

ANAXIS INCOME ADVANTAGE

French FCP (mutual fund)

PROSPECTUS AND RULES



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

Asset management company: Anaxis Asset Management
Registered office: 9, rue Scribe, 75009 Paris, France
Custodian : BNP Paribas SA
Auditors: PricewaterhouseCoopers Audit
Approval date: 26 August 2016
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PROSPECTUS

ANAXIS INCOME ADVANTAGE

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European Directive 2009/65/EC*

Part A – General features

- **Name of UCITS** : Anaxis Income Advantage
- **Legal form and Member State** : FCP (mutual fund) under French law
- **Date of incorporation and projected term:**
30 September 2016 for a term of 99 years
- **Approval date** : 26 August 2016 by the AMF (French securities regulator)
- **Contact point to obtain the Fund Articles, the latest annual report and the latest periodic report:**
Unitholders can obtain the latest annual and periodic reports within 8 business days of submitting a written request to:

Anaxis Asset Management
9, rue Scribe, 75009 Paris
Tel : 09 73 87 13 20
info@anaxis-am.com

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

■ **Description of the categories of units :**

| Unit | ISIN Code | Distribution of earnings: | | Currency | Eligible subscribers | Minimum initial subscription |
|------|--------------|--|--|----------|--|------------------------------|
| | | Net income: Distribution and/or Capitalisation | Net realised capital gains: Capitalisation | | | |
| E1 | FR0013196169 | Accumulation | | EUR | All subscribers | One unit |
| E2 | FR0013196177 | Accumulation and/or distribution | | EUR | All subscribers | One unit |
| U1 | FR0013196185 | Accumulation | | USD | All subscribers | One unit |
| S1 | FR0013196193 | Accumulation | | CHF | All subscribers | One unit |
| I1 | FR0013196219 | Accumulation | | EUR | All subscribers | EUR 500 000 |
| I2 | FR0013202520 | Accumulation and/or distribution | | EUR | All subscribers | EUR 500 000 |
| J1 | FR0013196227 | Accumulation | | USD | All subscribers | USD 500 000 |
| K1 | FR0013196235 | Accumulation | | CHF | All subscribers | SEK 500 000 |
| R1 | FR001400T5C7 | Accumulation | | EUR | Insurance companies offering unit-linked life insurance policies in France | 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.

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, France

- **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, France

Registered office

3, rue d'Antin, 75002 Paris, France

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/depository-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 Mr Frédéric Sellam
63, rue de Villiers, 92200 Neuilly-sur-Seine, France
- **Promoters** : 1. Anaxis Asset Management S.A.S.
9, rue Scribe, 75009 Paris, France
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, France

Registered office

3, rue d'Antin, 75002 Paris, France

The delegate accounting manager administrates the FUND (accounting, calculating net asset values) and is responsible for middle office functions.

- **Orders centralised 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 unit represents an interest in the assets and profits of the FUND which is proportional to the fraction of the unit capital represented thereby.
- **Management of liabilities** : Each unit represents an interest in the fund's assets in proportion to the number of units held.
- **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** : The units may be bearer units, or administered registered units, registered with the issuer or with any other financial intermediary chosen by the holder.
- **Fractions 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 2017.
- **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 | : | FR0013196169 |
| | E2 units | : | FR0013196177 |
| | U1 units | : | FR0013196185 |
| | S1 units | : | FR0013196193 |
| | I1 units | : | FR0013196219 |
| | I2 units | : | FR0013202520 |
| | J1 units | : | FR0013196227 |
| | K1 units | : | FR0013196235 |
| | R1 units | : | FR001400T5C7 |

- **Investment objective**

: The Fund aims to outperform 3-year-maturity German government bonds by 4%, after fees, by investing mainly in corporate bonds, in an active and discretionary manner.

More precisely, the objectives of the different unit classes are as follows, after deduction of the expected management fees:

For an investment in euro :

- E1 units: 3.45% above the performance of the German federal bond maturing 13/04/2028 (isin: DE000BU25000).
- E2 Units: 3.45% above the performance of the German Federal bond maturing 13/04/2028 (isin: DE000BU25000).
- I1 Units: 4% above the performance of the German federal bond maturing 13/04/2028 (isin: DE000BU25000).
- I2 units: 4% above the performance of the German federal bond maturing 13/04/2028 (isin: DE000BU25000).
- R1 units: 4,1% above the performance of the German federal bond maturing 13/04/2028 (isin: DE000BU25000).

For investment in US Dollars:

- U1 Units: 3.45% above the performance of the US T-Bill maturing 15/02/2028 (isin: US91282CMN82).
- J1 Units: 4% above the performance of the US T-Bill maturing 15/02/2028 (isin: US91282CMN82).

For investment in Swiss Francs:

- S1 Units: 3.45% above the performance of the Swiss Federal Bond maturing 04/08/2028 (isin: CH0008680370).

- K1 Units: 4% above the performance of the Swiss federal bond maturing 04/08/2028 (isin: CH0008680370).

The investment objective is conditional upon investment in companies which stand out for their active approach to sustainable development and their commitment to putting in place policies that are compatible with the issues at stake in climate-related and environmental regulation. The investment management activity aims to contribute significantly to the efforts required to achieve the long-term global warming objectives of the Paris Agreement. The aim is to limit the increase in the global average temperature at the end of the century to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

In practical terms, Anaxis Asset Management wishes to reduce the overall carbon intensity of the investments under management by 7.5% per year on average until 2030, to set itself on a trajectory from the outset to achieve carbon neutrality in 2050. The reference level is that measured at the end of 2018 in the management of emerging bonds held by Anaxis Asset Management. This extra-financial objective complies with the provisions of Article 9 of the SFDR.

The emissions considered are those falling within scopes 1 and 2. These emissions are direct emissions from owned or controlled sources (scope 1) or emissions relating to the consumption of energy (electricity, steam, heat, and cooling) needed to make the products or provide the services offered (scope 2). Due to a lack of sufficient representative data, indirect emissions (scope 3) generated by the production of goods and raw materials acquired (upstream) or by clients using the products (downstream) are not considered at this stage.

- **Benchmark index** : Performance, upon the current year (t), of the German government bond with the closest maturity to 31st December of $t+2$. For example, for 2021, the performance of the FUND will be compared to the performance of the “Bundesobligation” with maturity at 04/01/2024 (ISIN DE0001112578). The benchmark will be therefore updated at the beginning of each calendar year. The performances of this benchmark will be capitalized and calculated with gross dividends reinvested.

- **Investment strategy**

- a. **Description of strategies used** : The investment objective must be achieved by building a portfolio comprised predominantly of corporate bonds and other debt instruments.

General approach

The UCITS is managed in an active and discretionary manner.

It is not a fixed maturity fund.

The investment strategy is based first and foremost on an extensive fundamental analysis of private-sector bonds including consideration of our exclusion policy. The investment strategy aims to build an allocation diversified from a geographical and sectorial point of view, based on the selection of individual bonds each for their own merits.

The allocation of the portfolio may evolve according market conditions and economic and financial perspectives: rate levels, credit risk premium, probability of default, cash flows, central banks policies, economic circumstances, commodity prices, political events, etc.

Financial analysis

The investment strategy assesses the issuer's financial solidity, development outlook and sensitivity to economic conditions, the liquidity of available issues and their legal characteristics. This analysis aims to identify the most attractive securities. It includes a comparative approach between similar securities in terms of issuer, sector, maturity, subordination rank, etc.

The financial analysis studies the business model and strategy of companies in order to determine their strengths and weaknesses. The management team aims at forecasting how activity, incomes, cash flows or financial leverage will evolve, according to the competitive environment of the companies, their market growth, the quality of their products, as well as their cost structure.

The management team also assesses the composition of the balance sheet, the assets quality, the debtors' guarantees, the expected support from unitholders, the refinancing needs, the access to the capital market, etc.

Sustainable investment strategy

Financial analysis is supplemented by an extra-financial analysis combining the following six components:

1. **Exclusions.** Anaxis Asset Management excludes companies operating in the fossil fuels or nuclear energy sectors, as well as the weapons, tobacco and GMO sectors. Furthermore, we exclude companies with significant activities in the field of plastic packaging or pesticides due to their adverse impact on the sustainability objectives of the European Union. The major areas of concern are pollution as well as damage to ecosystems, to biodiversity and to aquatic resources.
2. **Environment.** Anaxis Asset Management assesses bond issuers on the basis of their environmental policies and their commitment to the transition to greenhouse gas neutrality. Companies are rated and assigned scores. The criteria applied are all the more stringent the more likely a company's activity is to affect the environment or the climate, as is the case in the fields of transport or cement production. The approach followed favours the selection of companies using the best efforts in their field.
3. **Aquatic environments.** In addition to its commitment to climate action, the management company applies an environmental policy aiming at protecting aquatic environments and water resources. This topic relates also to food security, public health and biodiversity preservation (without covering all their aspects). Aquatic environments are especially fragile and poorly protected by national policies. Accordingly, Anaxis Asset Management identifies economic activities that are likely to have a strong impact on aquatic environments, fisheries resources, the quantity and quality of available water reserves, access to drinking water or other water-related issues. Investments in companies operating in these sensitive fields are subject to specific rating criteria on a best efforts basis.
4. **Social responsibility.** Anaxis Asset Management ensures that the companies selected comply with ethical standards of human rights and social responsibility. The principles of the UN Global Compact act as a guide for this analysis. The approach is to exclude companies which engage in practices deemed to be unacceptable.
5. **Governance.** Governance is part of the risk analysis performed by the management team. To this end, the analyst relies on a table of factors enabling him/her to identify the major risks associated with the issuer and to assess their severity. Since the fund focuses on bond markets, the governance factors used take the creditor's perspective. The approach taken here prioritises the best practices in each sector (so-called "best-in-class approach").
6. **Controversies.** Anaxis Asset Management monitors the controversies affecting the issuers in the fund's portfolio. The management company makes use of published reports and information gathered from numerous sources. Public inquiries, legal actions and serious events are impartially analysed by the ethics committee of the management company. Controversies are assessed according to their severity, their impact, their frequency, and the response given by the

relevant company. If a company is excluded from the fund's portfolio due to controversy, the exclusion is set for a defined period.

Examples of criteria

Below are some examples of criteria, including, but not limited, to:

Environmental criteria: (i) greenhouse gas intensity (measured in tonnes of emissions, in CO2 equivalent as a proportion of a company's revenues), (ii) the commitment to a credible emissions reduction policy compatible with the objectives of the Paris Agreement. In some cases, the analysis may also assess the intensity by reference to a physical unit, depending on the sector involved; e.g., kilometres travelled or tonne of cement produced.

Water-related criteria: (i) water consumption, (ii) discharge of untreated wastewater.

Social criteria: (i) a company's links with authoritarian regimes, (ii) compliance with the UN Global Compact in terms of human rights, workers' rights, environment and anti-corruption.

Governance criteria: (i) financial transparency, (ii) independence of company officers and directors, (iii) legitimacy of intragroup relationships, (iv) existence of financial leverage objectives, (v) no initiatives detrimental to creditors.

Adverse impact in terms of sustainability

Assessment of the fund's impact is based on available data, while focussing specifically on environment and then applying a method of analysis intended to ensure that the investments selected do not significantly prejudice the environmental objectives. Regarding social and governance factors, the scores applied in selecting securities will eventually enable the management company to assign an overall score to the portfolio and to monitor the portfolio's movements.

However, from a regulatory perspective, the management company should not be seen as taking into account the adverse impact of investment decisions on sustainability factors. Indeed, the regulation will require the application of a whole set of technical criteria requiring precise and detailed information from the bond issuers making up the fund's portfolio. However, only a small fraction of the issuers within the investment universe are currently able to provide the required information.

Comprehensiveness and selectivity

The extra-financial analysis implemented by the management company encompasses most of the assets of the fund; i.e., over 90% of the portfolio value. The various steps described above enable the fund to exclude at least one issuer in five.

Given the very broad spectrum of diversification available to the fund, both in terms of issuer classes and geographical areas, there is an extremely large number of bonds (that is, thousands) that are potentially eligible. In order to evaluate the selectivity of the sustainable investment process, particular attention is given to high-yield bonds denominated in euro or US dollars. The spectrum of relevant credit ratings ranges from CCC- to BB+, or equivalent, according to Standard & Poor's ratings scale. Although the fund may invest outside these asset classes, the management company favours the selection of securities of this type and expects them to predominate the asset allocation under normal circumstances. Therefore, the selectivity analysis of the segment described above can be considered sufficiently representative of the sustainability strategy implemented by the management company.

Some sovereign bonds are eligible, but they are selected for investment in exceptional cases only, for the purpose of risk reduction when the management company considers that circumstances so require. The investment management activity favours the selection of corporate bonds, so that a lack of information on the national climate impact does not raise any practical difficulty.

In the event that an issuer no longer meets the sustainability criteria set by the management company, the securities position held in this issuer should be sold within 4 months, in the best interests of the unitholders.

Impact of sustainability risks

The management company considers that sustainability risks may affect the performance of the fund by reducing the credit quality of some issuers or by diminishing available sources of financing. Sustainability risks arise chiefly from climatic events (risks called “physical risks”) and from the necessity for these companies to swiftly adapt to changes (risks called “transition risks”). Social aspects (human rights, discrimination, labour relations, accident prevention, etc.) or governance deficiencies may also result in sustainability risks. That is why the management company has incorporated in its investment selection process the sustainability factors which it believes to be the most significant.

Methodological limitations of the sustainability approach

- The analysis is based primarily upon information supplied by the companies. Figures are not always audited. Methodologies and scopes selected for use can vary, making comparisons and aggregations questionable.
- In some cases, it is necessary to use assumptions or estimates; for instance, when data on greenhouse gas emissions are not available or as yet incomplete.
- Too few data are available to date to assess indirect greenhouse gas emissions; for instance, those relating to the use of products or services provided by companies (scope 3).
- Some assessment criteria are based upon forecasts, commitments or strategies published by companies. Achievements can turn out to be very different.
- Some criteria are based upon procedures or internal policies published by companies. It is possible that these procedures and policies are only applied partially or not at all.
- Some information may not be recent enough to reflect the current situation of a relevant company; for instance, when this information stems from an annual report or when material changes have occurred within this company.
- An analysis, even a thorough one, may not be able to anticipate a controversy or a future event that might have a material adverse impact.

Alignment with the European Taxonomy

As the vast majority of companies have not started to publish their data in terms of alignment with the taxonomy, we are not able to provide a percentage of alignment of investments with the taxonomy.

Clarifications on the sector exclusion policy

Nature of ESG criteria. The objective of our sector exclusion policy is to exclude from the portfolios’ investment universe certain issuers whose business is not compatible with our goal of preserving the natural environment and improving public health.

Exclusion list. Our policy aims to have a significant impact on financial flows. Our policy targets businesses associated with fossil fuels, nuclear power, polluting products, weapons, tobacco and GMOs. The Anaxis exclusion list is represented below.

- Fossil fuels: exploration, production, refining and transport of coal, oil, natural gas and other fossil fuels; fossil fuel-based electricity production; associated activities (equipment, transport, distribution, storage, etc.); new projects in coal or in unconventional sectors (shale gas, oil sand, hydraulic fracturing, drilling in the Arctic or deep-water drilling).

- Nuclear: uranium mines, enrichment of fissile material and nuclear energy production.
- Polluting industries: production of fertilisers, weed killers, insecticides, fungicides and production of plastic packaging.
- Weapons: production of weapons, munitions and military equipment, manufacturing of planes, ships, tanks and military vehicles; activities associated with the design, trade or use of this equipment; law enforcement services or military surveillance by private companies.

Exclusion thresholds. A company is excluded from the fund’s portfolio if the turnover generated in non-compliant sectors exceeds a predefined threshold. This threshold is 5% for fossil energy, nuclear and tobacco. It is 10% for weapons and 20% for the other excluded activities. However, the management company has no tolerance for companies developing new projects in coal or in unconventional fossil energy. Our sector exclusion policy covers companies involved in broader industries closely linked to the excluded sectors pursuant to criteria described in detail in our exclusion policy, available online or on request.

Controversial weapons. With regard to controversial weapons, our sector exclusion policy is not based on any thresholds or level of activity. The exclusion policy is applied even if the controversial activity is marginal within the companies in question.

Geographic criteria

The investment strategy does not favour any particular geographic area and may freely invest in developed markets (European Economic Area, United Kingdom, Switzerland, North America, Japan, Singapore, Australia, and New-Zealand). Investments in emerging markets and other markets are limited to 49%.

| Geographic exposure (geographic region of issuers) | Minimum | Maximum |
|--|-----------|-------------|
| Developed countries | 0% | 100% |
| Other countries (including emerging markets) | 0% | 49% |

Sector criteria

When investing in private sector bonds, the investment strategy seeks to avoid portfolio concentration on a specific economic sector. All economic sectors may be considered.

Rating criteria

Management favours private corporate bonds. The unit of high yield, speculative grade corporate bonds may reach 100% of net assets.

Nonetheless, all or part of the portfolio may be invested in investment grade corporate debt or in government bonds. The allocation will depend on the team’s assessment of the relative attractiveness of the credit categories, in terms of expected real yields after inflation, the average probability of default, the expected volatility of market prices and the dynamic of the primary market (volume and characteristics of new issues) together with the refinancing strategies of issuers.

The management team does not invest in companies already or soon to be in default. However, it is not obligated to sell a security issued by a defaulting

company after it is included in the portfolio, should it consider that this would not be in the unitholders' best interest

| Credit risk exposure | Minimum | Maximum |
|--|---------|---------|
| High yield, speculative grade corporate debt | 0% | 100% |
| Investment grade corporate debt | 0% | 100% |
| Unrated corporate debt | 0% | 35% |
| Investment grade sovereign debt | 0% | 100% |
| High yield sovereign debt | 0% | 20% |

The Investment Grade category comprises securities with a minimum rating of BBB- by Standard & Poor's or Baa3 by Moody's or an equivalent rating by another recognised rating agency, or securities deemed to be of equivalent quality in the judgement of the management company. The High Yield category comprises securities with a rating below this level. The lowest rating will be used to determine the allocation limits.

The analysis and selection of debt instruments is made independently from rating agencies.

Markets

The FUND may invest on the primary and secondary markets.

Tactical allocation

The investment strategy uses a macroeconomic, financial and technical analysis to define the optimal positioning of the FUND. Based on this analysis, the portfolio management team may decide to hold a portion of assets in money market products, short-term government debt instruments or government bonds. It may vary the asset allocation by rating or sector.

Bond sensitivity

The investment team may change the portfolio's sensitivity to general interest rate trends within a range of 0 to 7. To this end, the portfolio management team may use interest rate swaps or futures, within the limit of an overall exposure (all positions combined) of 120% of the net assets.

The credit spread sensitivity range is identical to the range indicated for sensitivity to interest rates.

| Sensitivity | Minimum | Maximum |
|-------------------|---------|---------|
| To interest rates | 0 | 7 |
| To credit spreads | 0 | 7 |

Management of foreign exchange risk

The Fund's reference currency is the euro. Foreign exchange risk generated by any investments in foreign currencies is generally hedged in favour of the euro.

Furthermore, categories of units issued by the fund and denominated in currencies (US dollar or Swiss franc) are continuously hedged in order to protect investors against exchange rate fluctuations between the euro and the unit category's currency of denomination.

Foreign exchange risk is hedged via forward forex transactions or OTC derivatives. Such hedges may prove partial or imperfect. A tolerance threshold of 5% of residual exposure has been defined.

| Foreign exchange risk | Minimum | Maximum |
|--|---------|---------|
| Securities denominated in other currencies (US dollar, Swiss franc, British pound, etc.) | 0% | 100% |
| Residual foreign exchange risk exposure after hedging | 0% | 5% |

b. *Categories of assets used* : **1. Debt securities and money market instruments**

Corporate bonds and negotiable debt securities

This category may comprise up to 100% of the fund's assets.

The investment strategy focuses on bonds and negotiable debt securities issued by companies headquartered in developed markets (European Economic Area, United Kingdom, Switzerland, North America, Japan, Singapore, Australia, and New-Zealand). Investments in emerging markets and other markets are limited to 49% of the fund's assets.

The issuers may be listed companies or companies whose units are not listed because they are held by families, managers, holding entities or investment funds

These securities are generally denominated in euro but also in other currencies (USD, CAD, AUD, CHF, GBP, JPY, DKK, NOK, SEK or other currencies for which, according to the management company, a hedging can be implemented at reasonable price and conditions). Securities denominated in currencies other than the euro may comprise up to 100% of the UCITS' assets. However, foreign exchange risk is hedged under the best possible conditions and is kept below 5%.

Selected securities may be of any rank (e.g. secured, non-secured, mezzanine or subordinated debt) and have any credit rating. High-yield speculative securities may comprise up to 100% of the FUND's assets. However, the fund does not invest in securities issued by companies in default at the time of purchase. Unrated securities may comprise up to 35% of the FUND's assets.

The analysis and selection of debt instruments is made independently from rating agencies.

These securities may take any form: bonds and other fixed-, floating or variable-rate securities; securities containing legal and financial clauses, such as the possibility for the issuer to recall its debt under conditions set forth at issuance, coupon enhancement clauses, coupon indexing clauses, etc.

Government bonds and similar securities

The FUND may invest up to 100% of its assets in Investment Grade debt instruments issued or guaranteed by governments or supranational entities, regardless of rating or currency. Nonetheless, the emerging government bonds are limited to 20% of the FUND's asset

Clarifications on the legal nature of fixed-income 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.

2. Convertible bonds and related securities

The FUND may invest up to 20% of its assets in convertible bonds (or related instruments) with a bond profile, i.e. if the conversion option is out-of-the-money, has no significant value and does not generate a convexity effect on the price of the convertible for small variations in the price of the underlying equity. This strategy can enable the FUND to take advantage of attractive opportunities in securities similar to conventional corporate bonds, with the benefit of an option not priced in by the market. In such case, the portfolio management team will ensure that the FUND's overall equity risk does not exceed 10% of net assets.

3. Equities

Equity exposure is limited to 10% of the FUND's assets. The FUND does not purchase stocks on the market and does not take part in IPOs. However, the FUND may be exposed to this asset category due to the sensitivity of convertible bonds held to the price of underlying equities. Furthermore, the FUND may directly hold equities after exercising the conversion option attached to convertible bonds or following to debt restructuring. Although such direct positions are not intended to be held over the long term, the FUND is not required to sell them within a predefined period.

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 50% of its assets. Nonetheless, it may not carry out deposits of more than 20% of its assets within the same institution.

5. Derivatives

The FUND may invest in the regulated, organised or OTC futures markets for the purpose of carrying out forex hedging transactions or adjusting the portfolio's bond sensitivity (upward or downward) within a range of 0 to 7. Instruments used may include, in particular, futures, forward foreign exchange contracts and simple interest rate swaps. The FUND's overall exposure, including derivatives, is limited to 120% of net assets. The FUND will not use total return swaps.

Clarifications on derivatives

- Type of markets in which the FUND may invest: regulated, organised, OTC.
- Risks to which the portfolio management team plans to expose the FUND: interest rate and foreign exchange.
- Types of transactions, all of which are limited to the achievement of the investment objective: hedging and exposure.
- Types of instruments used: futures, swaps, and forward foreign exchange contracts.
- Strategy for using derivatives to achieve the investment objective:
 - hedging of foreign exchange risk,
 - variable hedging of interest rate risk according to investment committee forecasts,
 - increasing exposure to interest rate risk, according to investment committee forecasts, within the limit of overall interest rate risk exposure of 120% of net assets.

6. Securities with embedded derivatives

The FUND may invest in this asset category insofar as it is authorised to hold convertible bonds within the limit of 20% of its assets.

Furthermore, the corporate bonds in which the FUND predominantly invests often contain clauses offering the issuer the possibility of redeeming its bonds early, or requiring it to offer early redemption to bondholders, particularly after the expiry of a certain period, subsequent to certain events or if certain accounting or financial indicators are exceeded. The conditions for exercising these options may vary, and may or may not offer compensation to bondholders.

7. OPCVM

The FUND may invest up to 10% of its assets in other UCITS with a money market or bond strategy. These UCITS may be managed by Anaxis Asset Management or any other related entity.

8. 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.

9. 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 are only 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 their initially invested capital.

Credit risk. This is the potential 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 net asset value (NAV). Furthermore, subscribers should note that investments in low-rated or unrated securities generate higher credit risk. In particular, the FUND normally invests in speculative category bonds. These bonds can represent up to 100% of the FUND's asset. The investment objective assumes a default rate of 1%. If the default rate is higher, the investment objective may not be reached.

Interest rate risk. When interest rates rise, bond prices fall. These fluctuations can lead to a decrease in the FUND's NAV. The portfolio's sensitivity may vary within a range of 0 to 7.

Risk linked to derivatives. The use of derivatives may increase interest rate risk beyond that associated with the bonds and other debt securities held, but without exceeding the 0-7 range indicated above.

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.

Risk linked to emerging countries. The FUND may invest in emerging markets. Investors should be aware of the higher volatility associated with emerging market issues compared to developed market issues. This volatility may arise from the instability of political and economic factors in these markets. It may be enhanced by factors linked to legal, market liquidity, settlement, delivery and foreign exchange problems. The risk of price fluctuation or suspended redemptions is thus higher compared to products in more developed markets. Some emerging markets are sensitive to commodity prices or inflation rates. Others are highly exposed to the economic conditions prevailing in other countries.

Risk associated with holding convertible bonds. Up to 20% 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.

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.

b. Ancillary risks

: Foreign exchange risk. Up to 100% of the FUND's assets may be invested in securities denominated in currencies other than the FUND's reference currency (the euro). The foreign exchange risk associated with these investments will be hedged with the aim of keeping this exposure under 5% (all currencies combined). In addition, the FUND offers unit categories denominated in currencies other than the euro (Swiss franc and US dollar). For these unit categories, foreign exchange risk against the euro is also kept below 5% via an appropriate hedge. However, unitholders should note that the FUND may be exposed to residual foreign exchange risk, arising either from an imperfect hedge of the securities portfolio or specific to non-euro-denominated unit categories. This risk, limited to 5% of net assets, may lead to a decrease in NAV

Equity risk. Up to 10% of the FUND's net assets may be exposed to the equity market. This limit is defined as the sum of direct and indirect exposures via convertible bonds. 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 linked to investments in UCITS. Unitholders should note that there are liquidity risks and risks of capital losses associated with potential investments of up to 10% of the FUND's assets in UCITS. These risks may lead to a decrease in the FUND's NAV.

Inflation risk. The FUND may be exposed to inflation risk, i.e. a widespread increase in prices.

Liquidity risk. Under very difficult market conditions, the FUND may, due to an exceptionally high volume of redemption requests or due to other exceptional

circumstances, be unable to honour redemption requests according to the conditions indicated below. In such case, the portfolio management company may, in accordance with the FUND's Articles of Incorporation and in the investors' best interest, suspend redemptions or extend the settlement period.

- **Guarantee or protection** : None.

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

E1, E2, U1, S1, I1, I2, J1 and K1 units are available to all subscribers.

R1 is reserved for insurance companies offering French unit-linked life insurance policies.

Eligible subscribers include in particular those seeking to invest in the corporate bond market with the aim of outperforming by 4% (after fees) the yield offered by German government bonds with a 3-year maturity.

The recommended investment period is 3 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 UCITS accounting principles.

Net income is distributed between the units categories in proportion to their unit of total net assets. However, an adjustment is made in order to assign foreign exchange hedging transactions exclusively to the relevant unit categories.

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, U1, S1, I1, J1, K1 and R1 units, gains are capitalised.

For E2 and I2 units, income actually distributed is determined each year by the portfolio management company.

- **Frequency of distribution** : Annual for E2 and I2 units.

- **Unit features** :

| Unit | ISIN code | Distribution of earnings : | | Currency | Frequency | Initial unit value | Minimum initial subscription | Fractional units |
|------|--------------|--|--|----------|-----------|--------------------|------------------------------|-----------------------------|
| | | Net result: Distribution and/or Capitalisation | Net realised capital gains: Capitalisation | | | | | |
| E1 | FR0013196169 | Accumulation | | EUR | Daily | EUR 100 | One unit | Ten-thousandths of one unit |
| E2 | FR0013196177 | Accumulation and/or distribution | | EUR | Daily | EUR 100 | One unit | Ten-thousandths of one unit |

| | | | | | | | |
|----|--------------|-------------------------------------|-----|-------|------------|----------------|--------------------------------|
| U1 | FR0013196185 | Accumulation | USD | Daily | USD 100 | One unit | Ten-thousandths of one unit |
| S1 | FR0013196193 | Accumulation | CHF | Daily | CHF 100 | One unit | Ten-thousandths of one unit |
| I1 | FR0013196219 | Accumulation | EUR | Daily | EUR 100 | EUR 500 000 | Ten-thousandths of one unit |
| I2 | FR0013202520 | Accumulation and/or distribution | EUR | Daily | EUR 100 | EUR 500 000 | Ten-thousandths of one unit |
| J1 | FR0013196227 | Accumulation | USD | Daily | USD 100 | USD 500 000 | Ten-thousandths of one unit |
| K1 | FR0013196235 | Accumulation | CHF | Daily | CHF 100 | CHF 500 000 | Ten-thousandths of one unit |
| R1 | FR001400T5C7 | Accumulation | EUR | Daily | EUR 100 | One unit | Ten-thousandths 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). 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 | D | 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. NAVs are calculated every working day (according to the official Euronext NYSE calendar).

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.

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 | None |
| Redemption fee not paid to the FUND | NAV x number of units | 1% maximum |
| Redemption fee paid to the FUND | NAV x number of units | None |

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. This particular FUND, however, does not charge any incentive fee.
- Account activity fees charged to the FUND;
- A unit 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.

Fees charged to the FUND

| | Base | Rate |
|-----------------------------|------------|---|
| 1 Portfolio management fees | Net assets | E1, E2, U1 and S1 units: 1.30% maximum incl. tax I1, I2, J1 and K1 units: 0.75% maximum incl. Tax R1 unit : 1.20% maximum incl. Tax |

| | | | |
|---|--|-----------------------------|---|
| 2 | External management fees | Net assets | 0.15% maximum incl. tax |
| 3 | Max. indirect fees (management fees and commissions) | Net assets | The FUND does not invest more than 10% of its assets in other UCITS |
| 4 | Account activity fee | Charged on each transaction | - Transactions: max. €60 incl. tax - Securities transactions: none |
| 5 | Incentive fee | Net assets | None |

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.

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 unit 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:**
Subscription and redemption orders are received and centrally processed by 12.00 p.m. by BNP Paribas SA and are executed on the basis of net asset value at the closing price on the day of centralisation, i.e. at an unknown price.
- **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 includes social, environmental or governance (ESG) criteria. Information on this subject is provided in the fund's annual report and online at www.anaxis-am.fr.
- **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. 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.

Subscribers should note that Point IV of Article R.214-21 of the French Monetary and Financial Code exempts the fund from the 5%-10%-40% rule referred to in Points I and II of Article R.214-21 of the same Code. In particular, the fund may invest up to 35% of its assets in securities issued by a given entity if said securities are issued or guaranteed by an OECD Member State, by a local authority of an EU Member State or of a State party to the European Economic Area agreement, or by an international public agency to which one or more EU member states or States party to the European Economic Area agreement belong, or if the securities are issued by CADES (*Caisse d'amortissement de la dette sociale*).

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 amortised 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 recognised excluding expenses.

Fixed income is recognised using the redeemed coupon method.

Interest accrued on the weekend is recognised 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.anaxis-am.com or free of charge from the management company on request.

FUND RULES

ANAXIS INCOME ADVANTAGE FCP

Section A – 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 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 capitalisation);
- 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 minimising 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 thousandths of units (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 transfer).

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 realisation 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 issuing units pursuant to the third paragraph of Article L. 214-8-7 of the Monetary and Financial Code, provisionally or definitively, partially or totally, in objective situations resulting in the closure of subscriptions such as a maximum number of units issued, a maximum amount of assets attained or the expiry of a specified subscription period. The triggering of this tool will be the subject of information by any means of the existing holders concerning its activation, as well as the threshold and the objective situation that led to the decision of partial or total closure. In the case of a partial closure, this information by any means will specifically specify the terms and conditions under which existing holders may continue to subscribe for the duration of such partial closing. Unitholders are also informed by any means of the decision of the UCITS or the management company to either terminate the total or partial closing of subscriptions (when passing under the triggering threshold), or not to put an end to it (in the event of a change of threshold or a change in the objective situation leading to the implementation of this tool). A change in the objective situation invoked or the triggering point of the tool must always be made in the interests of the unitholders. Information by any means specifies the exact reasons for these 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 B – Fund operation

Article 5 – 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. jeopardise 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 C – 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 capitalisation, 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. Payment 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 D – 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 one or more other 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 realise 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 E – 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.

INFORMATION FOR INVESTORS IN SWITZERLAND

Representative

The representative in Switzerland is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich.

Paying agent

The paying agent in Switzerland is the Banque Cantonale Vaudoise, 14, Place St-François, 1003 Lausanne.

Place where the relevant documents may be obtained

The relevant documents such as the prospectus, the key investor information document (KIIDs), the statutes or the fund contract as well as the annual and semi-annual reports may be obtained free of charge from the representative in Switzerland.

Publications

Publications in respect of the investment fund will occur in Switzerland on the electronic platform of "fundinfo AG" (www.fundinfo.com). In particular, such publications include essential information for investors such as substantial amendments to the prospectus as well as the liquidation of the investment fund.

The issue and the redemption prices or the net asset value together with a footnote stating „excluding commissions“ will occur daily on the electronic platform of "fundinfo AG" (www.fundinfo.com).

Payment of retrocessions and rebates

The investment fund respectively the fund management company and its agent may pay retrocessions as remuneration for distribution activity in respect of the investment fund units in or from Switzerland. This remuneration may be deemed payment for the following services in particular:

- Handling subscriptions and redemptions;
- Providing updated legal and marketing documents;
- Providing access, or procedure of access to legal mandatory publications, or any publications of other nature;
- Clarifying any doubt and answer to the investors' specific questions regarding the products or the managing company. Contacting on a regular basis the investors to ensure the suitability of the products and services offered;
- Perform the necessary checks relatively to the "Know Your Customer" process and requirements.
- Perform trainings on client advisors regarding the products.

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution.

On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the investment fund of the investor concerned.

The investment fund respectively the fund management company and its agents do not pay any retrocessions to third parties as remuneration for distribution activity in respect of the investment fund units in or from Switzerland.

INFORMATION FOR INVESTORS IN GERMANY

Authorisation for distribution

Anaxis Asset Management has indicated its intention to sell units of the Fund in Germany and is authorised for public distribution since the conclusion of the notification process.

Information agent

The information agent is:

ANAXIS AM
9 rue Scribe,
75009 Paris, France

The prospectus, the key investor information document, the fund rules, and the audited annual and unaudited semi-annual reports of the investment fund are available free of charge and on durable medium from the information agent.

Furthermore, the information on subscription and redemption prices of the investment units are available from the information agent.

Publications

The issue and redemption prices of the investment units as well as any notices to investors are published in the Federal Republic of Germany on www.anaxis-am.com/de/.

In the cases listed by §298 (2) of the KAGB law, the unitholders will be additionally informed by means of a durable medium in accordance with §167 of the KAGB law.

INFORMATION FOR INVESTORS IN SPAIN

Representative

The representative in Spain is URSUS-3 Capital, A.V. S.A, Agencia de Valores, S.A., Paseo del Club Deportivo, 1, edificio 13 planta baja local derecha 3, 28223 – Pozuelo de Alarcon, Madrid.

Place where the relevant documents may be obtained

The relevant documents such as the prospectus, the key investor information document (KIIDs), the statutes or the fund contract as well as the annual and semi-annual reports may be obtained free of charge from the representative in Spain.