invested in the best-performing markets at all times.

Counterparty risk:

Counterparty risk relates to the conclusion of over-the-counter futures contracts or the temporary purchase or sale of securities. It consists of assessing the risks for an entity in terms of its commitments in respect of the counterparty with which the contract has been concluded. It therefore refers to the default risk of a counterparty, causing it to default on payment. In accordance with the regulations, this risk may not exceed 10% of net assets per counterparty.

Exchange rate risk:

It is the risk of a downturn in the currencies in which investments are held compared to the portfolio's benchmark currency, the euro. In the event of a drop in the value of a currency against the euro, the net asset value may also fall.

The Fund may present an exchange rate risk, particularly as it invests in UCITS, which may themselves present an exchange rate risk. Direct or indirect exposure to exchange rate risk is limited to a maximum of 100% of the Fund's assets. Use of derivatives:

Using derivatives may increase or decrease the volatility of the UCITS by respectively increasing or decreasing its exposure. In the event of adverse market developments, the net asset value may fall.

Guarantee or protection:

None.

- **ELIGIBLE SUBSCRIBERS AND TYPICAL INVESTOR PROFILE**

The Fund is open to all subscribers.

IC units: Minimum initial subscription: €600.

ID units: Minimum initial subscription: €600.

N units: Minimum initial subscription: €500.

The GAN PRUDENCE Fund is aimed at investors wishing to obtain a return on their savings by combining the performance of the interest rate and equity markets.

The recommended investment period is more than three years.

Proportion suitable for investment in the UCITS: all bond investments may be subject to interest rate fluctuations, and private issuers carry a risk of default. The amount that might reasonably be invested in the GAN PRUDENCE Fund should be determined with reference to the investor's personal situation. To determine this, investors should take into consideration their personal wealth, their needs at the present time and over the next three years and the level of risk they are willing to accept.

Investors are also advised to diversify their investments sufficiently to avoid being exposed exclusively to the risks of this UCITS.

Investment diversification: this is achieved by investing in different classes of assets (money market instruments, bonds and equities) and in specific sectors and different geographical regions so as to spread risks more effectively and optimise portfolio management by taking market trends into account.

2. CHANGES AFFECTING THE UCI

21 November 2014

Updating of ongoing charges for GAN PRUDENCE following the closing of its accounts in September 2014.

16.02.15

Conversion into a feeder fund: the GAN PRUDENCE becomes a feeder fund for the GROUPAMA PRUDENCE (F unit) UCITS.

Updating of performance data to December 2014.

30 November:

Updating of ongoing charges in the KIIDs of the UCIs following the closing of their accounts on 30 September 2015.

3. MANAGEMENT REPORT

Interest rate markets

The third quarter of 2014 was marked by concerns related to the low level of inflation in the eurozone. The long-awaited results of the AQR in September were received favourably by the markets, both in terms of the results and the relevance of the exercise. The ECB's covered bond purchase programme (CBPP3) announced in June started on 20 October and caused a second wave of tightening across the asset class. Interest rates continued to fall, with the prospects of the ECB launching QE on sovereign debt in Q1 2015.

In this overall context, the widespread fall in 10-year sovereign rates continued, with the exception of the United States. Interest rates ended the year 2014 at record lows: the 10-year German and French rates fell to 0.54% and 0.83% respectively, and 10-year Spanish, Italian and Portuguese rates fell to 1.61%, 1.89% and 2.69% respectively.

2015 got off to a flying start: the Swiss National Bank lowered its rates and also unpegged its currency from the euro, many Central Banks lowered their rates and the far left swept to victory in the Greek elections. In Europe, all eyes were on the ECB, as it announced its long-awaited QE programme. The total amount of more than €1,000 billion was a positive surprise for the market against a backdrop of low inflation in the eurozone.

In Greece, the lack of progress in the negotiations on the Greek crisis was the main focus of the markets in the second quarter, and the exclusion of Greek finance minister Yanis Varoufakis illustrated the difficulties in reaching an agreement. German rates reached a new low of 0.05% in late May and then a significant sell-off began, impacting core rates in particular.

In July, the Greek referendum's resounding "no" complicated the situation for the country's creditors, fuelling high volatility. The agreement finally reached by European leaders on 13 July meant that €82-86 billion in funding for Greece could be released.

In response to the IMF's opinion a few days earlier that the level of the yuan was inappropriate and in order to support exports it considered too low, the Chinese central bank devalued its currency on 11 August, renewing fears of a hard landing in China and of the growth of emerging countries, as well as downward pressure on global inflation. As strongly expected, the Fed did not raise its key interest rates in September, causing a tendency towards risk aversion to the benefit of safe haven securities (-18 bps on the US 10-year rate following the announcement).

Over the period from 30 September 2014 to 30 September 2015, German rates recorded a fall of 35 bps, to 0.59%, despite the increase of close to 90 bps between mid-April and mid-June. The 10-30 year curve dropped a little, from 94 bps to 80 bps, after reaching a low of 39 bps in mid-April. The 10-year risk premiums on peripheral sovereign debts widened by 3 points on Spain, to 121 bps, after a brief fall to 88 bps in mid-March, narrowing by 34 bps on Italy, to 104 bps and -35 bps on Portugal, to 184 bps.

Credit spreads were bolstered by anticipations of Quantitative Easing from the ECB at the end of 2014 and then by the actual announcement of it being implemented in January 2015. The scale of it (more than €100 billion) was larger than expected and this had the advantage of tightening spreads, mainly in high beta debt, during the first quarter of 2015. This euphoria was, however, very quickly undermined, partly by the volume of primary issues in the long-term segments and partly by the fresh upsurge of political risk in Greece. From the month of March, credit spreads hit a downward slide, firstly on low beta issuers and then on all segments of the credit market.

Ultimately, the resolution of the Greek issue was to bring only a short-term truce, and was quickly overtaken by the economic slowdown in China and the drop in the price of raw materials, particularly oil. The resurgence of specific risk with the VW scandal was the final straw for a credit market weakened by so many negative announcements and a lack of depth in the market.

The excess return of the Barclays Euro Corporate index was unsurprisingly very negative over the period, at -1.89%. The metals and mining and automobile sectors were the main under-performers with an Excess Return of -14.5% and -4.5% respectively. The subordinated insurance debt segment also suffered badly from lower liquidity, but also from the longer duration of this sector. The Excess Return of LT2s in insurance was therefore -2.24% over the period, compared to that of subordinated issuers in banking who, buoyed by favourable regulatory developments, fared relatively well with an Excess Return of -0.62%.

Equity Markets

The predictions we made during the second half of 2014 were borne out by the first half of 2015, namely the decoupling of the US and European economies and confirmation of the significant slowdown in growth in the emerging countries, except China. Europe benefited from the decline in the prices of raw materials, particularly oil, the euro and above all, from the implementation of QE.

The confirmed support of the central banks allowed investors' aversion to risk to be contained in the face of geopolitical tensions and the possible destabilisation of the eurozone in light of elections in the UK and Spain. But the Greek crisis in particular has concerned the markets since the spring, with the crises in Russia and the Middle East being relegated to the background.

From the markets' perspective, this was characterised by renewed volatility, mainly since the spring. We have had an almost uninterrupted increase since the beginning of 2015, culminating in April, then a see-saw decline, which virtually wiped out the rise in share prices.

The markets were very turbulent over the summer period. The fears of a slowdown in the Chinese economy and in the world economy in general, as well as the prospect of an increase in US interest rates resulted in investors tending to favour "risk off" mode. It appears that the Fed's decision not to increase interest rates left investors somewhat puzzled.

Overall, the MSCI Euro DNR index increased by just 0.96% over the period. The most improved sectors were transport and leisure, home and personal care and diversified financials, whereas by contrast, commodities, energy and public utilities were the hardest hit.

Diversified Fund

Over the period, the performance of Gan Prudence stood at 1.67% compared to 1.04% for the benchmark index.

The performance obtained over the period is no guarantee of the UCITS' future results.

Major movements in the portfolio during the financial year

Securities	Movements ("Accounting currency")	
	Purchases	Sales
GROUPAMA PRUDENCE F	49,314,934.84	6,268,962.43
OAT 3.25% 25.10.21	5,108,784.00	6,958,112.00
ITALIE 4.25%09-010320	1,044,758.00	7,700,532.00
ITALIE 5.5% 01/09/2022	3,870,900.00	3,897,070.00
GROUPAMA EONIA IC	2,203,223.30	3,193,345.40
ESPAGNE 5.85% 31/01/2022	1,048,066.00	4,052,393.00
EURO CAPITAL DURABLE M	1,338,542.50	1,843,287.55
ITALY 3.75%10-010321	1,483,724.00	1,504,542.00
IRLANDE 4.5%04-20	723,159.00	1,810,569.00
GERMANY 1.50% 02/23	865,568.00	1,661,190.00

4. REGULATORY INFORMATION

• TRANSACTION FEES

In accordance with Article 322-41 of the AMF (French Financial Markets Authority) General Regulations relating to the rules of good practice applicable to portfolio management on behalf of third parties, we wish to inform you that a fee is charged to the UCI for transactions involving financial instruments held in the portfolio.

It is broken down as follows:

- brokerage fees charged by the intermediary in charge of executing orders.
- no “transaction fee” accrues to the management company.

This fee is not audited by the Statutory Auditor.

• FINANCIAL INTERMEDIARIES

The monitoring of intermediaries used by the Asset Management Department relies on a Broker Committee for each major asset class, which meets every six months. This Committee brings together managers, financial analysts and middle office employees.

Each Committee updates a shortlist of approved intermediaries and an overall limit as a percentage of assets which are allocated to each of them.

This updating is put to a vote on a selection of criteria. Each person votes on each criterion according to the weighting allocated to them by the Committee. A report on the decisions is drawn up and circulated.

Between two Broker Committee meetings, a new intermediary may be used for a specific transaction subject to the express authorisation of the Chief Investment Officer. This intermediary is approved or rejected by the next meeting of the Broker Committee.

A follow-up table is updated and circulated to managers each month. This table keeps track of changes in the actual percentage in relation to the target percentage for the business carried out with an intermediary so that it can be adjusted.

An instruction to return below the limit set by the Committee shall be issued if any percentage is found to have been exceeded.

Third-level ethical control is based on these controls.

• INTERMEDIATION CHARGES

A report is issued each year on the intermediation charges paid by Groupama Asset Management for the previous year. This document is available on the company's website at www.groupama-am.fr

• VOTING POLICY

The policy for voting at General Meetings can be consulted on GROUPAMA ASSET MANAGEMENT's website at www.groupama-am.fr and at its registered office.

A report on how the management company has exercised its voting rights at General Meetings is drawn up within four months of the end of the financial year. This report is available on GROUPAMA ASSET MANAGEMENT'S website at www.groupama-am.fr and from its registered office.

• FINANCIAL INSTRUMENTS HELD IN THE PORTFOLIO ISSUED BY THE GROUP'S SERVICE PROVIDER OR ENTITY

In accordance with the AMF's General Regulations, we confirm that the portfolio holds €42,296,904.07 in UCIs of the GROUPAMA Group.

• INFORMATION ON ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG) CRITERIA

Information about the ESG criteria is available at <http://www.groupama-am.fr> and in the annual reports of the UCI from the accounting period starting on 31/12/2012.

• METHOD USED TO CALCULATE OVERALL RISK

The UCI uses the commitment approach to calculate the UCI's overall risk on financial contracts.

- **LEVERAGE**

None.

- **OTHER INFORMATION**

Investors will be sent the UCI's full prospectus and latest annual and interim reports within one week of receipt of a written request via:

GROUPAMA ASSET MANAGEMENT
25, rue de la Ville l'Evêque
75008 Paris, France
e-mail: <http://www.groupama-am.fr>

5. CERTIFICATION BY THE STATUTORY AUDITOR



Deloitte & Associés
185, avenue Charles de Gaulle
95524 Neuilly-sur-Seine Cedex
France
Telephone: + 33 (0) 1.40.88.28.00
Fax: + 33 (0) 1.40.88.28.28
www.deloitte.fr

GAN PRUDENCE

French mutual fund (Fonds Commun de Placement)
Management company: Groupama Asset Management
25, rue de la Ville l'Evêque
75008 Paris, France

STATUTORY AUDITOR'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS

Financial year ended 30 September 2015

In performance of the audit engagement entrusted to us by the management company, we hereby present our report on the financial year ended 30 September 2015, regarding:

- the audit of the annual financial statements of the GAN PRUDENCE Fund in euros, as attached to this report,
- the justification of our assessments;
- the specific verifications and disclosures required by law.

The annual financial statements have been prepared by the management company. It is our responsibility, on the basis of our audit, to express an opinion on those statements.

1. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We have conducted our audit in accordance with the professional practice standards applicable in France; those standards require that we carry out our audit to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit consists of verifying, through tests or other selection methods, the elements justifying the amounts and information shown in the annual financial statements. It also consists of assessing the accounting principles used, the significant estimates made and the overall presentation of the accounts. We believe that the information we have gathered is an adequate and appropriate basis for our opinion.

We certify that the annual financial statements are true and fair, with regard to French accounting rules and principles, and give a faithful picture of the income from operations in the last financial year as well as the financial position and assets of the UCI at the end of this financial year.

Without calling into question the opinion expressed above, we wish to draw your attention to the changes to the accounting regulations set out in the appendix.

Société anonyme with a share capital of €1,723,040
Independent Accounting Firm registered with the Ordre du Conseil Régional of Paris, Ile-de-France
A firm of statutory auditors and member of the Compagnie Régionale de Versailles
572 02 041 Nanterre Trade and Companies Register
VAT No. FR 02 572 02B 041

Member of Deloitte Touche Tohmatsu Limited

2. JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we inform you that the assessments that we performed specifically concerned compliance with the accounting principles and methods applicable to UCIs.

The assessments made were part of our audit of the annual financial statements, taken as a whole, and therefore provided a basis for our opinion as expressed in the first part of this report.

3. SPECIFIC VERIFICATIONS AND DISCLOSURES

In accordance with the professional practice standards applicable in France, we also conducted the specific verifications required by law.

We have no observations to make on the fair presentation and consistency with the annual financial statements of the information set out in the management report prepared by the management company and in the documents sent to unitholders concerning the financial position and the annual financial statements.

Neuilly-sur-Seine, 17.12.15

The Statutory Auditor

Deloitte & Associés
[Signature]
Jean-Pierre VERCAMER

Signature:
Jean-Marc LECAT

6. ANNUAL FINANCIAL STATEMENTS

• BALANCE SHEET *in EUR*

ASSETS

	30/09/2015	30/09/2014
Net fixed assets		
Deposits		
Financial instruments	42,296,904.07	22,993,864.45
Equities and equivalent securities		
Traded on a regulated or equivalent market		
Not traded on a regulated or equivalent market		
Bonds and equivalent securities		20,903,052.93
Traded on a regulated or equivalent market		20,903,052.93
Not traded on a regulated or equivalent market		
Debt securities		
Traded on a regulated or equivalent market		
Negotiable debt securities		
Other debt securities		
Not traded on a regulated or equivalent market		
Undertakings for collective investment	42,296,904.07	2,081,882.90
General-purpose UCITS and AIFs intended for non-professionals and equivalent investors from other countries	42,296,904.07	2,081,882.90
Other funds intended for non-professionals and equivalent investors in other EU member states		
General purpose professional funds and equivalent from other		
European Union Member States and other listed securitisation undertakings		
Other professional investment funds and equivalent in other EU Member States and unlisted securitisation undertakings		
Other non-European undertakings		
Temporary securities transactions		
Receivables representing securities received under repurchase agreements		
Receivables representing securities loaned		
Securities borrowed		
Securities transferred under repurchase agreements		
Other temporary transactions		
Forward financial instruments		8,928.62
Transactions on a regulated or equivalent market		8,928.62
Other transactions		
Other financial instruments		
Receivables	66,484.67	167,956.82
Forward foreign-exchange transactions		
Other	66,484.67	167,956.82
Financial accounts	1,804.41	180,581.95
Cash	1,804.41	180,581.95
Total assets	42,365,193.15	23,342,403.22

LIABILITIES

	30/09/2015	30/09/2014
Shareholders' equity		
Share capital	39,986,914.35	20,946,666.72
Undistributed previous net capital gains and losses (a)		
Retained earnings (a)	26.00	93.82
Net capital gains and losses for the financial year (a, b)	2,100,405.26	792,516.88
Net income (a, b)	202,111.91	422,073.90
Total shareholders' equity (= Amount representing net assets)	42,289,457.52	22,161,351.32
Financial instruments		8,928.62
Sales of financial instruments		
Temporary securities transactions		
Debts representing securities transferred under repurchase agreements		
Debts representing securities borrowed		
Other temporary transactions		
Forward financial instruments		8,928.62
Transactions on a regulated or equivalent market		8,928.62
Other transactions		
Debts	75,735.63	1,170,359.80
Forward foreign-exchange transactions		
Other	75,735.63	1,170,359.80
Financial accounts		1,763.48
Current bank financing		1,763.48
Loans		
Total liabilities	42,365,193.15	23,342,403.22

(a) Including accruals

(b) Minus interim dividends paid over the year

- **OFF-BALANCE SHEET *in EUR***

	30/09/2015	30/09/2014
Hedging transactions		
Commitment on regulated or equivalent markets		
Commitment on over-the-counter markets		
Other commitments		
Other transactions		
Commitment on regulated or equivalent markets		
Futures contracts		
EUR EUREX BOBL 1214		127,920.00
EUR EUX MID OAT 1214		128,550.00
EUR GR EURO BTP 1214		260,960.00
EUREX EUROBD 1214		898,200.00
S&P500 MINI 1214		233,386.11
Commitment on over-the-counter markets		
Other commitments		

• **INCOME STATEMENT *in EUR***

	30/09/2015	30/09/2014
Operating revenues from financial transactions		
Operating revenues from deposits and financial accounts	1.07	286.90
Operating revenues from equities and equivalent securities		5,057.74
Operating revenues from bonds and equivalent securities	279,931.57	539,229.22
Operating revenues from debt securities		72.74
Operating revenues from temporary purchases and sales of securities		
Operating revenues from forward financial instruments		
Other financial income		
Total (1)	279,932.64	544,646.60
Charges on financial transactions		
Charges on temporary purchases and sales of securities		
Charges on forward financial instruments		
Charges on financial debts	118.09	16.37
Other financial charges		
Total (2)	118.09	16.37
Profit/loss on financial transactions (1 - 2)	279,814.55	544,630.23
Other operating revenues (3)		
Management fees and depreciation allowance (4)	176,343.49	197,952.32
Net profit for the financial year (L. 214-17-1) (1 - 2 + 3 - 4)	103,471.06	346,677.91
Revenue adjustment for the financial year (5)	98,640.85	75,395.99
Interim dividend payments for the financial year (6)		
Profit/loss (1 - 2 + 3 - 4 + 5 + 6)	202,111.91	422,073.90

ACCOUNTING METHODS AND RULES

The annual financial statements are presented in the form provided for by Regulation ANC 2014-01 repealing amended Regulation CRC 2003-02. This regulation incorporates the new AIFM classification for UCIs but does not change the applicable accounting principles or the methods for valuing assets and liabilities.

General accounting principles apply, namely:

- a true and fair view, comparability, continuity of operations;
- consistency and fair presentation;
- prudence;
- consistent accounting methods from one year to the next.

The portfolio's base currency is the euro.

The length of the financial year is 12 months.

Asset valuation rules

► Investment rules

The Fund is fully invested in the master UCI.

► Asset valuation and accounting rules

The securities held in the GROUPAMA PRUDENCE feeder Fund's portfolio are valued on the basis of the latest net asset value of the master fund.

► Method used to recognise income from fixed-income securities

Coupons received method.

► Method used to recognise expenses

Transactions are accounted for excluding fees and expenses.

► Operating and management fees:

These fees include all those charged directly to the Fund, except for transaction fees. Transaction charges include intermediary fees (brokerage fees, stock market taxes, etc.) and the transaction fee, if any, that may be charged, particularly by the custodian and the management company.

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

- outperformance fees. These reward the Management Company if the UCI exceeds its objectives. They are therefore charged to the Fund;
- transaction fees charged to the UCI;

For information regarding the ongoing charges invoiced to the UCI, please refer to the "Charges" section of the Key Investor Information Document (KIID).

IC and ID Units:

Fees charged to the UCI	Base	Rate
Operating and management fees (statutory auditor, custodian, distribution, lawyers, etc.)	Net assets	Maximum rate: 1.20% including taxes and the management fees already levied on the UCIs in the portfolio, pro rata in relation to the percentage of these UCIs held in the Fund.
Maximum indirect fees (management fees and charges)	Net assets	Maximum rate: 0.95% (taxes included)
Transaction fees accruing to GROUPAMA BANQUE	Deducted from each transaction	Eurozone securities: €27.50 (taxes included) Non-eurozone securities: €63.38 (taxes included)
Transaction fee accruing to the Management Company	Deducted from each transaction	By type of instrument (taxes included): Equities and similar: maximum 0.1% Bonds and equivalent: max. 0.03% Futures and options: max. €1 per lot
Outperformance fee	Net assets	None

* In accordance with the current VAT rate

N units:

Fees charged to the UCI	Base	Rate
Operating and management fees (statutory auditor, custodian, distribution, lawyers, etc.)	Net assets	2% including taxes and the management fees already levied on the UCIs in the portfolio, pro rata in relation to the percentage of these UCIs held in the Fund.
Maximum indirect fees (management fees and charges)	Net assets	Maximum rate: 0.95% (taxes included)
Transaction fees accruing to GROUPAMA BANQUE	Deducted from each transaction	Eurozone securities: €27.50 (taxes included) Non-eurozone securities: €63.38 (taxes included)
Transaction fee accruing to the Management Company	Deducted from each transaction	By type of instrument (taxes included): Equities and equivalent: maximum 0.1% Bonds and equivalent: 0.03% Futures and options: €1 per lot
Outperformance fee	Net assets	None

* In accordance with the current VAT rate

► *Reminder of the operating and management fees for the master UCI, GROUPAMA PRUDENCE (F unit):*

These fees include all those charged directly to the Fund, except for transaction fees. Transaction charges include intermediary fees (brokerage fees, stock market taxes, etc.) and the transaction fee, if any, that may be charged, particularly by the custodian and the management company.

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

- *outperformance fees. These reward the Management Company if the UCI exceeds its objectives. They are therefore charged to the Fund;*
- *transaction fees charged to the UCI;*

For information regarding the ongoing charges invoiced to the UCI, please refer to the “Charges” section of the Key Investor Information Document (KIID).

Fees charged to the UCI	Base	Rate
Operating and management fees (statutory auditor, custodian, distribution, lawyers, etc.)	Net assets	Maximum rate: 0.95% including taxes and the management fees already levied on the UCIs in the portfolio, pro rata in relation to the percentage of these UCIs held in the Fund.
Maximum indirect fees (management fees and charges)	Net assets	Maximum rate: 0.80% (taxes included)
Transaction fee accruing to GROUPAMA BANQUE	Deducted from each transaction	Eurozone securities: €27.50 (taxes included) Non-eurozone securities: €63.38 (taxes included)
Transaction fee accruing to the Management Company	Deducted from each transaction	None
Outperformance fee	Net assets	None

Allocation of distributable income

Definition of distributable income:

Distributable income comprises:

Income:

The net profit for the financial year is equal to the amount of interest, arrears, premiums and lots, dividends, attendance fees and all other income relating to the securities comprising the portfolio, plus income from sums held as liquid assets and minus management fees and borrowing costs.

Retained income brought forward is added, plus or minus accruals.

Capital gains and losses:

Realised capital gains, net of fees, minus realised capital losses, net of fees, recognised over the course of the financial year, plus net capital gains of the same type recognised over the course of previous financial years that have not been distributed or accumulated, plus or minus accrued capital gains.

Methods for allocating distributable income:

Distributable income	IC units	ID, G and S units
Allocation of net income	Accumulation	Accumulation and/or Distribution and/or Carried Forward Interim dividend payments are authorised
Allocation of net realised capital gains or losses	Accumulation	Accumulation and/or Distribution and/or Carried Forward Interim dividend payments are authorised

• **CHANGE IN NET ASSETS *in EUR***

	30/09/2015	30/09/2014
Net assets at the beginning of the financial year	22,161,351.32	14,096,716.15
Subscriptions (including subscription fees accruing to the UCI)	43,067,770.81	12,912,628.50
Redemptions (minus redemption fees accruing to the UCI)	-22,617,945.72	-6,179,182.17
Capital gains realised on deposits and financial instruments	1,400,676.46	648,494.25
Capital losses realised on deposits and financial instruments	-55,870.47	-63,583.95
Capital gains realised on forward financial instruments	139,276.41	115,652.91
Capital losses realised on forward financial instruments	-1.08	-10,661.00
Transaction fees	-13,575.91	-12,926.56
Foreign-exchange differences	4,008.23	597.87
Changes in the valuation difference of deposits and financial instruments	-1,453,593.66	639,896.38
Valuation difference financial year N	-725,195.14	728,398.52
Valuation difference financial year N-1	-728,398.52	-88,502.14
Changes in valuation difference of forward financial instruments	-8,291.38	3,721.38
Valuation difference financial year N		8,291.38
Valuation difference financial year N-1	-8,291.38	-4,570.00
Distribution for the previous financial year on net capital gains and losses		
Distribution for the previous financial year on income	-437,818.55	-336,680.35
Net earnings for the financial year before accruals	103,471.06	346,677.91
Interim dividend payment(s) during the financial year on net capital gains and losses		
Interim dividend payment(s) during the financial year on income		
Other items		
Net assets at the end of the financial year	42,289,457.52	22,161,351.32

- BREAKDOWN OF FINANCIAL INSTRUMENTS BY LEGAL OR ECONOMIC TYPE**

	Amount	%
Assets		
Bonds and equivalent securities		
Bonds and equivalent securities		
TOTAL Bonds and equivalent securities		
Debt securities		
Debt securities		
TOTAL Debt securities		
Liabilities		
Sales of financial instruments		
Equities and equivalent securities		
TOTAL Sales transactions on financial instruments		
Off-balance sheet		
Hedging transactions		
Equities		
TOTAL Hedging transactions		
Other transactions		
Equities		
TOTAL Other transactions		

- BREAKDOWN OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY TYPE OF RATE**

	Fixed rate	%	Variable rate	%	Adjustable rate	%	Other	%
Assets								
Deposits								
Bonds and equivalent securities								
Debt securities								
Temporary securities transactions								
Financial accounts							1,804.41	
Liabilities								
Temporary securities transactions								
Financial accounts								
Off-balance sheet								
Hedging transactions								
Other transactions								

- BREAKDOWN OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY RESIDUAL MATURITY**

	< 3 months	%	[3 months - 1 year]	%	[1 - 3 years]	%	[3 - 5 years]	%	> 5 years	%
Assets										
Deposits										
Bonds and equivalent securities										
Debt securities										
Temporary securities transactions										
Financial accounts	1,804.41									
Liabilities										
Temporary securities transactions										
Financial accounts										
Off-balance sheet										
Hedging transactions										
Other transactions										

Positions in interest-rate futures are shown according to the maturity of the underlying instrument.

- BREAKDOWN OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY LISTING OR VALUATION CURRENCY**

LIABILITIES AND OFF-BALANCE SHEET ITEMS

							Other currencies	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Deposits								
Equities and equivalent securities								
Bonds and equivalent securities								
Debt securities								
UCIs								
Temporary securities transactions								
Receivables								
Financial accounts								
Liabilities								
Sales of financial instruments								
Temporary securities transactions								
Debts								
Financial accounts								
Off-balance sheet								
Hedging transactions								
Other transactions								

- **RECEIVABLES AND DEBTS: BREAKDOWN BY TYPE**

	Debit/credit type	30/09/2015
Receivables	Sales with deferred settlement	2,068.46
	Subscriptions receivable	64,416.21
Total receivables		66,484.67
Debts	Purchases with deferred settlement	30,324.26
	Redemptions payable	36,361.26
	Management fees	9,050.11
Total debts		75,735.63

- NUMBER OF SECURITIES ISSUED OR REDEEMED**

	Units	Amount
ID class		
Units subscribed during the financial year	852.062000	1,180,955.20
Units redeemed during the financial year	-915.896600	-1,265,701.87
Net balance of subscriptions/redemptions	-63.834600	-84,746.67
N units		
Units subscribed during the financial year	7,429.678600	5,437,615.56
Units redeemed during the financial year	-4,688.586300	-3,441,274.63
Net balance of subscriptions/redemptions	2,741.092300	1,996,340.93
IC units		
Units subscribed during the financial year	18,141.011400	36,449,200.05
Units redeemed during the financial year	-8,892.331800	-17,910,969.22
Net balance of subscriptions/redemptions	9,248.679600	18,538,230.83

- SUBSCRIPTION AND/OR REDEMPTION FEES**

	Amount
ID class	
Redemption fees received	
Subscription fees received	
Total fees received	
N units	
Redemption fees received	
Subscription fees received	
Total fees received	
IC units	
Redemption fees received	
Subscription fees received	
Total fees received	

- MANAGEMENT FEES**

	30/09/2015
ID class	
Guarantee fees	
Fixed management fees	1,847.28
Percentage of fixed management fees	0.48
Variable management fees	
Retrocessions of management fees	
N units	
Guarantee fees	
Fixed management fees	22,177.99
Percentage of fixed management fees	0.57
Variable management fees	
Retrocessions of management fees	
IC units	
Guarantee fees	
Fixed management fees	152,318.22
Percentage of fixed management fees	0.49
Variable management fees	
Retrocessions of management fees	

- **COMMITMENTS RECEIVED AND GIVEN**

Guarantees received by the UCI

None.

Other commitments received and/or given

None.

- CURRENT VALUE OF SECURITIES SUBJECT TO A TEMPORARY PURCHASE TRANSACTION**

	30/09/2015
Securities pledged under repurchase agreements	
Securities borrowed	

- CURRENT VALUE OF SECURITIES CONSTITUTING GUARANTEE DEPOSITS**

	30/09/2015
Financial instruments given as collateral and held under their original item	
Financial instruments received as collateral and not entered on the balance sheet	

- GROUP FINANCIAL INSTRUMENTS HELD IN THE PORTFOLIO**

	ISIN code	Denomination	30/09/2015
Equities			
Bonds			
Negotiable debt securities			
UCIs			42,296,904.07
	FR0012395606	GROUPAMA PRUDENCE F	42,296,904.07
Forward financial instruments			

• **ALLOCATION TABLE OF THE SHARE OF DISTRIBUTABLE INCOME RELATING TO PROFIT/LOSS**

	30/09/2015	30/09/2014
Amounts to be allocated		
Retained earnings	26.00	93.82
Profit/loss	202,111.91	422,073.90
Total	202,137.91	422,167.72

	30/09/2015	30/09/2014
ID class		
Allocation		
Distribution		
Retained earnings for the financial year		
Accumulation	1,171.25	6,211.32
Total	1,171.25	6,211.32

	30/09/2015	30/09/2014
N units		
Allocation		
Distribution		
Retained earnings for the financial year		
Accumulation	14,579.08	32,975.96
Total	14,579.08	32,975.96

	30/09/2015	30/09/2014
IC units		
Allocation		
Distribution	186,359.04	382,966.78
Retained earnings for the financial year	28.54	13.66
Accumulation		
Total	186,387.58	382,980.44
Information relating to units with distribution rights		
Number of units	19,372.041400	10,123.361800
Unit distribution	9.62	37.83
Tax credits		
Tax credit relating to the distribution of income		

- ALLOCATION TABLE OF THE SHARE OF DISTRIBUTABLE INCOME RELATING TO NET CAPITAL GAINS AND LOSSES**

	30/09/2015	30/09/2014
Amounts to be allocated		
Undistributed previous net capital gains and losses		
Net capital gains and losses for the financial year	2,100,405.26	792,516.88
Dividends paid on net capital gains and losses for the financial year		
Total	2,100,405.26	792,516.88

	30/09/2015	30/09/2014
ID class		
Allocation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	12,116.68	11,658.51
Total	12,116.68	11,658.51

	30/09/2015	30/09/2014
N units		
Allocation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	189,465.07	64,854.86
Total	189,465.07	64,854.86

	30/09/2015	30/09/2014
IC units		
Allocation		
Distribution		
Undistributed net capital gains and losses		
Accumulation	1,898,823.51	716,003.51
Total	1,898,823.51	716,003.51

• **TABLE OF INCOME AND OTHER ITEMS CHARACTERISTIC OF THE ENTITY OVER THE PREVIOUS FIVE FISCAL YEARS**

	30/09/2011	28/09/2012	30/09/2013	30/09/2014	30/09/2015
Overall net assets in EUR	8,324,553.97	8,752,282.72	14,096,716.15	22,161,351.32	42,289,457.52
GAN PRUDENCE IC					
Net assets in EUR	572,260.05	614,380.11	12,322.67	327,886.48	245,392.25
Number of securities	517.506400	517.506400	10.000100	241.877500	178.042900
Net asset value per unit in EUR	1,105.80	1,187.19	1,232.25	1,355.58	1,378.27
Unit accumulation on net capital gains and losses in EUR				48.20	68.05
Unit accumulation on income in EUR	25.49	30.20	28.64	25.67	6.57
GAN PRUDENCE N C					
Net assets in EUR	1,645,515.09	778,859.92	986,507.83	1,823,516.42	3,834,543.70
Number of securities	2,815.636100	1,244.696100	1,522.833300	2,561.159500	5,302.251800
Net asset value per unit in EUR	584.42	625.74	647.81	711.98	723.19
Unit accumulation on net capital gains and losses in EUR				25.32	35.73
Unit accumulation on income in EUR	11.86	14.29	13.38	12.87	2.74
GAN PRUDENCE ID					
Net assets in EUR	6,106,778.83	7,359,042.69	13,097,885.65	20,009,948.42	38,209,521.57
Number of securities	3,527.797700	4,052.603300	7,124.601500	10,123.361800	19,372.041400
Net asset value per unit in EUR	1,731.04	1,815.88	1,838.40	1,976.61	1,972.40
Unit accumulation on net capital gains and losses in EUR				70.72	98.01
Unit distribution on income in EUR	39.97	46.09	43.11	37.83	9.62
Unit retained earnings on income in EUR					
Tax credit per unit in EUR					*

* The unit tax credit shall only be determined at the dividend payment date, in accordance with current tax regulations.

- **INVENTORY in EUR**

Security name	Currency	Quantity or nominal value	Current value	% Net Assets
Undertakings for collective investment				
UCITS and general AIFs intended for non-professionals and equivalent from other countries				
FRANCE				
GROUPAMA PRUDENCE F	EUR	427,716.696	42,296,904.07	100.02
TOTAL FRANCE			42,296,904.07	100.02
TOTAL General-purpose UCITS and AIFs intended for non-professionals and equivalent investors from other countries			42,296,904.07	100.02
TOTAL Undertakings for collective investment			42,296,904.07	100.02
Receivables			66,484.67	0.16
Debts			-75,735.63	-0.18
Financial accounts			1,804.41	
Net assets			42,289,457.52	100.00
GAN PRUDENCE IC	EUR	178.042900	1,378.27	
GAN PRUDENCE N C	EUR	5,302.251800	723.19	
GAN PRUDENCE ID	EUR	19,372.041400	1,972.40	

- **ADDITIONAL INFORMATION RELATING TO COUPON TAXATION**

COUPON BREAKDOWN

	OVERALL NET	CURRE NCY	UNIT NET	CURRE NCY
Income subject to withholding tax	186,359.04	EUR	9.62	EUR
Shares eligible for a price reduction and subject to withholding tax				
Other income not eligible for allowances and subject to withholding tax				
Non-reportable, non-taxable income				
Amount of income distributed on capital gains and losses				
TOTAL	186,359.04	EUR	9.62	EUR