

R CLUB

Mutual Fund

Prospectus

Version dated on February 15th, 2013

R CLUB

I. General characteristics

I. 1. FORM OF THE UCITS:

Name	:	R CLUB
Legal form	:	Mutual fund - incorporated in France
Date established	:	28 December 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 unit	FR0010541557	Accumulation	EUR	All subscribers	25 units * Initial net asset value: €409.03 (net asset value divided by 5 on 17 December 2010)
D unit	FR0010523191	Distribution	EUR	All subscribers	25 units * (net asset value divided by 5 on 17 December 2010)
F unit	FR0010537423	Accumulation	EUR	All subscribers, and mainly intended for distribution by the asset management's partners or third-party management companies.	one unit Initial net asset value: €436.83 (net asset value divided by 5 on 17 December 2010)

The Fund has three unit categories: C units, D units and F units. These three unit categories have different distribution systems and/or management costs.

These differences are explained by the fact that the C and D units are mainly intended for direct distribution to investors by the 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.

* The custodian and asset management company are exempt from the minimal initial purchase requirement of 25 units and 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

The Key Information for Investor Document (KIID) is also available from the www.rothschildgestion.fr website.

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

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 number GP 04-000060
Ordinary limited partnership (Société en commandite simple - SCS)
29, Avenue de Messine – F-75008 PARIS

Trustee, 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:

Ernst & Young et Autres
41, Rue Ybry
F-92576 Neuilly sur Seine Cedex – France
Signatory: Thierry Gorlin

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

II. 1. GENERAL CHARACTERISTICS:

Characteristics of the units or shares: Accumulation and income UCITS

Type of right attaching to the unit category: The right attaching to the 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 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 the units or shares: In bearer form

Decimalised form: Fund units are expressed in decimal form in ten thousandths of a unit.

Closing date for the financial accounts:

Last trading day in the month of December (1st closing: December 2006)

Tax treatment:

The tax regime applicable to capital gains or losses, whether unrealised or realised upon total or partial redemption, depends on the tax provisions applicable to the subscriber's particular situation and/or the Fund's investment jurisdiction. When in doubt, the Fund subscriber should consult a professional advisor.

II. 2. SPECIFIC PROVISIONS:

Classification:

Diversified UCITS

Management objective:

The management objective of R CLUB is to achieve performance in the medium term which is above that of the benchmark indicator: 40% Euro EMTS Global + 30% Euro Stoxx ® DR (C) + 20% MSCI Daily TR Net World Ex EMU \$ converted into € + 10% EONIA.

Benchmark indicator:

The fund's benchmark indicator is composed of 40% Euro EMTS Global + 30% Euro Stoxx ® DR (C) + 20% MSCI Daily TR Net World Ex EMU \$ converted into € + 10% EONIA.

The EuroMTS Global is a bond index denominated in euro that measures the performance of the government loans market for all maturities in the euro zone. This index is calculated by EuroMTS Limited. This index is available at the following

address: www.euromtsindex.com

The **Euro Stoxx ® DR (C)** (Bloomberg Code: SXXT Index) index is a subdivision of the STOXX® 600; it consists of a variable number of securities (around 300) which are highly diversified in terms of capitalisation, economic sectors and geographic areas, dividends reinvested. It is calculated by Stoxx Ltd and is available on the website www.stoxx.com

The **MSCI Daily TR Net World Ex EMU \$ converted into €** (Bloomberg Code: NDDUWXEM Index), calculated by the Morgan Stanley company, reflects the global large caps leaders in the industrialised economies outside the eurozone, dividends reinvested, converted into euros. This index is available at the following address: www.msci.com

The **EONIA** (European OverNight Index Average) is the arithmetic average of interest rates for interbank overnight loans quoted by a panel of reference banks.

This UCITS is not an index-based UCITS.

Investment Strategies:

1. Description of the strategies used:

The R CLUB mutual fund is invested in interest-rate, convertible and equity products on the basis the rigorous quantitative and qualitative selection process by the asset management company (described below) and depending on market opportunities. The mutual fund may invest up to 10% of its assets in UCITS.

- **Strategic allocation:** in order to achieve its management objective, the mutual fund invests in interest-rate or convertible products, equities and UCITS in the light of market trends.

The fund may therefore invest in and/or be exposed to:

- ✓ 0-100% in private, government-backed, interest-rate products, of investment-grade quality or otherwise, across all maturities, with 20% of the net assets at most of in high-yield investments. Investments in unrated can represent up to 10% of fund assets.
- ✓ 0-100% in equities;
- ✓ 0-10% in all categories of UCITS;
- ✓ Liquid assets on an ad hoc basis.

To achieve its management objective (discretionary management), the mutual fund may also trade forward financial instruments quoted on French and foreign regulated or over-the-counter markets (interest-rate and index swaps; forward foreign swaps; and equity, interest-rate, currency and index futures and option markets). With this in mind, it hedges its portfolio and/or its exposure to economic sectors, geographical regions, currencies, interest rates, equities, securities and similar investments and indexes.

The portfolio's overall exposure to stock markets, including any off-balance sheet items, will never be more than 100%. The portfolio's overall exposure to interest-rate markets, including any off-balance sheet items, is designed to keep the portfolio's sensitivity within a range of -1 to 9.

The portfolio's overall exposure to the currency market, including any off-balance sheet exposure, will not exceed 100%.

The mutual fund's total exposure to non OECD economies and to the risks linked to small cap companies may be up to 20% of its asset.

The existence of foreign exchange risk for holders.

- **Selection of underlying securities:**

- **For the equity product portfolio, the selection criterion for equities is as follows:**

The UCITS management process combines top-down and bottom-up approaches, allowing two source of added value to be identified:

- The sectoral allocation is determined by analysis of the macro-economic and financial climate.
- The selection of securities is based on a fundamental two-stage approach:
 - A quantitative analysis aimed at determining the extent to which the value is attractive by applying ratios appropriate to each industry (enterprise value/capital employed, enterprise value/gross operating result, price-earnings ratio, etc.).
 - A qualitative analysis based on an understanding of the competitive parameters, of how profitability is achieved (imbalance between supply/demand, cost advantages, patents, trademarks regulation, etc.).

- **The following three sources of added value are used for the interest-rate portfolio:**

- 1) **Sensitivity:** The portfolio's sensitivity increases when a rise in interest rates is anticipated by the manager and vice versa.
- 2) **Credit risk exposure:** The UCITS management process combines top-down and bottom-up approaches,

- allowing two source of added value to be identified:
- The sectoral and geographical allocation is determined on the basis of an analysis of the economic and financial climate. This analysis makes it possible to identify the long-term risks and problems influencing price formation. Particular emphasis is placed on analysis of default histories and examination of competitive play;
 - The selection of securities is based on a fundamental two-stage approach:
 - A quantitative analysis based on the probability of default by:
 - by using a large amount of public-domain data and statistics for each company;
 - by comparing this data with those for companies in the same economic sector;
 - by determining a theoretical value which compares favourably or unfavourably with that of the market.
 - A qualitative analysis based on:
 - the sector's sustainability;
 - study of the competitive parameters;
 - an understanding of the balance sheet;
 - an appreciation of how profitability is achieved (imbalances in supply and demand, cost advantages, patents, brands, legislation and regulations, etc.);
 - an understanding of (balance-sheet and off-balance-sheet) debt maturity ladders;
 - determination of the likelihood of intra-sector survival.
- 3) **Rate-curve positioning:** securities with the short and very long due maturities will be favoured over those with a medium-term or other maturities, depending on whether the manager expects the yield curve to level off or rise.

2. Description of asset categories (excluding integrated derivatives):

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

- **Equities:** investment and/or exposure between 0-100% of the net assets
The Fund will invest in and/or be exposed to equity products up to the holding range limit given in the table below. The geographic and 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, 0-100% of the funds' assets are allocated (investment and/or exposure) to the equity portfolio across all industrial sectors and sizes of stock market capitalisation (with a maximum of 20% in small caps and 20% in non OECD country equities).
- **Debt securities, money-market instruments and bonds:** investment and/or exposure between 0-100% of net assets
Subject to holding range limit given below, the fund will invest in bonds, negotiable debt securities (such as commercial paper, certificates of deposit, and euro commercial paper), of all maturities at fixed, variable or floating rates, profit-sharing securities, index-linked bonds, convertible bonds (up to a maximum of 20%). The public/private debt mix is not determined in advance and will be achieved on the basis of the market opportunities. Investments in unrated can represent up to 10% of fund assets.
- **Holding of units or shares in other UCITS or investment funds:** 0-10% of net assets
Subject to the holding range limit given 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 in foreign-law alternative CIUs up to 10% of assets;
 - units of compliant or non-compliant UCITS governed by French-law managed by the Rothschild group.
- **For each of the categories below:**

	Equities	Interest-rate products	UCITS
Holding ranges	0-100%	0-100%	0-10%
Investment in small caps	0-20%	N/A	0-10%
Investment in financial instruments from non OECD countries	0-20%	0-20%	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 on regulated, organised or over the counter markets. The manager will act to counter the equity, interest-rate and foreign-exchange risks. With a view to achieving the management objective, these measures will be taken for the purposes of hedging the portfolio (sale of forward contracts) and taking exposure with a view to re-creation of a synthetic exposure to assets, to assets (purchase of forward contracts). In particular, the manager may trade on the market

directly, interest-rate swaps, index swaps, forward foreign exchange transactions, , and on the markets for futures and stock options, interest rates, foreign exchange and indexes.

Overall portfolio exposure to the equity market, including exposure resulting from the use of forward financial instruments will not exceed 100%.

Overall portfolio exposure to the interest-rate market, including exposure resulting from the use of forward financial instruments, is designed to keep portfolio sensitivity within the range of -1 and 9.

Overall portfolio exposure to foreign-exchange risk, including exposure resulting from the use of forward financial instruments will not exceed 100%.

4. Securities incorporating derivatives:

The use of securities incorporating derivatives is capped at 10% of the net assets (stock purchase warrants, euro medium-term notes, warrants, etc.) with a view to achieving the management objective and notably managing exposure to the foreign exchange, interest-rate and equity markets.

Option strategies: options on the equity, interest-rate and foreign exchange markets may be purchased or sold, in the light of the changes in the volatility and prices of the underlying instruments anticipated by the manager. For example, if he anticipates a sharp upturn in the market, he may buy calls; if he thinks that the market will improve slowly and the implicit volatility is high, he may sell puts. In contrast, if he anticipates a sharp downturn in the market, he will buy puts. Finally, if he thinks that the market cannot go any higher, he will sell calls.

The manager may combine these different strategies.

Overall portfolio exposure to the equities market, including any exposure resulting from the use of securities incorporating derivatives, will not exceed 100%. Overall portfolio exposure to the interest-rate market, including any exposure resulting from the use of securities incorporating derivatives, is designed to keep portfolio sensitivity within the range of -1 and 9.

Overall portfolio exposure to foreign-exchange risk, including any exposure resulting from the use of securities incorporating derivatives, will not exceed 100%.

5. Deposits:

The UCITS may invest up to 20% of its assets in euro deposits with a term less than or equal to three months to generate interest on the UCITS liquid assets.

6. 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.

7. 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:

1. Risks related to discretionary management: The discretionary management style is based on anticipating the trends for various markets (equities and interest rates). There is a risk of the UCITS not always being invested on the best performing markets.
2. Market risks:
The mutual fund may incur risks:
 - a. related to direct and indirect equity investments;
 - b. related to direct and indirect large cap, medium cap and small cap investments;
 - c. related to direct and indirect investments on non OECD markets.This means that any dip in the equities market could lead to a reduction in the mutual fund's net asset value.
3. Interest-rate risk:
Risk related to investments in interest-rate products. This means that if interest rates rise, the fund's net asset value may fall.
4. Credit risk: the risk of a decline in the quality of loans or of the default of an issuer held in the portfolio, or of the default of an over-the-counter counterparty (swap or repurchase agreement). Positive exposure to credit risk combined with a widening of credit spreads could therefore impact negatively on performance; similarly, negative exposure to credit risk combined with a narrowing of credit-spreads could have a negative impact on performance. However, the exposure to high-yield interest rates never equates to more than 20% of assets.

5. Foreign-exchange risk:
The holder's maximum exposure to foreign-exchange risk can be no more than 100%. Certain asset items are denominated in currencies other than that used for the fund's accounting; this means that exchange-rate fluctuations may result in a reduction in the fund's net asset value.
6. Risk of the UCITS' performance: not meeting its objectives.
7. Risk of capital loss: the unit holder does not have capital protection.

Guarantee or protection: N/A

Subscribers concerned: 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).

Standard investor profile:

This UCITS is intended for investors seeking a diversified investment vehicle.

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 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 five years

Methods used to determine and allocate income:

- C unit: accumulation unit
- D unit: income unit
- F unit: accumulation unit

Distribution frequency:

- C and F units: income is fully accumulated
- D unit: income is distributed annually with the possibility of interim dividends

Unit characteristics: C, D and F units in the UCITS are denominated in euros and expressed in decimal form in ten thousandths of a unit.

Subscription and redemption procedures:

Subscription and redemption applications are received and centralised with Rothschild & Cie Banque at 4 p.m. each day and executed based on the next net asset value. 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..

Initial subscription amount:

C unit: 25 units (the custodian and the asset management company are exempt from the minimum initial subscription requirement of 25 units and may subscribe to as little as one unit).

D unit: 25 units (the custodian and the asset management company are exempt from the minimum initial subscription requirement of 25 units and may subscribe to as little as one unit).

F unit: one unit

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 net asset value:

Each trading day on the Paris stock exchange, with the exception of French public holidays.

The net asset value is published on the asset management company's website at the following address:
www.rothschildgestion.fr.

Terms and conditions for switching C, D and F units:

Applications to switch are received and centralised each valuation day and executed at the next net asset value for the C, D and F units. 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 capital gains tax on the sale of transferable securities.

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.

Fees payable by the investor and charged on subscriptions and redemptions	Base	Scale
Subscription fee not retained by the UCITS	Net asset value X number of units	C, D and F units: 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

There are no fees for switching between C and D units. There are no fees for switching from C and D units to F units.

In the event of redemption followed by subscription on the same day to the same category of units for the same amount and based on the same net asset value, no subscription fee is charged.

OPERATING AND MANAGEMENT FEES:

These fees cover all costs invoiced directly to the UCITS, apart from 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 Key Information for Investor Document.

Fees invoiced to the UCITS	Base	Scale
Operating and management fees, including all tax (plus all costs other than transaction fees, performance fees and costs associated with investments in other UCITS and investment funds).	Net assets	C unit: Maximum 1.495% D unit: Maximum 1.495% F unit: Maximum 1.90%
Performance fees	Net assets	N/A
<u>Service providers receiving turnover fees:</u> Custodian: between 0% and 50% Management company : between 50% and 100%	Maximum charge for each transaction	0.30% on French bonds 0.50% on French equities 0.40% on foreign bonds 0.60% on foreign equities 2% of the premium for stock and equity index options

No remuneration is payable to the custodian or asset management company on temporary purchases and sales of securities.

The remuneration on these transactions is paid to or retained by the UCITS.

Securities lending and borrowing transactions are remunerated pro rata temporis at a fixed or variable rate that depends on the market conditions.

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

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), 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) 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

The method of calculating the total risk is the commitment approach.
The Fund will abide by the regulatory ratios applicable to UCITS investing less than 10% in UCITS.

V. The valuation and accounting rules applying to the assets on the licensing date

The UCITS has adopted the euro as its reference currency.

Securities traded on a stock exchange are valued at their closing prices.

The prices used for forward and future market transactions are their settlement prices.

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

UCITS are valued at the last known price.

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, will be 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.

Fungible treasury bonds (Obligations assimilables du Trésor – OATs) are valued on the basis of the weighted average of quotes.

Forward foreign exchange transactions are valued at the fix for the day, plus a variable premium/discount depending on the maturity and currency underlying the contract.

Credit default swaps (CDS) are valued:

- for the branch to which the premium relates: pro-rata temporis based on the value of this premium;
- for the branch to which the credit risk relates: at the market price.

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

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TITLE I

ASSETS AND UNITS

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.

Unit categories:

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 Investors 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 Key Information for Investors Document (KIID) and prospectus. This hedging is achieved using financial instruments reducing the impact of hedging transactions on the UCITS other categories of units.

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.

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.

Regulations

R Club

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.

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

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 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

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.

C and F units: any sums available for distribution are accumulated in full with the exception of those that must be distributed by law.

D unit: the sums are distributed annually with the possibility of interim dividends.

TITLE IV

MERGER – DEMERGER - WINDING UP – LIQUIDATION

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.

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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

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.