

# AAM Family Values

French FCP (mutual fund)

Approval date : 30 May 2014  
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*UCITS subject to European Directive  
2009/65/EC*

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## Section I: Prospectus

**UCITS subject to European Directive  
2009/65/EC**

### Part A – General features

- **Name of UCITS** : AAM Family Values
- **Legal form and Member State** : FCP under French law
- **Date of incorporation and projected term** :  
16 June 2014 for a term of 99 years
- **Approval date** : 30 May 2014 by the AMF (French securities regulator)

Units	ISIN Code	Distribution of earnings : Net result: Distribution and/or Capitalisation  Net realised capital gains: Capitalisation	Currency	Initial unit value	Minimum initial subscription	Fractional units	Eligible subscribers
E1	FR0011911189	Capitalization	EUR	EUR 100	One unit	Ten thousandths of a unit	All subscribers
I	FR0011911197	Capitalization	EUR	EUR 100	EUR 500,000	Ten thousandths of a unit	All subscribers
I1	FR0014007HS6	Capitalization	EUR	EUR 100	EUR 1,000,000	Ten thousandths of a unit	All subscribers

The management company, employees of the management company and the employees of companies affiliated to the management company are exempted from the minimum initial subscription.

- **Contact point to obtain the Fund Rules, the latest annual report and the latest periodic report :**

Unitholders can obtain the latest annual and periodic reports within 8 working days of submitting a written request to:

Anaxis Asset Management  
9, rue Scribe, 75009 Paris, France  
Tel: +33 (0)9 73 87 13 20  
info@anaxis-am.com

Any additional information can be obtained from Anaxis Asset Management at this same address.

## Part B – Intermediaries

- **Portfolio management company** : Anaxis Asset Management S.A.S.  
 A portfolio management company accredited by the AMF under number GP10000030  
 9, rue Scribe, 75009 Paris
- **Depository bank and custodian** : BNP Paribas SA  
 A credit institution accredited by the ACPR (French prudential supervisory and resolution authority)

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

Registered office  
 3, rue d'Antin, 75002 Paris

Responsibilities of the depository bank  
 The depository bank and custodian carries out the following duties: control of the compliance of the investment decisions made by the management company (as defined under article 22.3 of the UCITS 5 Directive), monitoring of the cash flows of the UCITS (as defined under article 22.4), custody of the assets of the UCITS (as defined under article 22.5) and, in general, any duties required of it under the laws and regulations in force.

Potential conflicts of interest  
 Potential conflicts of interest may arise as Anaxis Asset Management has a commercial relationship with BNP Paribas SA alongside its appointment as depository (BNP Paribas SA, by delegation from the management company, calculates the net asset value of the UCITS). In order to manage such situations as this, the depository has implemented and regularly updates a conflict of interest management policy, with the aim of:

  - Identifying and analysing potential conflicts of interest;
  - Recording, managing and monitoring conflicts of interest. To that end, the depository relies on the permanent measures put in place in order to manage conflicts of interest, such as the distribution of tasks, the separation of hierarchical and operational lines, the monitoring of internal lists of insiders and the use of dedicated IT environments. In addition, on a case-by-case basis, the depository implements appropriate preventive measures such as the creation of ad hoc monitoring lists, the creation of new Chinese walls, or the verification that transactions are properly processed and/or that the relevant client is informed. In certain circumstances, the depository may refuse to manage activities which could lead to conflicts of interest.

Delegation of functions  
 The depository is responsible for the safekeeping of assets (as defined in article 22(5) of Directive 2009/65/EC, as amended by Directive 2014/91/EU). In order to offer services linked to the safekeeping of assets in a large number of countries, enabling the UCITS to achieve its investment objectives, BNP Paribas SA has appointed sub-depositaries in countries where BNP Paribas SA has no local presence. These entities are listed on the following website:  
<http://securities.bnpparibas.com/solutions/asset-fund-services/depositary-bank-and-trustee-serv.html>  
 The appointment and monitoring process for sub-depositaries adheres to the highest quality standards, including the management of potential conflicts of interest which may arise as a result of these appointments.  
 Up-to-date information relating to the above points will be sent to investors upon request.
- **Statutory Auditor** : PricewaterhouseCoopers Audit  
 Represented by Frédéric Sellam  
 63, rue de Villiers, 92200 Neuilly-sur-Seine
- **Promoters** : 1. Anaxis Asset Management S.A.S.

9, rue Scribe, 75009 Paris

2. Its Swiss counterpart Anaxis S.A.  
19, rue du Mont-Blanc, 1201 Geneva, Switzerland

- **Delegate accounting manager** : BNP Paribas SA,  
Postal address  
Grands Moulins de Pantin, 9, rue du Débarcadère, 93500 Pantin  
Registered office  
3, rue d'Antin, 75002 Paris  
The delegate accounting manager administrates the Fund (accounting, calculating net asset values) and is responsible for middle office functions.
- **Orders centralized by** : Identity of institution in charge of receiving subscription and redemption orders  
BNP Paribas SA,  
A credit institution accredited by the ACPR (French prudential supervisory and resolution authority)  
Postal address  
Grands Moulins de Pantin, 9, rue du Débarcadère, 93500 Pantin, France  
Registered office:  
3, rue d'Antin, 75002 Paris, France

## Part C – Terms of operation and management

### 1. General features

- **Type of rights attached to units** : Each unitholder enjoys co-ownership of the Fund's assets in proportion to the number units held.
- **Management of liabilities** : All units are bearer units. No register is maintained. BNP Paribas SA is responsible for the administration of the issuer's account. The Fund is admitted for trading on Euroclear France.
- **Voting rights** : As the Fund is a co-ownership of marketable securities, there are no voting rights attached to the units. Decisions are taken by the portfolio management company. However, notification of any amendments to the operation of the Fund is given to the unitholders either individually, via the press, or by any other method that complies with AMF Instruction No. 2011-19 of 21 December 2011.
- **Form of units** : All units are bearer units
- **Fraction of units** : Ten-thousandths of one unit
- **Balance sheet date** : Last trading day in December.
- **First financial year** : The balance sheet date of the first financial year is 31 December 2014.
- **Taxation** : As mutual funds are without legal personality, they are not subject to corporate tax. Unitholders are taxed as if they were direct owners of a share of the assets, according to the tax scheme applicable to them. Any capital gains and earnings generated from ownership of Fund units may be subject to tax. The applicable tax scheme depends on each investor's individual situation and tax residence, as well as the Fund's investment jurisdiction. Investors are advised to contact their usual advisor to learn about the conditions applicable to their personal situation.

## INFORMATION ON THE FOREIGN ACCOUNT TAX COMPLIANCE ACT

In accordance with the provisions of the Foreign Account Tax Compliance Act (FATCA), which took effect on 1 July 2014, where the UCITS invests directly or indirectly in US assets, the income generated from these investments may be subject to a 30% withholding tax. In order to avoid payment of the 30% withholding tax, France and the US entered into an intergovernmental agreement under which foreign financial institutions undertake to establish a procedure for identifying direct or indirect investors that are US persons and to transmit certain information on these investors to the French tax authority, which in turn provides this information to the US Internal Revenue Service. As a foreign financial institution, the UCITS undertakes to comply with FATCA and to take any measures subject to the above-mentioned intergovernmental agreement.

## 2. Specific terms and conditions

- **ISIN codes** : E1 units : **FR0011911189**  
I units : **FR0011911197**  
I1 units : **FR0014007HS6**
- **Classification** : Equities.
- **Investment objective** : The Fund's objective is to capture the development of the European economy while seeking to limit the risk of significant portfolio variations. To this end, the Fund invests predominantly in European Union equities via a dynamic allocation determined by the asset management company. Companies are selected for their value creation, sound business model, upside potential and dividend consistency, without reference to a benchmark index. There is some risk that the Fund will not achieve the established objective.
- **Benchmark index** : Performance is compared to the STOXX® Europe 600 Net Return EUR index. This index is the global benchmark for European markets. It is made up of 600 stocks selected from 16 countries in the euro zone as well as the United Kingdom, Denmark, Switzerland, Norway and Sweden. Codes: ISIN: EU0009658210 Reuters: STOXXR; Bloomberg: SXXR Index; the benchmark is denominated in euro. The Benchmark Index is an index with net dividends reinvested, i.e. the performance of the Benchmark Index includes the net dividends paid by its constituent stocks. A full description and methodology for the construction of the Benchmark Indicator, as well as information on the composition and respective weights of the Benchmark Indicator's components, are available on the website: [www.stoxx.com](http://www.stoxx.com).

The administrator of the Benchmark Indicator is listed in the register of administrators and benchmarks maintained by ESMA. In accordance with the provisions of Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, the Management Company has a procedure for monitoring the Benchmark Indices used describing the measures to be implemented in the event of substantial changes to an index or the discontinuation of the supply of that index.

- **Investment Strategy**
  - a. **Description of strategies used:** The fund adopts an active and partially discretionary management strategy. Management is not totally discretionary in terms of stock selection. However, the allocation of securities in the portfolio remains independent of that of the benchmark index.

Investment decisions are based primarily on in-depth financial analysis.

The Fund is subject to sustainability risk as defined in the Sustainable Finance Disclosure (SFDR) Regulation 2019/2088 as set out in the risk profile of the prospectus. Citing the principle of proportionality, the management company

does not take into account the negative impact of investment decisions on sustainability factors.

#### **Alignment with the European Taxonomy**

As most companies have not started publishing data in terms of alignment with the taxonomy, we are unable to provide a percentage of alignment of investments with the taxonomy.

#### **General approach**

The management favours so-called "family stocks". Our definition is based on two criteria, which do not necessarily have to be cumulative: a person or a family is among the main shareholders (both in terms of share capital or voting rights)

a person or family has effective power, either through their involvement in the management of the company or through their ability to appoint managers.

The fund is suitable for investors who share our belief that family-owned stocks have characteristics that set them apart from the rest of the market and allow us to expect superior and more consistent performance. In particular, we look for companies that are well positioned in terms of their industry, long-term strategic vision, organisational stability, strong expertise, good control of financial parameters and alignment of interests between management, employees and shareholders.

#### **Company analysis**

The management process favours fundamental analysis and convictions in order to select large and mid-cap companies whose business model is deemed relevant by the management company. This process is based on three main pillars:

1. Megatrends: companies must be positioned in markets considered dynamic and sustainable, according to the managers' analysis. Megatrends represent the powerful forces of social, demographic, environmental and technological change. They are observable, predictable and transform the economy by disrupting established business models. This pillar includes investment opportunities such as consumer discretionary & leisure, security of people, goods and transactions, dependency care, healthcare, automation, digitalisation, renewable energy, transition to a sustainable economy, urbanisation, and rising living standards in emerging markets.
2. Know-how: from the managers' point of view, companies benefit from significant competitive advantages, high barriers to entry and rare human skills.
3. Governance: the managers of the targeted companies must be experienced and respectful of the interests of minority shareholders. The analysis of managers is based on indicators such as the experience of managers, their concrete motivation to create value, the quality of financial information, and the credibility of their discourse.
4. Intimate knowledge of the companies is enhanced by exchanges with the managers and site visits, and by monitoring with financial partners.

Companies deemed interesting are subject to an internal rating and an in-depth financial analysis. Finally, valuation models are used to define entry and exit points.

If the company maintains a relevant business model and if the valuation conditions are met, the management team intends to act as a long-term investor.

#### **Geographic criteria**

The Fund gives preference to equities listed on European markets. At all times, it invests at least 75% of its assets in listed securities issued by companies having

their registered office in Europe. Europe is defined here as all the countries of the European Economic Area, the United Kingdom and Switzerland.

The fund may invest up to 25% of its assets in equities issued by companies of non-EU member developed countries (other countries of the European Economic Area, USA, Canada, Australia, New Zealand, Japan or Singapore).

An exposure to equities of emerging countries is allowed within a more restrictive limit of 10% of the assets.

Geographic exposure (main quotation markets)	Minimum	Maximum
European Union	75%	100%
Other developed countries	0%	25%
Emerging countries	0%	10%

#### Sector criteria

The investment strategy seeks to obtain solid sectorial diversification, with a maximum of 25% of its assets, per sector. All economic sectors may be considered. However, the Fund prefers non-cyclical, stable or regularly expanding sectors.

Moreover, the Fund does not invest in securities issued by banks or other financial institutions. It should be noted that this exclusion does not apply to financial holding companies and financing structures sometimes used by industrial or service groups.

#### Capitalization criteria

In principle, the Fund can invest in companies of all cap sizes as long as they are listed on regulated markets. However, it gives priority to market caps of more than EUR 1 billion. Companies below this threshold do not exceed 10% of the allocation.

#### Management of foreign exchange risk

The Fund's reference currency is the euro. Foreign exchange risk generated by any investments in foreign currencies could be hedged in favour of the euro. Foreign exchange risk is hedged via forward forex transactions or OTC derivatives. Such hedged may prove partial or imperfect. After hedging, the maximum foreign exchange risk is 50% of the assets.

#### Voting policy

The voting rights attached to portfolio securities are subject to a specific internal voting policy. This policy is available on the website of the portfolio management company or upon simple request at the company.

### **b. Categories of assets used : 1. Non derivative assets**

#### Shares

The Fund is not eligible for PEAs (French personal equity plans) and at all times at least 75% of its assets are equities listed on European Union regulated markets (including the UK and Switzerland). It may invest in any EU member country exchanges.

The Fund may also invest up to 25% of its assets in other developed countries (other countries of the European Economic Area, United States, Canada, Australia, New Zealand, Japan, and Singapore). The exposure to emerging equities is limited to 10%.

The geographic or sector breakdown is not determined in advance and depends on the companies selected (subject to the applicable investment constraints) by the portfolio management team in charge of the Fund. However, the Fund does not invest in the financial sector.

Maximum exposure to the equity markets is 100% of the Fund's assets. Market caps of less than EUR 1 billion do not exceed 10% of the allocation.

#### Debt securities and money market instruments

The Fund may invest into interest rate instruments up to 25% in order to reduce or to diversify its exposure to the stock markets. These instruments may come from public or from private issuer, with a floating or fixed rate.

More particularly, the Fund may invest up to 10% in high yield (speculative-grade) corporate bonds and non-rated securities. The analysis and selection of debt instruments are made independently from rating agencies.

Stocks may be denominated in EUR or in other currencies, insofar as the asset management company considers it possible to set up a foreign exchange hedge under reasonable conditions.

#### Clarifications on the legal nature of rate instruments

- Negotiable debt securities having a short-term maturity;
- Negotiable debt securities having a medium-term maturity;
- Fixed-, variable- or floating-rate bonds;
- Euro medium-term notes (EMTNs), excluding structured notes and notes with embedded forward financial instruments;
- Convertible bonds;
- Inflation-indexed bonds;
- Treasury notes.

#### UCITS

The Fund may invest up to 10% of its assets in other UCITS subject to European Directive 2009/65/EC, without any limitation in terms of regulatory classification. These UCITS may have all types of strategies and may be managed by Anaxis Asset Management or a related entity. The purpose of this use may be the diversification of investments or strategies, or cash management.

## **2. Derivatives**

The Fund may invest in the regulated, organized or OTC futures markets for the purpose of carrying out forex hedging transactions or adjusting the portfolio's stock market sensitivity (upward or downward). Instruments used may include, in particular, futures, forward foreign exchange contracts and simple interest rate swaps within the limit of 100% of its net assets, without building any synthetic exposure that would lead to expose the Fund to the stock markets more than 1x its net assets. In addition, the fund will not use total return swaps.

#### Clarifications on derivatives:

Type of markets in which the Fund may invest:

- regulated,
- organized,
- OTC.

Risks to which the portfolio management team plans to expose the Fund:

- Equity,
- Foreign exchange.

Types of transactions, all of which are limited to the achievement of the investment objective:

- hedging,
- exposure.

Types of instruments used:

- futures,
- swaps,
- forward foreign exchange contracts.

Strategy for using derivatives to achieve the investment objective:

- hedging of foreign exchange risk,
- hedging of equity risk,
- creation of a synthetic equity exposure.

### 3. Securities with embedded derivatives

#### Convertible bonds

The Fund may invest up to 25% of its assets in convertible bonds (indexed bonds, bonds redeemable into shares, etc.), warrants or related securities.

### 4. Deposits

For the purpose of managing its cash holdings, the Fund may carry out deposits with one or more credit institutions, within the limit of 25% of its assets.

### 5. Cash loans

The Fund does not borrow cash. Nevertheless, it may have a temporary debit balance, within the limit of 10%, due to transactions related to the Fund's payment flows: investments, divestments and liabilities transactions.

### 6. Temporary securities lending and borrowing

None.

#### ■ **Contracts constituting financial guarantees :**

In the context of transactions on OTC derivative instruments, the fund is required to receive or grant financial assets as collateral. The financial guarantees received are intended to reduce the fund's exposure to the risk of default of a counterparty. They are only received in cash. The management company does not accept guarantees in the form of financial securities.

Any financial guarantee or collateral received complies with the following regulations: they only can be placed in deposits with eligible entities or invested in high quality government bonds (provided that such transactions are with credit institutions subject to prudential supervision and the fund can withdraw at any time the total amount of cash taking into account accrued interest) or short-term money market funds.

Financial guarantees will not be reused.

- **Risk profile** : **Your money will be predominantly invested in financial instruments selected by the portfolio management company. These instruments will be subject to market trends and developments.**

- a. **Main risks** : **Capital risk**: The Fund does not offer any guarantee or protection. There is a risk that subscribers will not recover all of the capital initially invested.

**Risk that the Fund's performance differs from its management objective**: The management objective is not subject to any explicit or implicit guarantee. Its achievement depends, among other factors, on market trends, management choices, fees, events impacting the companies the securities of which are held by the Fund, and, for each investor, of its subscription and redemption dates. There is a risk that the Fund will not allow the investor to reach the proclaimed target.

**Risk linked to discretionary portfolio management**: As the Fund is managed on a discretionary basis; there is a risk that the portfolio management team will not select the top-performing securities. Consequently, the Fund may underperform

its investment objective and the investment choices made may lead to a decrease in the Fund's NAV (net asset value).

Equity risk: The Fund's exposure to the stock market ranges between 75% and 100%. The Fund's NAV will decrease if this market declines.

Sustainability risk : A sustainability risk is defined as an environmental, social or governance event or situation that, if it occurs, could have a negative impact on the value of the investment, for example because of any of the following: (1) lower revenues, (2) higher costs, (3) physical damage or depreciation in asset value, (4) higher cost of capital, (5) fines or convictions, (6) image damage. Some risks, particularly those associated with global warming, are likely to increase over time.

Risk associated with small and middle capitalisations: The Fund may hold small- and mid-cap stocks; specifically up to 10% of its assets may be invested in companies with a market cap of less than EUR 1 billion. In general, these stocks offer lower liquidity. They may prove more difficult to sell or only find a buyer at lower-than-expected prices, which can cause the Fund's NAV to decline.

Interest rate risk: Up to 10% of the Fund's net assets may be exposed to the bond market. When interest rates rise, bond prices fall. These fluctuations may lead to a decrease in the Fund's NAV. The portfolio's sensitivity may vary within a range of 0 to 1.

Credit risk: Up to 10% of the Fund's net assets may be exposed to the bond market. The Fund may hold corporate bond of low credit quality. There is a risk that the issuer's rating will be downgraded, which may lead to a decrease in the price of the security and thus the Fund's NAV.

"Speculative bonds" have a higher probability of default than investment grade bonds, the credit risk associated with these bonds is the "high yield" risk. These bonds offer higher levels of return as compensation but may, in the event of a downgrade in the rating, significantly reduce the Fund's NAV.

Risk associated with holding convertible bonds: Up to 10% of the Fund's net assets may be exposed to the convertible bond market. The value of convertible bonds depends on several factors such as interest rate levels, changes in prices of underlying securities and changes in prices of embedded derivatives. These various factors can lead to a decrease in the Fund's NAV.

Risk associated with commitments in financial instruments: The use of financial contracts may cause a more significant and more rapid decline in the Fund's NAV than the decline on the markets in which it is invested.

Foreign exchange risks: Up to 50% of the Fund's assets may be invested in securities denominated in currencies other than the Fund's reference currency (EUR). The foreign exchange risk associated with these investments will be hedged with the aim of keeping this exposure under 45% of the assets (all currencies combined). This exposure may lead to a decrease in the Fund's NAV.

**b. Ancillary risks**

: Risk linked to investments in UCITS: There are liquidity risks and risks of losses associated with potential investments in UCITS, within the limit of 10% of the Fund's net assets.

Risks associated with investments in emerging markets: The NAV may undergo greater variations due to potential investments, within the limit of 10% of the Fund's assets, in equities listed on emerging markets. Such markets may experience sharp price variations; in addition, their operating and supervisory conditions may differ from the standards prevailing on the major international markets.

Counterparty risk: This risk arises from the use of financial contracts negotiated over the counter with market counterparties. These transactions expose the Fund to the risk of default by one or more counterparties and may lead to a decrease in the Fund's NAV.

Risk linked to inflation: The Fund may be exposed to inflation risk, i.e. a widespread increase in prices.

■ **Guarantee or protection** : None.

■ **Eligible subscribers and typical investor profile :**

E1 units are available to all subscribers.

I and I1 units, for which the minimum investment is respectively EUR 500,000 and EUR 1,000,000 , are specifically designed for legal entities and portfolio managers, and more generally for investors for whom such an investment would represent a reasonable portion of their financial assets.

E1 and I units are not PEA (French stock saving plan) eligible. However, they can be used within unit-linked life insurance policies.

Eligible subscribers include in particular those seeking to invest in the stock market and aware of the risks linked to the behaviour of this market. The recommended investment period is 5 years.

The amount that is reasonable to invest in this Fund depends on each investor's personal situation. To determine their personal situation, investors should consider their personal assets, regulations, current needs over the recommended investment period, as well as their risk appetite or risk aversion. Investors are strongly advised to sufficiently diversify their investments so as to avoid exposing them exclusively to the risks incurred by this Fund.

■ **Conditions for determining and distributing income :**

Net income for the financial year is determined in accordance with regulatory provisions and with the Fund's accounting principles.

Net income is distributed between the unit categories in proportion to their share of total net assets.

Amounts available for distribution are determined by :

1. The net income plus retained earnings, and plus or minus the balance of the income accrual.
2. The realised gain for the financial year, less costs, plus gains of the same nature for the previous financial years that have not been distributed or capitalised, plus or less the balance of adjustments of gain/loss.

For E1, I and I1 units, gains are capitalised.

■ **Frequency of distribution** : Non applicable.

■ **Unit features** :

Units	ISIN Code	Distribution of earnings : Net result: Distribution and/or Capitalisation  Net realised capital gains: Capitalisation	Currency	Frequency	Initial unit value	Minimum initial subscription	Fractional units
E1	FR0011911189	Capitalization	EUR	Daily	EUR 100	One unit	Ten-thousandth of one unit
I	FR0011911197	Capitalization	EUR	Daily	EUR 100	EUR 500,000	Ten-thousandth of one unit
I1	FR0014007HS6	Capitalization	EUR	Daily	EUR 100	EUR 1,000,000	Ten-thousandth of one unit

The management company, employees of the management company and the employees of companies affiliated to the management company are exempted from the minimum initial subscription.

■ **Terms of subscription and redemption :**

Central processing of orders

Subscription and redemption orders are received and centralised at the latest by 12pm (Paris time) at BNP Paribas SA and executed on the basis of net asset value at the closing price on the day of centralisation, consequently at an unknown price.

In exceptional circumstances, the absence of a gate mechanism may result in the Fund being unable to meet redemption requests, thereby increasing the risk of a complete suspension of subscriptions and redemptions for this Fund.

Institution in charge of receiving orders

BNP Paribas SA, Grands Moulins de Pantin, 9, rue du Débarcadère, 93500 Pantin, France.

A swing pricing mechanism has been put in place by the management company.

Description of the Gate mechanism:

When exceptional market conditions so require, the Management Company may be required to implement, on a temporary basis, the 'Gates' mechanism, which allows redemption requests from UCITS holders to be spread over several net asset values when they exceed a certain level, determined objectively. The management company has established a mechanism for limiting redemptions above a threshold of 5%, corresponding to the ratio of net redemptions to subscriptions to the fund's net assets.

It should be noted that this mechanism will not be triggered systematically. If liquidity conditions allow, the Management Company may decide to honour redemptions above this threshold and thus execute, in whole or in part, orders that might otherwise be blocked. For example, if the total redemption requests for units of the UCITS on a given centralisation date are 10% and the trigger threshold is set at 5% of net assets, the UCITS may decide to honour redemption requests up to 7.5% of net assets (and therefore execute 75% of redemption requests instead of 50% if it strictly applied the 5% cap).

This temporary redemption cap mechanism would in any event be spread over a maximum of twenty (20) net asset values over a period of three (3) months.

The unexecuted portion of the order may not be cancelled under any circumstances and is automatically carried over to the next centralisation date and will not take priority over new orders.

Description of the method used:

UCITS unit holders are reminded that the threshold for triggering the 'Gates' corresponds to the ratio between:

- the difference, on the same centralisation date, between the number of units of the UCITS for which redemption is requested or the total amount of such

redemptions, and the number of units of the UCITS for which subscription is requested or the total amount of such subscriptions; and

- the net assets or total number of units of the UCITS.

As the UCITS has several categories of units, the threshold for triggering the procedure is the same for all categories of units of the UCITS.

The threshold above which the 'Gates' are triggered is justified in view of the frequency with which the UCITS' net asset value is calculated, its management orientation and the liquidity of the assets it holds. The latter is set at 5% of the UCITS' net assets and applies to centralised redemptions for all of the UCITS' assets and not specifically to the UCITS' share categories.

**Procedures for informing unitholders:** If the redemption cap mechanism is activated, all Fund unitholders will be informed by any means, via the Management Company's website ([www.anaxis-am.com](http://www.anaxis-am.com)). Fund unitholders whose redemption requests have been partially or totally unexecuted will be informed separately as soon as possible. As this Fund is listed on Euroclear France (CSD), they will be informed via their TCC in the Fund register.

**Processing of unexecuted orders:** Redemption orders will be executed in the same proportions for UCITS unitholders who have requested a redemption since the last centralisation date. Unfulfilled orders will be automatically carried over to the next net asset value and will not take priority over new redemption orders placed for execution on the next net asset value. In any event, redemption orders that are not fulfilled and are automatically carried over cannot be revoked by UCITS holders. For example, if the total redemption requests for units of the UCITS on the same centralisation date are 10% and the trigger threshold is set at 5% of net assets, the UCITS may decide to honour redemption requests up to 7.5% of net assets (and therefore execute 75% of redemption requests instead of 50% if it strictly applied the 5% cap).

#### **Cases of exemption from the trigger mechanism**

##### **- Tax return**

In the case of a return on the same net asset value, i.e. a redemption request for units that is concurrent with and linked to a subscription request on the same net asset value date, with the same ISIN code, the same number of units, the same intermediary and on the same account, it will not be included in the gate calculation mechanism and will therefore be honoured as such.

##### **- Switch**

Redemption order accompanied by a subscription from the same investor for an equal amount, made on the same net asset value date and relating to different categories of fund units.

#### **Orders form**

Subscription orders are accepted in quantity or amount.  
Redemption orders are only accepted in quantity (number of units).

#### **Fractions of units**

Ten-thousandths of one unit.

#### **Terms of settlement-delivery**

Orders are executed in accordance with the table below:

D : Day of the calculation of the NAV	D : Day of the calculation of the NAV	D : Day of the calculation of the NAV	D+1	D+2	D+2
Subscription orders are received and centrally processed by 12.00 p.m	Redemption orders are received and centrally processed by 12.00 p.m	Execution of the order on D	Publication of the Net Asset Value	Subscription Settlement-Delivery	Redemption Settlement-Delivery

#### Conditions for switching from one unit category to another, round trip

For subscriptions carried out by unitholders having submitted a redemption request recorded at the NAV on the same day and involving the same number of units (in another unit category or in the same unit category as the subscription), no entry or redemption fees will be charged provided that the minimum amounts per transaction are observed.

Switching from one unit category to another is considered from a tax standpoint to be a redemption followed by a new subscription. The same is true for a round trip within the same unit category.

#### Date and frequency of NAV calculation

Daily. Net asset values are calculated daily, except for legal holidays in France and days when the French markets are closed (according to the official calendar of Euronext NYSE).

#### Place and conditions of publication or transmission of NAVs

The NAVs of the Fund's different unit categories can be obtained from Anaxis Asset Management, 9, rue Scribe, 75009 Paris, France, and online at [www.anaxis-am.com](http://www.anaxis-am.com).

### 3. Charges

#### ■ Fees and commissions : Subscription and redemption fees

Subscription and redemption fees increase the subscription price paid by investors and decrease the redemption price. Fees paid to the Fund are used to offset the Fund's expenses in investing or divesting the assets under management. Fees not paid to the Fund go to the portfolio management company, the promoter, etc.

Fees charged to investors upon subscription and redemption	Base	Rate
Subscription fee not paid to the Fund	NAV x number of units	2% maximum
Subscription fee paid to the Fund	NAV x number of units	0%
Redemption fee not paid to the Fund	NAV x number of units	0%
Redemption fee paid to the Fund	NAV x number of units	0%

Clarifications on the subscription fee

The subscription fee is 2% maximum. It will be used to pay for the Fund's distribution and may be paid back to third-party distributors depending on the agreements signed.

Operating and management fees

Operating and management fees cover all expenses invoiced directly to the Fund, with the exception of transaction fees. Transaction fees include intermediation fees (brokerage, stock market tax, etc.) and the account activity fee, where applicable, that may be charged by the custodian and the portfolio management company.

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

- Incentive fees. Incentive fees are awarded to the portfolio management company when the Fund exceeds its targets. They are charged to the Fund;
- Account activity fees charged to the Fund;
- A share of the income earned from securities lending and borrowing transactions. However, the fund does not carry out such transactions, nor any equivalent or similar transactions under foreign law.

<b>Fees charged to the Fund</b>	<b>Base</b>	<b>Rate (incl. tax)</b>
<b>Portfolio management fees</b>	<b>Net assets</b>	<b>E1 unit: 2.00% maximum incl. tax I unit: 1.25% maximum incl. tax I1 unit: 1% maximum incl. tax</b>
<b>External management fees</b>	<b>Net assets</b>	<b>0.10% maximum</b>
<b>Maximum indirect fees (management fees and commissions)</b>	<b>Net assets</b>	<b>The fund does not invest more than 10% of its assets in other UCITS</b>
<b>Account activity fee (paid to the custodian)</b>	<b>Charged on each transaction</b>	<b>Scale: Transactions: max. €60 Securities transactions: none</b>
<b>Account activity fee (paid to the management company)</b>	<b>Charged on each transaction</b>	<b>Scale : Transactions: max. 0.35% Securities transactions: max. 0.35%</b>
<b>Incentive fee</b>	<b>Net assets</b>	<b>15% incl. tax of the out-performance beyond the annualised net performance of the benchmark index.</b>

Clarifications on management fees external to the portfolio management company

External management fees include fees charged for depositary services, custody of assets, centralisation of orders, transfer agency, delegation of administrative and accounting management, statutory audit, regulatory representation, regulatory registrations, etc.

If the actual costs are higher than the maximum rate, the excess will be paid by the management company. Conversely, the maximum flat rate may be levied even if the actual costs are lower.

How the performance fee is calculated

**Performance reference period**

The performance reference period is the period during which the performance is measured and compared to the performance of the benchmark and at the end of which it is possible to reset the compensation mechanism for past underperformance (or negative performance). This period is limited to 5 years.

**Reference indicator**

The benchmark is the STOXX® Europe 600 Net Return EUR.

Calculation method

The performance fee is accrued at each net asset value.

The "net outperformance" of the UCITS is defined as the positive difference between the net assets of the UCITS before taking into account any provision for performance fee, but after provision for current expenses, and the net assets of a notional "reference fund" achieving a performance corresponding to the net objective and registering the same pattern of subscriptions and redemptions as the real UCITS.

- If, over the reference period, the performance of the UCITS exceeds the performance of the Reference Fund, the performance fee will represent 15% of the difference between the performance of the UCITS and the performance of the Reference Fund, provided that the cumulative net performance of the UCITS over the reference period is positive.

- If, over the reference period, the performance of the UCITS is lower than the performance of the reference fund, the performance fee will be nil.

Where applicable, a provision for the performance fee will be made when calculating the net asset value. In the event that the Fund underperforms the Reference Fund between two net asset values, the provision will be readjusted by reversing the provision. Reversals of provisions are limited to the amount of previous allocations.

Deduction of the performance fee and catch-up period

The reference period is initially set at one calendar year. If the Fund outperforms at the end of the first year, with a positive annual performance of the Fund at the same time, the Management Company will receive the provisioned fees and a new reference period will start the following year.

If the Fund outperforms at the end of the first year, with a negative annual performance of the Fund at the same time, the Management Company will not receive any fee but the outperformance will be provisioned and may be received in a positive year.

If the Fund underperforms its benchmark at the end of the first year, no fee will be charged and the reference period will be extended by one year so that the underperformance can be offset before the performance fee becomes payable. The reference period can thus be extended up to a total duration of 5 years.

In the event that the reference period is extended beyond one year, the outperformance of the UCITS is examined over the entire reference period to determine whether a performance fee is due. If an outperformance is found, a new reference period starts and the fee is paid (if the year is positive) or waived (if the year is negative).

In the event of redemption, the portion of the performance fee corresponding to the redeemed units is definitively acquired by the management company.

Examples

Case 1:

The fund beats its index every year.

Fees will be charged annually and each reference period will be 12 months.

Case 2:

*In some years, the fund ends up below its index.*

	Year 1	Year 2	Year 3	Year 4	Year 5
Performance of the Fund	+3,0%	-1,0%	+2,0%	+1,3%	+0,2%
Index performance	+1,0%	+0,5%	+1,0%	+0,3%	-0,3%
Performance gap	+2,0%	-1,5%	+1,0%	+1,0%	+0,5%
Cumulative outperformance	+2,0%	-1,5%	-0,5%	+0,5%	+0,5%
Commission	15% x 2%	0	0	15% x 0,5%	15% x 0,5%
Reference period	Period 1	Period 2			Period 3

#### Research

Anaxis AM acquires a search service only if it is necessary to make a decision in the best interest of the fund. Before acquiring the research service, managers and / or analysts verify its relevance, justify their request, and evaluate the reasonableness of this service. The application is reviewed by the RCCI. The budget is allocated to distribute the cost of research equitably among the different funds. In general, funds with similar investment strategies share the same research services. Anaxis AM collects fundraising fees in the "separate research account" (RPA), as available funds. Financial research will be charged to the fund.

#### Intermediary selection procedure

The team chooses intermediaries from a mandatory list of intermediaries approved by the portfolio management company in line with its internal procedures. This list is established on the basis of objective criteria, including in particular quality of service provided and pricing conditions.

## Part D – Sales information

- **Distribution or earnings** : BNP Paribas SA is responsible for the annual distribution of earnings, where applicable. Payment of amounts available for distribution will be made within a maximum period of five months following the end of the financial year.
- **Subscription and redemption orders:**  
In exceptional circumstances, the absence of a gate mechanism may result in the Fund being unable to meet redemption requests, thereby increasing the risk of a complete suspension of subscriptions and redemptions for this Fund.
- **Information documents** : Unitholders can obtain the latest annual and periodic reports within one week of submitting a written request to: Anaxis Asset Management; 9, rue Scribe, 75009 Paris, France; Tel: +33 (0)9 73 87 13 20; Fax: +33 (0)1 42 65 80 46.
- **ESG criteria** : The investment strategy doesn't include social, environmental or governance (ESG) criteria.
- **Remuneration policy** : The remuneration policy of Anaxis Asset Management aims at (i) promoting a sound and efficient management of risks, and (ii) avoiding the emergence of conflicts of interest. This policy applies to all employees. It is reassessed annually. Up-to-date details of the remuneration policy, including methods for calculating

fixed and variable compensations, are available on the company's website at [www.anaxis-am.fr](http://www.anaxis-am.fr). A paper or electronic copy of the remuneration policy will be made available free of charge upon request.

- **Additional information** : Any additional information can be obtained from:  
 Anaxis Asset Management  
 9, rue Scribe, 75009 Paris, France  
 Tel: +33 (0)9 73 87 13 20; Fax: +33 (0)1 42 65 80 46.

## Part E – Investment rules

The Fund is subject to investment rules applicable to UCITS subject to European Directive 2009/65/EC. These investment rules are referred to in the French Monetary and Financial Code. Amendments to the French Monetary and Financial Code will be applied in accordance with applicable laws and regulations.

## Part F – Overall risk

The method used to calculate the overall risk (including exposure via forward financial instruments) is the commitment calculation method.

## Part G – Asset valuation rules

The Fund complies with the accounting rules and methods prescribed by the regulations in force and has adopted the chart of accounts for UCITS.

### 1. Asset valuation rules

The Fund complies with the accounting rules set forth by the regulations in force, including in particular the accounting principles applicable to UCITS. The portfolio's value is determined on each NAV calculation date and on the balance sheet date, in accordance with the rules given below. The terms of application are explained in the notes to the annual financial statements. The valuation is based on closing prices.

Transferable securities traded on a regulated market are valued at the closing price on the reference market. Where there is a bid-ask price range, particularly in the case of corporate bonds comprising a significant portion of the Fund's allocation, the price used will be the average of these two prices (valuation at the mid-price).

Negotiable debt securities and similar securities that are not subject to significant transactions are valued according to an actuarial method using the interest rate of equivalent or similar securities and adjusted, where applicable, for a gap representative of the features of the security being valued.

However, in the absence of specific sensitivity, negotiable debt securities with a residual lifespan of less than three months are valued using the straight-line method: the premium/discount is amortized over the remaining number of days to maturity.

If they are acquired less than three months prior to maturity, the interest and premium/discount are calculated using the straight line method.

UCITS and other investment funds are valued either at the last known NAV or at the last known quoted price on the valuation date.

For deposits and borrowings, the amount of the commitment earns interest in accordance with the contractual terms and conditions.

Forward financial instruments traded on a regulated market are valued on the basis of settlement prices on the valuation date for futures and on the basis of closing prices on the valuation date for options.

Forward financial instruments traded over the counter are marked to market according to the conditions set forth by the portfolio management company and presented in the notes to the annual financial statements.

Financial instruments whose prices are not observed on the valuation date or whose prices have been corrected are valued at their probable trading value under the responsibility of the portfolio management company. These valuations and their justification are transmitted to the statutory auditor when it conducts its controls.

**Net asset value adjustment method related to swing pricing with trigger point:**

The Fund may experience a decrease in its net asset value ("NAV") due to subscription and redemption orders made by investors at a price that does not reflect the readjustment costs associated with the investment or disinvestment operations of the portfolio. In order to reduce the impact of this dilution and to protect the interests of existing shareholders, the Fund implements a swing trading mechanism with a trigger point.

This mechanism, which is governed by a swing pricing policy, enables investors who request the subscription or redemption of units of the fund to bear the costs of readjustment, thereby sparing the other holders. If, on a given NAV calculation day, the total number of net subscription and redemption orders from investors for all classes of units of the mutual fund exceeds a pre-established threshold, determined on the basis of objective criteria by the management company as a percentage of the net assets of the mutual fund, the NAV may be adjusted upwards or downwards to take account of the resulting readjustment costs.

The NAV of each unit class is calculated separately, but any adjustment has an identical percentage impact on all unit class NAVs of the Fund.

The cost and trigger parameters are determined by the management company. These costs are estimated by the management company on the basis of transaction costs, buy-sell ranges and any taxes applicable to the fund.

To the extent that this adjustment is linked to the net balance of subscriptions and redemptions within the Fund, it is not possible to predict exactly whether swing pricing will be applied at any given time in the future. Consequently, it is also not possible to predict exactly how often the management company will need to make such adjustments.

Investors are informed that due to the application of swing pricing, the volatility of the NAV of the Fund may not reflect solely that of the securities held in the portfolio. The swing pricing policy is available on request from the management company. The application of swing pricing is at the discretion of the management company, in compliance with this policy.

In accordance with the regulations, the parameters of this system are known only to the persons in charge of its implementation.

## 2. Accounting recognition

The Fund has opted for the EUR as its accounting currency.

Transaction fees are recognized excluding expenses.

Fixed income is recognized using the redeemed coupon method.

Interest accrued on the weekend is recognized on the basis of the previous NAV.

## Part H – Remuneration

The remuneration policy of the Management Company is compatible with sound and efficient risk management and does not encourage risk-taking that would be incompatible with the risk profiles, the regulations or the constitutional documents of the UCITS that the Management Company manages. The remuneration policy is consistent with the business strategy, objectives, values and interests of the Management Company and the UCITS it manages and those of the investors in these UCITS, and includes measures to avoid conflicts of interest.

The Management Company's staff receives a remuneration comprising a fixed and a variable component, duly balanced, subject to annual review and based on individual or collective performance. The principles of the remuneration policy are reviewed on a regular basis and adapted to regulatory developments. Details of the remuneration policy are available on the following website: [www.anaxiscapital.com](http://www.anaxiscapital.com) or free of charge from the management company on request.

## Section II: Fund Rules

### AAM Family Values

#### SECTION I – ASSETS AND UNITS

##### Article 1 - Co-ownership units

Co-ownership rights are expressed in units, with each unit corresponding to the same fraction of the Fund's assets. Each unitholder enjoys co-ownership of the Fund's assets in proportion to the number of units held.

The term of the Fund is 99 years as from its incorporation, except in the event of early winding-up or extension, as provided for in these Fund Rules.

##### **Unit categories**

The features of the different unit categories and their terms of eligibility are set forth in the Fund Prospectus.

The different unit categories may:

- be subject to different distribution of earnings schemes (distribution or capitalization);
- be denominated in different currencies;
- incur different management fees;
- incur different subscription and redemption fees;
- have a different nominal value;
- be systematically subject to partial or full risk hedging, as defined in the prospectus. Hedges are carried out via financial instruments aimed at minimizing the impact of hedging transactions on the Fund's other unit categories;
- be reserved for one or more promotion networks.

##### **Combination or division of units**

The Fund may combine or divide units.

##### **Fractional units**

Units may be divided into ten-thousandths of one unit (referred to as fractional units) at the discretion of the portfolio management company's Management Committee.

The provisions of the Fund Rules governing the issuance and redemption of units are also applicable to fractional units, whose value will always be proportionate to the value of the unit they represent. All other provisions of the Fund Rules pertaining to units apply to fractional units without it being necessary to specify this, unless otherwise indicated.

Finally, the portfolio management company's Management Committee may, at its own discretion, divide units by creating new units that are allocated to unitholders in exchange for their old units.

##### Article 2 - Minimum amount of assets

Units may not be redeemed if the Fund's assets fall below EUR 300,000; where the assets remain below EUR 300,000 for thirty days, the portfolio management company shall take the necessary steps to liquidate the Fund in question, or shall carry out one of the operations referred to in Article 411-16 of the AMF General Regulations (Fund transformation).

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

Units may be issued at any time at the unitholders' request, on the basis of their net asset value plus subscription fees, where applicable.

Redemptions and subscriptions are carried out under the terms and conditions defined in the prospectus.

Mutual fund units may be admitted for trading according to the regulations in force.

Subscriptions must be fully paid-up on the NAV calculation date. They may be settled in cash and/or financial instruments. The portfolio management company reserves the right to reject any proposed securities and, to this end, has a period of seven days from their date of deposit to render its decision. If approved, the contributed securities are valued according to the rules established in Article 4 and the subscription is carried out on the basis of the first NAV following the approval of the securities in question.

Redemptions may be made in cash.

Redemptions may also be made in cash securities. If the redemption in securities corresponds to a representative proportion of the assets in the portfolio, then only the written agreement signed by the holder must be obtained by the UCITS or the management company. Where the redemption does not correspond to a representative proportion of the assets in the portfolio, all holders must signify their written agreement authorising the holder to redeem his or her units against certain specific assets, as explicitly defined in the agreement.

However, if due to exceptional circumstances the redemption calls for the prior realization of some of the assets comprising the Fund, this period may be extended but may not exceed 30 days.

With the exception of inheritance or inter-vivos gifts, the sale or transfer of units between unitholders, or between unitholders and third parties, is deemed to be a redemption followed by a subscription; for third parties, the amount of the sale or transfer must, where applicable, be supplemented by the beneficiary to reach the amount of the minimum initial subscription required by the prospectus.

In accordance with Article L. 214-8-7 of the French Monetary and Financial Code, the redemption of units by the Fund, as well as the issuance of new units, may be temporarily suspended by the portfolio management company when called for by exceptional circumstances and in the unitholders' best interest.

Where the Fund's net assets fall below the amount established by the regulations, no units may be redeemed.

Minimum terms of subscription may be set in accordance with the conditions provided for in the prospectus.

The Fund may cease to issue units pursuant to the third paragraph of Article L. 214-8-7 of the Monetary and Financial Code, on a provisional or definitive basis, in whole or in part, in objective situations leading to the closure of subscriptions such as a maximum number of units issued, a maximum amount of assets reached or the expiry of a specified subscription period. The activation of this tool will be the subject of information by any means available to existing holders relating to its activation, as well as to the threshold and objective situation that led to the decision to partially or totally close it. In the event of a partial closure, such information by any means shall explicitly specify the terms and conditions under which existing holders may continue to subscribe during the term of such partial closure. Unitholders shall also be informed by any means of the decision of the Fund or the management company either to terminate the total or partial closure of subscriptions (when the trigger threshold is reached) or not to terminate them (in the event of a change in the threshold or a change in the objective situation that led to the implementation of this tool). A change in the objective situation invoked or in the trigger threshold of the tool must always be made in the interest of unitholders. Information by any means shall specify the exact reasons for such changes.

The Management Company may implement a mechanism known as 'Gates' to cap redemption requests from Unitholders on several Net Asset Value Calculation Dates when they exceed a certain level, determined objectively.

#### **(i) Definition of the Cap**

As the net asset value of the FCP is calculated on a daily basis, centralised Redemption Requests **will be capped at five (5) per cent** of the FCP's Net Assets on the relevant Net Asset Value Calculation Date (the '**Cap**').

The threshold above which the redemption cap will be triggered is justified in view of the frequency with which the Net Asset Value is calculated, its management approach and the liquidity of the Assets it holds.

It is determined on the basis of the last published Net Asset Value or the last estimated value calculated by the Management Company or the number of Units in circulation recorded on the date of its establishment.

#### **(ii) Calculation of the Cap**

The Cap corresponds to the ratio between:

- the difference recorded, on the same Net Asset Value Calculation Date, between the total amount of these redemptions and the total amount of subscriptions; and
- the Net Assets of the FCP.

When the FCP has several categories of Units issued, the threshold for triggering the Cap must be the same for all categories of Units. The calculation to trigger the ceiling is performed as soon as the orders have been centralised, but redemptions net of subscriptions are expressed as an amount (number of Units multiplied by the latest Net Asset Value) and then compared

to the Net Assets of the FCP at the latest Net Asset Value of the entire FCP, rather than compared to the Net Asset Value of the Share Category.

Subscription and redemption transactions for the same number of Units, based on the same Net Asset Value and for the same Holder or beneficial owner (known as round-trip transactions) are not taken into account in the above calculations.

### **(iii) Triggering of the Limit**

In the event that the Limit is implemented, the following rules shall apply:

- If the centralised requests exceed the Limit, Redemption Requests shall only be accepted up to the Limit and each Holder requesting redemption shall have their request accepted *pari passu* in proportion to the number of Units they hold in the Fund;

- However, the Management Company may decide to honour Redemption Requests in excess of the Cap at its discretion, particularly if the FCP's cash position allows it to do so. In this case, each Unitholder who has requested redemption will have their request accepted, where applicable within the limit set by the Management Company, in proportion to the number of Units they hold in the FCP.

Redemption Requests that could not be accepted, in particular because they exceeded the Limit, will be carried over to the next Net Asset Value Calculation Date, and so on (it being specified that Redemption Requests carried over in this way must be executed on the basis of the Net Asset Value calculated on that redemption date). Unfulfilled redemptions will be carried forward and served on the next Net Asset Value Calculation Dates without priority, under the conditions and within the limits of AMF Instruction 2017-05.

Holders whose redemption order could not be executed in full due to the activation of the Cap may object to the deferral of the unexecuted portion, provided that they notify the Management Company by any means at least ten (10) Business Days after they have been informed of the activation of the Cap.

The duration of the period during which Redemption Requests will be capped pursuant to this Article will be determined at the discretion of the Management Company.

### **(iv) Information on the implementation of the Cap**

If the Management Company decides to activate the Cap for a Net Asset Value Calculation Date, it shall immediately inform the AMF and the relevant Holders. It shall also publish a notice to this effect in the next periodic document (Annual or Semi-Annual Management Report, as applicable).

## Article 4 - Calculation of net asset value

The net asset value of units is calculated according to the valuation rules presented in the prospectus.

Contributions in kind may only consist of securities or contracts approved to comprise the Fund's assets; they are valued in accordance with the valuation rules applicable to the calculation of the net asset value.

## SECTION 2 – FUND OPERATION

### Article 5a - Portfolio management company

The Fund is managed by the portfolio management company in accordance with the strategy defined for the Fund.

The portfolio management company acts exclusively in the unitholders' interests at all times and is exclusively entitled to exercise the voting rights attached to the securities in the Fund.

### Article 5b - Rules of operation

The instruments and deposits eligible for inclusion in the Fund's assets, as well as the investment rules, are described in the prospectus.

## Article 6 - Custodian

The custodian carries out its duties in accordance with the laws and regulations in force and the duties contractually defined by the portfolio management company. It must also ensure the legitimacy of the decisions taken by the portfolio management company. Where applicable, it must take any provisional measures deemed useful. The custodian notifies the AMF of any dispute with the portfolio management company.

## Article 7 - Statutory auditor

A statutory auditor is designated for six financial years, with the approval of the AMF, by the portfolio management company's governance body.

The statutory auditor certifies the accuracy and fairness of the financial statements.

Its term may be renewed.

The statutory auditor is required to notify the AMF in a timely manner of any event or decision concerning the Fund that comes to its attention in the course of performing its duties which might:

1. constitute a breach of the legal or regulatory provisions applicable to the Fund and liable to have significant impacts on its financial situation, income or assets;
2. jeopardize the conditions or continuity of its operation;
3. lead to the formation of reservations or the refusal to certify the financial statements.

Asset valuations and the determination of exchange rates used in transformation, merger or spin-off transactions are carried out under the statutory auditor's authority.

It assesses any contribution or redemption in kind under its responsibility, except in the context of redemptions in cash for an ETF on the primary market.

It verifies the composition of the Fund's assets and other items prior to publication.

The statutory auditor's fees are agreed upon between the statutory auditor and the portfolio management company's Board of Directors or Executive Board based on an audit plan defining the due diligence reviews deemed necessary.

It attests to situations used as a basis for the distribution of interim dividends.

Its fees are included in management fees.

## Article 8 - Financial statements and management report

At the end of each financial year, the portfolio management company prepares the financial statements and a fund management report for the financial year ended.

The portfolio management company prepares the inventory of the Fund's assets at least once per half-year under the custodian's supervision.

The portfolio management company provides these documents to the unitholders within four months of the end of the financial year and notifies them of the amount of income to which they are entitled: these documents are either transmitted by post at the unitholders' express request or placed at their disposal at the offices of the portfolio management company.

## SECTION 3 – CONDITIONS FOR THE ALLOCATION OF AMOUNTS AVAILABLE FOR DISTRIBUTION

### Article 9 - Conditions for the allocation of amounts available for distribution

Net income for the financial year is equal to the total interest payments, arrears, dividends, premiums and prizes, directors' fees and any income related to securities comprising the Fund's portfolio, plus income from temporarily available amounts and minus management fees and borrowing costs.

Amounts available for distribution by a Fund are comprised of:

- 1) Net income plus retaining earnings and plus or minus the balance of the income accrual account;
- 2) Capital gains generated, net of fees, minus capital losses generated, net of fees, during the financial year, plus similar net capital gains generated during previous financial years that were not subject to distribution or capitalization, plus or minus the balance of the capital gains accrual account.

The amounts mentioned in 1) and 2) above may be distributed in part or in whole, independently of one another. Payments of amounts available for distribution are made within a maximum period of five months following the end of the financial year. The portfolio management company decides on the distribution of earnings.

## SECTION 4 – MERGERS - SPIN-OFFS - WINDING-UP – LIQUIDATION

### Article 10 - Mergers - Spin-offs

The portfolio management company may either contribute some or all of the Fund's assets to another Fund, or split the Fund into two or more other mutual funds.

Such mergers or spin-offs may only be carried out after the unitholders have been duly notified.

They give rise to the issuance of a new certificate attesting to the number of units held by each unitholder.

### Article 11 - Winding-up - Extension

If the Fund's assets remain below the amount established in Article 2 herein for thirty days, the portfolio management company notifies the AMF and proceeds to wind up the Fund, unless it is merged with another fund.

The portfolio management company may wind up the Fund early; in such case it notifies the unitholders of its decision and, as from this date, no more subscription or redemption requests are accepted.

The portfolio management company also winds up the Fund in the event all of its units are redeemed, or if the custodian resigns from its duties, where no other custodian has been designated, or upon the expiry of the Fund, unless its term is extended.

The portfolio management company notifies the AMF by post of the date and winding-up procedure selected. It then submits the statutory auditor's report to the AMF.

The term of the Fund may be extended by the portfolio management company, in agreement with the custodian. Its decision must be taken at least 3 months prior to the projected expiry of the Fund, and both the AMF and the unitholders must be duly notified.

### Article 12 - Liquidation

If the Fund is wound up, the portfolio management company assumes the role of liquidator; failing that, the liquidator is designated by the court at the request of any interested party. To this end, the liquidator is invested with the broadest powers to realize the Fund's assets, pay any creditors and divide up the available balance between the unitholders, in cash or securities.

The statutory auditor and the custodian continue to exercise their duties until the liquidation is complete.

## SECTION 5 – DISPUTES

### Article 13 - Jurisdiction - Election of domicile

Any disputes related to the Fund arising during its operation or liquidation, either between the unitholders, or between the unitholders and the portfolio management company or custodian, are subject to the jurisdiction of the competent courts.