

# R CONVICTION EURO

Mutual Fund

Prospectus

Version dated on May 31<sup>st</sup>, 2013

# R CONVICTION EURO

## I. General characteristics

### I. 1. FORM OF THE UCITS:

Name	:	R CONVICTION EURO
Legal form	:	Mutual fund incorporated in France
Date established	:	9 May 2005
Intended term of existence	:	99 years
Summary of the management offer	:	

Unit category	ISIN	Income distribution	Currency of denomination	Subscribers concerned	Minimum initial subscription amount
C units	FR0010187898	Accumulation and/or income	EUR	All subscribers	25 units* Initial NAV per unit: EUR 100
F units	FR0010807099	Accumulation and/or income	EUR	All subscribers	1 unit Initial net asset value: equal to the NAV of a C unit on the day the F unit is created
I Units	FR0010839555	Accumulation and/or income	EUR	All subscribers	50 units** Initial net asset value: EUR 1,000,000 (Division of the net asset value by ten on 20.10.2010)
ID Units	FR0011418342	income	EUR	All subscribers	50 units** Initial net asset value: EUR 100,000

The Fund has for unit categories: C units, F units, I units and ID units. These for unit categories attract different management fees and have a different nominal value.

These differences are explained by the fact that the C units are mainly intended for direct distribution to investors by the mutual fund asset management company and to the Rothschild Group's private clients, while the F units are essentially for distribution by the asset management company's partners or third-party management companies. In contrast, the I and ID units are intended more specifically for institutional investors and UCITS.

\* The custodian and the asset management company are exempt from the minimum initial subscription requirement of 25 units and can subscribe to as little as one unit.

\*\* The custodian and the asset management company are exempt from the minimum initial subscription requirement of 50 units. They can subscribe to as little as one unit.

### Indication of the place where the last annual report and interim statement can be obtained.

The latest annual and interim documents will be dispatched within a week on simple request in writing sent by the holder to:  
Rothschild & Cie Gestion  
Service commercial  
29, Avenue de Messine  
F-75008 Paris

These documents are also available on the website [www.rothschildgestion.fr](http://www.rothschildgestion.fr)

Additional information can be obtained from the asset management company's Sales Department (tel: +33 (0)1 40 74 40 84) or by e-mail at the following address: [rothschild.opcvm-info@fr.rothschild.com](mailto:rothschild.opcvm-info@fr.rothschild.com)

### I. 2 Operators:

#### Asset management company:

Rothschild & Cie Gestion, a portfolio management company authorised by the French Financial Markets Authority (Autorité des Marchés Financiers or AMF) on 2 November 2004 under GP number 04000060  
Ordinary limited partnership (Société en commandite simple - SCS)  
29, Avenue de Messine – F-75008 PARIS

**Depository, Custodian and Institution responsible for keeping the unit registers:**

Rothschild & Cie Banque  
Ordinary limited partnership  
29, Avenue de Messine  
F-75008 PARIS

French credit establishment authorised by the Credit Institutions and Investment Firms Committee (Comité des Etablissements de Crédit et des entreprises d'Investissement - CECEI),

**Institution responsible for centralising subscription/redemption orders:**

Rothschild & Cie Banque

**Statutory auditors:**

Deloitte & Associés  
185, avenue Charles de Gaulle  
F-92524 Neuilly Sur Seine Cedex  
Signatory: Gérard Vincent-Genod

**Subscription agent:**

Rothschild & Cie Gestion. Investors' attention is drawn to the fact that not all Fund distributors have been necessarily mandated by the management company and that the management company is not able to provide a comprehensive list of Fund distributors, as this list is constantly changing.

**Agents:**

The financial and administrative management of the Fund will be undertaken by Rothschild & Cie Gestion alone, without delegation to third parties except as regard the accounting duties, which are delegated in their entirety to:

CACEIS Fund Administration  
1-3, Place Valhubert  
F-75013 Paris

**Advisers:** N/A

## ***II. Management and operating procedures***

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### **II. 1. GENERAL CHARACTERISTICS:**

**Characteristics of the units or shares:** Accumulation or income UCITS at the discretion of the management company.

Nature of rights attaching to the unit category: The right attaching to the accumulation units is an ownership right, an equity security. Each unit holder has a right of co-ownership of the Fund assets that is in proportion to the number of units held.

The holding of a register of liabilities and details of the record keeping procedures for liabilities: Records of the liabilities are kept by Rothschild et Cie Banque. Units are admitted to trading by Euroclear France.

Voting rights: There are no voting rights attaching to the Funds units, all decisions being taken by the asset management company. All changes to the way in which the Fund operates are brought to the attention of the holders either on an individual basis, or through the press, or by any other means complying with the rules laid down by the French Financial Markets Authority (Autorité des Marchés Financiers - AMF), depending on the changes concerned.

Form of units or shares: In bearer form

Decimalised form: the Fund's units are not expressed in decimal form but the asset management company may decide to do so.

**Closing date for the financial accounts:**

Last trading day in the month of December (1<sup>st</sup> closure: December 2005)

**Tax treatment:**

UCITS (investment companies with variable capital (ICVCs) and mutual funds) are not subject to corporation tax on the income they generate.

As regards private individuals, any profits distributed by a UCITS are classified for tax purposes as income from transferable securities and the tax payable by unit holders depends on the specific nature of the underlying income (dividends, bonds, interest on debt securities, etc.). Holders may therefore benefit from the same tax advantages as those associated with holding the securities directly.

When units are redeemed by holders, any capital gains they make that exceed the annual disposal threshold are taxable at the prevailing rate.

For legal entities subject to corporation tax, the same principles apply to income distributed by the UCITS.

Legal entities subject to corporation tax are, however, taxed on any latent capital gains or losses on their UCITS portfolios, unless the regime in Article 209 OA of the General Taxation Code (Code Général des Impôts) applies.

Holders domiciled for tax purposes outside France are subject to the tax provisions applying in their country of residence, subject to the application of international tax agreements.

**Tax classification:** mutual fund eligible for a Personal Equity Plan (Plan Epargne en Actions - PEA).

## **II. 2. SPECIFIC PROVISIONS:**

### **ISIN:**

C unit: FR0010187898

F unit: FR0010807099

I unit: FR0010839555

ID unit: FR0011418342

**Classification:** Equities from countries in the eurozone.

### **Management objective:**

The management objective of R Conviction Euro is to outperform the EURO STOXX®, index, with at least 70% of its assets being constantly exposed to shares issued on one or more markets in the eurozone and possibly up to 10% in Eastern European markets.

### **Benchmark indicator:**

The benchmark index is the EURO STOXX®, (dividends reinvested) (code Bloomberg : **SXXT**).

The EURO STOXX®, is a benchmark index for eurozone equities calculated by Stoxx Limited.

The EURO STOXX®, Index combines approximately 300 stocks from among the leading large caps in the eurozone. This index is available on the website <http://www.stoxx.com>.

The mutual fund is not an index-linked UCITS.

## **Investment Strategies:**

### **1. Description of strategies used:**

Securities are selected by examining the value and profitability of securities of quoted eurozone companies without taking into account the macroeconomic forecasts.

- The overall strategic allocation of the portfolio is as follows:

The fund portfolio is managed in line with the EURO STOXX®, index.

With a view to achieving the management objective, at least 70% of the R Conviction Euro portfolio is permanently exposed to equities issued on one or more eurozone markets, and possibly up to 10% on Eastern European markets. The mutual fund may invest the balance in interest-rate products and other UCITS and investment funds. The overall exposure is as follows:

- 70-100% of the mutual fund's assets on one or more markets for equities issued in one or more eurozone countries, and possibly up to 10% on Eastern European markets;
- 0-30% of the assets in interest-rate or convertible products (issued in euro) backed by the government or the private sector, of investment grade or otherwise;
  - o repurchase agreements for bonds or transferable debt securities;
- 0-10% in:
  - o deposits,
  - o units or shares of UCITS compliant with the European Directive and governed by European or French law.

In addition, at least 75% of the mutual fund's assets will always be invested in securities eligible for personal equity plans

To achieve its management objective, the mutual fund may trade directly in forward financial instruments quoted on French and foreign regulated or over-the-counter markets (repurchase agreements; futures market and stock and index options). With this in mind, it may hedge its portfolio and/or its exposure to interest-rate, index or equity instruments.

- Securities selection criteria:

The management policy consists of investing, where opportunities exist, in securities with:

- either an undervaluation of the assets reflected in stock market prices (enterprise value/capital employed, enterprise value/turnover, return/free cash flow, etc.) given the assets' current profitability or, as part of a dynamic vision of the companies concerned, given the margin improvements anticipated. The profitability trends forecast for the companies are based on an understanding of the competitive play, the strategies of operators within the sector, barriers to market entry, the products, the balance between supply/demand, etc;
- or sharp growth in profits marked by high returns on capital invested with opportunities for reinvestment of free cash flows under attractive conditions.  
Depending on the investment opportunities, the fund may be partially invested in the securities of small and medium-sized companies.

If, based on the valuation criteria for assets/anticipated profitability of assets, few opportunities for investment are offered by the market over a given period, up to 70% of the Fund's assets may be less exposed to the equities market.

## **2. Description of asset categories:**

The asset categories making up the UCITS' asset base are:

- **Equities:** 75-100% of the net assets

Subject to the holding range given in the table below, the Fund will invest in one or more markets for equities issued in one of the eurozone countries, including the French market. The sectoral mix of issuers is not determined in advance and will be achieved on the basis of the market opportunities.

In any event, subject to the holding range given below, the exposure of the equity bracket is between 70 and 100% of the Fund's assets on one or more equities markets across all industrial sectors and all sizes of stock-market capitalisation issued in one or more countries in the eurozone, and up to 10% on Eastern European markets.

- **Debt instruments, money-market instruments and interest-rate products or convertible instruments:** 0-25% of the net assets

Subject to the holding range given in the table below, the fund will invest in interest-rate or convertible products, negotiable debt securities, such as commercial paper, certificates of deposit and euro commercial paper, issued in euro. The investments will be made in investment-grade securities. No more than 10 % of the assets will be in high-yield securities. These investments in interest-rate products are in line with the objective of achieving a higher return on the assets than on euro money markets pending investment opportunities in equities.

The public/private debt mix is not determined in advance and will be achieved on the basis of the market opportunities. No minimum solvency risk quality criterion has been selected.

- **holding of units or shares in other UCITS or investment funds:** 0-10% of the net assets.

Subject to the holding range limit given in the table below, the Fund may hold:

- units or shares of UCITS compliant with the European Directive and governed by French or European law;
- units or shares of UCITS not compliant with the European Directive but governed by French law, and, to a maximum of 10% of assets, units or shares of UCITS not compliant with the foreign Directive, and in particular alternative fund UCITS with or without simplified rules, managed futures funds, UCITS investing more than 10% in UCITS units or shares, or UCITS feeder funds, UCITS with simplified investment rules, UCITS with simplified procedures, contractual UCITS;
- units or shares of compliant or non-compliant UCITS governed by French-law managed by the Rothschild group.

The main objectives of these investments is the investment of liquid assets, portfolio exposure to UCITS specialising in the securities of small and medium-sized eurozone companies, in convertible bonds and in Eastern European zone equities.

- **For each of the categories below:**

	Equities	Interest-rate products or convertible instruments	UCITS or investment fund shares or units
Holding ranges	75-100%	0-25%	0-10%
investment in financial instruments from not OECD countries	0-10%	N/A	0-10%
Investment restrictions imposed by the asset management company	N/A	N/A	N/A

## **3. Use of derivative instruments:**

The UCITS may trade directly on regulated, organised or over-the-counter markets.

The manager will act to counter equity risk by incurring exposure and putting hedging in place. These measures will be taken with a view to achieving the management objective.

In particular, the manager may trade directly on the market in futures and stock or index options.

To this end and with a view to achieving the management objective, the object of the use of derivatives instruments will be the overall hedging of the portfolio, certain risks, markets or securities, and the re-creation of synthetic exposure to assets and risks. Exposure to the equities market resulting from both balance-sheet positions and off-balance sheet commitments varies between 70% and 110%.

## **4. Deposits:**

The UCITS may invest up to 10% of its assets in euro deposits with a term less than or equal to three months to generate interest on the UCITS liquid assets.

## **5. Cash borrowings:**

The UCITS may invest up to 10% of its assets in borrowings, specifically with a view to offsetting deferred payment procedures relating to changes in assets.

#### **6. Temporary purchases and sales of securities:**

Temporary purchases or sales of securities will be undertaken in accordance with the Financial and Monetary Code (Code Monétaire et Financier). They will be undertaken for the purposes of cash management and/or to optimize the Fund's income.

These transactions will consist of securities lending and borrowing and/or repurchase agreements and purchase and resale agreements. These temporary sales of securities (securities loans, repurchase agreements) may amount to up to 100% of the UCITS' assets.

Temporary purchases of securities (securities loans, purchase and resale agreements on securities) may amounts to up to 100% of the Fund's assets.

Additional information on remuneration can be found under the heading "charges and fees".

#### **Risk profile:**

*"Your money will principally be invested in financial instruments selected by the management company. These instruments are subject to the fluctuations and vagaries of the markets."*

Through the mutual fund, the investor is exposed primarily to the following risks:

- 1- Market risk: The principal risk to which investors are exposed is market risk, more than 70% of the mutual fund being exposed to one or more equities markets issued in one or more eurozone countries, and possibly up to 10% in Eastern European markets. More specifically, the fund may incur:
  - o risks related to investments in equities;
  - o risks related to investments in large, medium and small-cap companies;
  - o volatility risk related to investments on equities markets in the eurozone.**Investors' attention is drawn to the fact that the small cap markets are intended for companies that may present investment risks due to their specific characteristics.** Small caps may account for to 50%. This means that if the equities markets fall, the fund's net asset value may decline.
- 2- Capital risk: a capital risk exists given that the mutual fund provides no capital protection.
- 3- Interest-rate risk: risk related to investments in debt securities and interest-rate products. This means that if interest rates rise, the fund's net asset value may fall. This investment is capped at 30% of assets.
- 4- Risk of the UCITS' performance not meeting its objectives or those of the investor.
- 5- In addition, the fund may be exposed to foreign-exchange risk: on European currencies outside the euro zone. Consequently, a rise in the euro may lead to a fall in the net asset value of the fund.

**Guarantee or protection:** N/A

#### **Subscribers concerned and typical investor profile:** All subscribers

The units and shares of UCITS are not registered in the United States under the US Securities Act of 1933 as amended ("Securities Act 1933") or admitted under any law of the United States, these units or shares are and will never be offered, sold or transferred in the United States (including its territories and possessions) nor benefit, directly or indirectly, to U.S Person (as defined in Regulation S under the Securities Act of 1933) and similar categories (as described in U.S law known as HIRE from 18/03/2010 and the FATCA purview).

The fund is aimed at investors wishing to have their investments exposed mainly to equities markets in the eurozone. The amount that it is reasonable to invest in this UCITS depends on the unit holder's personal circumstances. To determine this amount, the holder must take into account not only his or her personal wealth/net worth, current needs and the recommended investment horizon but also his or her appetite for risk or preference for more prudent investment. It is also strongly recommended that the holder's investments be sufficiently diversified and not exposed in full to the risks of this UCITS.

**Recommended investment horizon:** More than 5 years

#### **Methods used to determine and allocate income:**

- C unit: Accumulation and/or income UCITS at the discretion of the management company
- F unit: Accumulation and/or income UCITS at the discretion of the management company
- I unit: Accumulation and/or income UCITS at the discretion of the management company
- ID unit: Income (excluding net realised capital gains or losses) shall be paid out annually with the option of interim dividends.

#### **Distribution frequency:**

- C unit: any income is distributed following a decision by the asset management company, with the possibility of interim dividends.
- F unit: any income is distributed following a decision by the asset management company, with the possibility of interim dividends.
- I unit: any income is distributed following a decision by the asset management company, with the possibility of interim dividends.

**Unit characteristics:**

The UCITS units are denominated in euros. They are not expressed in decimal form but the asset management company may decide to do so.

Unit category	ISIN	Income distribution	Currency of denomination	Subscribers concerned	Minimum initial subscription amount
C units	FR0010187898	Accumulation or income	EUR	All subscribers	25 units* Initial NAV per unit: EUR 100
F units	FR0010807099	Accumulation or income	EUR	All subscribers	1 unit Initial net asset value: equal to the NAV of a C unit on the day the F unit is created
I units	FR0010839555	Accumulation and/or income	EUR	All subscribers	50 units** Initial net asset value: EUR 1,000,000 (Division of the net asset value by ten on 20.10.2010)
ID Units	FR0011418342	income	EUR	All subscribers	50 units** Initial net asset value: EUR 100,000

The Fund has for unit categories: C units, F units, I units and ID units. These for unit categories attract different management fees and have a different nominal value.

These differences are explained by the fact that the C units are mainly intended for direct distribution to investors by the mutual fund asset management company and to the Rothschild Group's private clients, while the F units are essentially for distribution by the asset management company's partners or third-party management companies. In contrast, the I and ID units are intended more specifically for institutional investors and UCITS.

\* The custodian and the asset management company are exempt from the minimum initial subscription requirement of 25 units and can subscribe to as little as one unit.

\*\* The custodian and the asset management company are exempt from the minimum initial subscription requirement of 50 units. They can subscribe to as little as one unit.

**Subscription and redemption procedures**

Subscription and redemption applications received are centralised with Rothschild & Cie Banque each day at 4 p.m. and executed based on the next net asset value (price unknown). If, however, the official closing time of the Paris stock exchange is brought forward on an exceptional basis, the subscription and redemption centralisation time will also be advanced to 11 a.m. instead of 4 p.m.

**C units:**

Minimum initial subscription amount: 25 units (the custodian and the asset management company are exempt from the minimum initial subscription requirement of 25 units and can subscribe to as little as one unit)  
Initial NAV per unit: EUR 100

**F unit:**

Minimum initial subscription amount: 1 unit  
Initial net asset value: equal to that of the C Unit on the day the new F Unit is created.

**I unit:**

Minimum initial subscription amount: 50 units (the custodian and the asset management company are exempt from the minimum initial subscription requirement of 50 units. They can subscribe to as little as one unit)  
Initial net asset value: EUR 1,000,000 (net asset value divided by 10 on 20.10.2010)

**ID unit:**

Minimum initial subscription amount: 50 units (the custodian and the asset management company are exempt from the minimum initial subscription requirement of 50 units. They can subscribe to as little as one unit)  
Initial net asset value: EUR 100,000

**Terms and conditions for switching C, F I and ID units:**

Applications to switch received are centralised each valuation day and executed in accordance with the terms and conditions set out above. Any fractional units are either settled in cash or added to by subscribing to an additional unit with waiver of the subscription fees.

All switches between the mutual fund's unit categories are deemed to be a sale followed by a purchase and are therefore subject to the tax treatment applicable to capital gains and losses on the sale of transferable securities.

Receipt of subscriptions and redemptions: Rothschild & Cie Gestion, 29 Avenue de Messine, F-75008 Paris/Rothschild & Cie Banque, 29 Avenue de Messine, F-75008 Paris

#### **Determination of the net asset value**

The net asset value is calculated every Paris stock exchange trading day, unless the exchange is closed or it is a public holiday in France.

The net asset value is published on the asset management company's website at the following address:  
[www.rothschildgestion.fr](http://www.rothschildgestion.fr).

#### **Costs and fees**

##### SUBSCRIPTION AND REDEMPTION FEES:

Subscription fees are added to the subscription price paid by the investor and redemption fees deducted from the redemption value. Fees retained by the UCITS serve to offset the costs it bears in investing and divesting the assets entrusted to it. Fees not retained are payable to the asset management company, subscription agent, distributor, etc.

<b>Fees payable by the investor and charged on subscriptions and redemptions</b>	<b>Base</b>	<b>Scale</b>
Subscription fee not retained by the UCITS	Net asset value X number of units	C unit: Maximum 4.5% F unit: Maximum 4.5% I unit: Maximum 4.5% ID unit: Maximum 4.5%
Subscription fee retained by the UCITS	Net asset value X number of units	N/A
Redemption fee not retained by the UCITS	Net asset value X number of units	N/A
Redemption fee retained by the UCITS	Net asset value X number of units	N/A

##### OPERATING AND MANAGEMENT FEES:

These fees cover all costs invoiced directly to the UCITS, with the exception of transaction fees. The transaction fees include the costs for intermediaries (brokerage fees, etc.) and any turnover fee that may be received by, for example, the custodian and asset management company.

The following may be added to the operating and management fees:

- performance fees. These are paid to the asset management company if the UCITS' objectives are exceeded. These are then invoiced to the UCITS;
- turnover fees invoiced to the UCITS;
- part of the income from the temporary purchase and sale of securities.

More information on the fees actually invoiced to the UCITS can be found in the Fund's annual report.

<b>Fees invoiced to the UCITS</b>	<b>Base</b>	<b>Scale</b>
Operating and management costs, including all tax (plus all costs other than transaction fees, performance fees and costs related to investments in other UCITS and investment funds).	Net assets	C unit: Maximum 1.5% F unit: Maximum 1.9% I unit: Maximum 0.75% ID unit: Maximum 0.75%
Performance fees	Net assets	C, F, I and ID** units: 15% of the amount by which mutual fund outperforms the EURO STOXX®, index, net dividends reinvested, during the financial year.*
<u>Service providers receiving turnover fees:</u>  Custodian: between 0% and 50% Management company : between 50% and 100%	Levied on each transaction	0.03% on French and foreign bonds 0.30% on French equities 0.40% on foreign equities 2% of the premium for stock and equity index options

\* The variable management costs are booked to a provision by the asset management company each time the net asset value is calculated. In the event of underperformance, an amount not exceeding the balance available is released from the provision. This provision for variable management fees definitively accrues to the asset management company at the end of every year.

In the event of redemption, a proportion of the outstanding variable management fees booked to the provision on the last valuation date and calculated pro rata on the basis of the number of shares redeemed is allocated definitively to a specific third party account. This pro rata proportion of the variable management fees definitively accrues to the asset management company on redemption.

\*\* With regard to ID units, outperformance fees, if any, will be charged, effective 1 January.

No remuneration is payable to the custodian or asset Management Company on temporary purchases and sales of securities. No commission in kind is received by the asset management company.

Rothschild & Cie Gestion takes special care in choosing its intermediaries (brokers). They are selected on the basis of the quality of their research as well as their speed and reliability in executing and processing orders. Only after a thorough and formal process, summarised in a report, do we choose those that we consider the best.

### ***III. Commercial information***

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Changes that must be communicated individually will be sent to those identified as holders and an advisory notice released by Euroclear France for those not identified as holders.

Changes which need not be notified individually will be communicated either in the documents regularly issued by the Fund and available from the custodian, or through the press or on the asset management company's website ([www.rothschildgestion.fr](http://www.rothschildgestion.fr)), or by any other means complying with the French Financial Markets Authority's rules.

The redemption or repayment of units is undertaken through Rothschild & Cie Banque.

Information is available on the management company's website ([www.rothschildgestion.fr](http://www.rothschildgestion.fr)) and in the Fund's annual report on how compliance with social, environmental, and governance criteria is taken into account in the investment policy.

### ***IV. Investment rules***

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The method of calculating the total risk is the commitment approach.

The Fund will abide by the regulatory ratios applicable to UCITS investing no more than 10% in UCITS.

### ***V. The valuation and accounting rules applying to the assets***

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The UCITS has adopted the euro as its reference currency.

Securities traded on regulated markets are valued at their closing prices.

Treasury bills are valued at the market rate.

Negotiable debt securities with a residual life of more than 3 months are valued at the market rate, with the exception of variable-rate and floating-rate negotiable debt securities not presenting any specific market sensitivity.

A simplifying method, known as depreciation on a straight-line basis, is used for negotiable debt securities with a residual life of less than 3 months not presenting any specific market sensitivity based on the crystallised three-month rate.

Repurchase and sell/buy-back instruments are valued at the contract price.

Interest is recorded on the basis of the matured coupon method.

Portfolio acquisitions were recorded at their acquisition price, excluding fees.

UCITS are valued at the last known net asset value.

Futures are valued at the settlement price.

# R CONVICTION EURO

## TITLE I

### ASSETS AND UNITS

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#### Article 1 - Co-ownership units

Co-ownership rights are expressed in units, each unit corresponding to a single fraction of the Fund's assets. Each Unit Holder has a right of co-ownership of the Fund assets that is in proportion to the number of units held. The Fund is established for a duration of 99 years from the date of its creation; it may, however, be wound up early or extended beyond this duration as laid down in these Regulations.

Co-owners have the option of consolidating or splitting their Fund units.

Units may be subdivided, on decision by the Asset Management Company's policy making body, into tenths, hundredths, thousandths or ten-thousandths, known as fractional units.

Should the Mutual Fund contain different unit categories, their characteristics and the terms and conditions for access will be laid down in the Fund's Key Information for Investor Document (KIID) and prospectus.

The different unit categories may:

- benefit from different arrangements for the distribution of income (distribution or accumulation);
- be denominated in different currencies;
- incur different management fees;
- incur different subscription and redemption fees;
- have a different nominal value;
- be coupled with total or partial systematic currency risk hedging, as laid down in the prospectus and the Key Information for Investor Document (KIID). This hedging is achieved using financial instruments reducing the impact of hedging transactions on the UCITS other categories of units.

The provisions of the Regulations governing the issue and redemption of units apply to fractional units, the value of which will always be in proportion to that of the unit they represent. All other provisions of the Regulation relating to the units automatically apply to fractional units unless otherwise specified.

Finally, the Asset Management Company's management may, at its own discretion, split the units by creating new units which will be allocated to holders in exchange for their former units.

#### Article 2 - Minimum asset value

The units cannot be redeemed if the Mutual Fund's assets fall below EUR 300,000; if the assets fall below this threshold for thirty days, the portfolio management company will take the measures necessary to wind up the UCITS in question, or perform one of the operations outlined in Article 411-16 of the General Regulations of the Financial Markets Authority (Autorité des marchés financiers - AMF) (switch of UCITS).

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

Units can be issued at any time, at the request of holders, at their net asset value plus any subscription fees that apply.

Redemptions and subscriptions must be undertaken under the terms and conditions and in accordance with the procedures laid down in the prospectus.

Depending on the prevailing legislation and regulations, the Mutual Fund units may be admitted to stock market listing.

Subscriptions must be fully paid-up on the day on which the net asset value is calculated. This may be undertaken in cash and/or through the contribution of securities. The Asset Management Company may reject the securities offered and has seven days from their deposit in which to make its decision known. If the securities contributed are accepted, they will be valued in accordance with the rules laid down in Article 4 and the subscription price will be based on the first net asset value following acceptance of the securities concerned.

Redemptions can only be made in cash, save if the Fund is wound up and the Unit Holders agree to be repaid in securities. They will be paid by the Custodian within five days of the date on which the units are valued.

This deadline may, however, be extended by up to 30 days if repayment is required prior to realisation of assets contained in the Fund as a result of exceptional circumstances.

Except in the case of inheritance or the gifting of an estate, the assignment or transfer of units between Unit Holders or to a third party is deemed to be a redemption followed by a subscription. A third party may add to the units assigned or transferred so that the total units amount, at the very least, to the minimum subscription value specified in the prospectus.

In accordance with Article L. 214-8-7 of the Monetary and Financial Code (Code monétaire et financier), buy-backs of units and the issue of new units by the Mutual Fund may be suspended temporarily by the Asset Management Company where this is required by exceptional circumstances or to protect the interests of the Unit Holders.

If the net assets of the Mutual Fund (or a sub-fund, as the case may be) fall below the threshold laid down in the Regulation, no buy-backs of the units concerned may be undertaken (on the sub-fund concerned, as the case may be).

In accordance with Article L. 214-8-7, subparagraph 2, of the Financial and Monetary Code, the Mutual Fund may cease issuing units where this is required to comply with the principle of a level playing field between Unit Holders in the following case:

- over 20% of units in the Fund are presented for redemption.

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

The net asset value of units is calculated on the basis of the rules laid down in the detailed provisions in the prospectus.

Contributions in kind may consist solely of securities, assets similar to securities and contracts deemed eligible to form part of the UCITS asset base; they are valued in accordance with the rules applying to calculation of the net asset value.

## **TITLE II**

### **OPERATION OF THE FUND**

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#### **Article 5 - The Asset Management Company**

Management of the Fund is performed by the Asset Management Company in accordance with the policy laid down for the Fund.

The Asset Management Company acts on behalf of Unit Holders under all circumstances and it alone exercises the voting rights attaching to the securities in the Fund.

#### **Article 5A – Operating rules**

The instruments and deposits eligible to form part of the UCITS' asset base and the rules governing investment are set out in the detailed provisions of the prospectus.

#### **Article 6 - The Custodian**

The Custodian is responsible for the safekeeping of the assets in the Fund and processes the orders of the Asset Management Company for the sale and purchase of securities as well as those relating to the exercise of subscription and allotment rights attaching to securities in the Fund. It also undertakes all collections and payments.

It is the responsibility of the Custodian to ensure that the decisions taken by the Asset Management Company have been properly taken. It must take all protective measures it deems necessary and appropriate. In the event of a dispute with the Asset Management Company, it will inform the Financial Markets Authority.

#### **Article 7 - The Statutory Auditor**

Subject to the consent of the Financial Markets Authority, a Statutory Auditor is appointed for six financial years by the Board of Directors or the Executive Committee of the Asset Management Company. The Statutory Auditor carries out all the procedures and tests laid down by law and, in particular, certifies, as appropriate, that a true and fair view is given by the accounts and information of an account nature given in the management report and attests to their regularity.

The mandate of the Statutory Auditor may be renewed.

It draws the attention of the Financial Markets Authority and of the Mutual Fund's Asset Management Company to all irregularities and inaccuracies it identifies in conducting its audit assignments.

Asset valuations and determination of the exchange ratios in conversion, merger and demerger operations are conducted under the supervision of the Statutory Auditor. The Statutory Auditor values all contributions in kind and is responsible for drawing up a report on the valuation and its remuneration.

It confirms the accuracy of the composition of the assets and other items prior to publication.

The Statutory Auditor's fees are determined by mutual agreement with the Asset Management Company's Board of Directors or Executive Committee based on a work programme specifying the checks deemed to be necessary.

In the event of liquidation, it values the assets and draws up a report on the terms and conditions for the liquidation.

It attests to the circumstances under which interim dividends may be distributed.

#### **Article 8 - The accounts and management report**

At the close of each financial year, the Asset Management Company draws up the summary documents and drafts a management report on the management of the Fund (or each sub-fund, as the case may be) during the past financial year.

The inventory is certified by the Custodian and all the above documents are checked by the Statutory Auditor.

The Asset Management Company keeps these documents at the disposal of the Unit Holders for four months following the close of the financial year and informs them of the amount of any income to which they are entitled: these documents are either sent by post at the request of the Unit Holders or made available to them on the premises of the Custodian or Asset Management Company.

### **TITLE III**

#### **PROCEDURE FOR THE ALLOCATION OF PROFITS**

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#### **Article 9**

The net profit for the financial year is the total interest, arrears, dividends, premiums and lots, attendance fees and all income from the securities making up the Fund's portfolio (and/or each sub-fund) plus the income from any sums currently available, after deduction of the management fees and borrowing costs.

The sums available for distribution equate to the net profit for the financial year plus any retained earnings, plus or minus the income equalisation balance for the previous financial year.

The Asset Management Company decides how the profits are to be distributed.

For each units categories, as the case may be, the mutual funds can opt for one of the following option :

Pure accumulation: any sums available for distribution are accumulated in full with the exception of those that must be distributed by law.

Pure distribution : the sums are distributed in full, with rounded; with the possibility of interim dividends

For the mutual funds which wish to keep the freedom to accumulate and/or distribute, the Asset Management Company decides each year the income affectation. Possibility of interim dividends distribution.

### **TITLE IV**

#### **MERGER – DEMERGER - WINDING UP – LIQUIDATION**

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#### **Article 10 - Merger - Demerger**

The Asset Management Company may contribute the Fund's assets, in full or in part, to another UCITS which it manages or subdivide the Fund into two or more other mutual funds which it will manage.

Any such merger or demerger operations are subject to notice being served on the Unit Holders. Where this occurs, an attestation is issued setting out the number of new units held by each Unit Holder.

#### **Article 11 - Winding up - Extension**

if the assets of the Fund (or sub-fund, as the case may be) fall below the threshold laid down in Article 2 above for thirty days, the Asset Management Company will inform the Financial Market Authority and proceed to wind up of the Fund (or sub-fund, as the case may be), except in the event of a merger with another mutual fund.

- The Asset Management Company may wind up the fund (or sub-fund, as the case may be) prematurely; it will inform the Unit Holders of its decision and, from that date onwards, any requests for subscription or redemption will no longer be accepted.
- The Asset Management Company will also wind up the Fund (or sub-fund, as the case may be) in the event of a request to redeem the units in their entirety, if no custodian is appointed on termination of the original custodian's mandate, or when Fund's period of duration is reached and has not been extended.

The Asset Management Company will inform the Financial Market Authority in writing of the date and procedure decided for the winding up. It will then send to the Financial Market Authority the report drawn up by the Statutory Auditor.

Any decision to extend a fund is decided by the Asset Management Company with the consent of the Custodian. Any such decision must be taken at least 3 months prior to expiry of the duration set for the Fund and must be notified to the Unit Holders and the Financial Market Authority

#### **Article 12 - Liquidation**

If the Fund is wound up, the Custodian or Asset Management Company is responsible for liquidation process. Where this is the case, they are vested with the broadest powers to realise the assets, pay any creditors, and distribute the surplus to the Unit Holders in cash or securities.

The Statutory Auditor and Custodian will continue to perform their duties until the liquidation process comes to an end.

### **TITLE V**

#### **DISPUTES**

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#### **Article 13 – Choice of forum – Election of address for service**

The competent courts shall have jurisdiction for all disputes between Unit Holders or between the latter and the Asset Management Company or the Custodian that relate to the Fund and that arise during its period of operation or while it is being wound up.