



LA FINANCIERE DE L'ECHIQUIER

# ECHIQUIER QME

## PROSPECTUS DATED APRIL 20, 2016

### I. General features

#### I-1 Form of the UCITS

► **Name:**

ECHIQUIER QME

**UCITS compliant with European  
Directive 2009/65/EC**

► **Legal form and member state in which the UCITS was created:**

Fonds commun de placement (investment fund) under French law

► **Inception date and expected lifetime:**

The Fund was created on 6 November 2015 for a term of 99 years.

► **Fund overview:**

Units	Features				
	ISIN Code	Allocation of income	Base currency	Eligible investors	Minimum initial subscription amount
Echiquier QME	FR0012815876	Accumulation	Euro	All investors	EUR 100
Echiquier QME I	FR0013133618	Accumulation	Euro	For institutional investors only	EUR 3,000,000 (1)

(1) With the exception of the management company, which may acquire a single unit

► **Where to obtain the latest annual and interim reports:**

The latest annual and interim reports may be sent to unitholders within eight business days on written request to:

LA FINANCIERE DE L'ECHIQUIER  
53, avenue d'Iéna  
75,116 Paris

If required, additional information may be obtained from the management company by telephoning (+33) 01.47.23.90.90.

#### I-2 Parties involved

► **Management company:**

The management company was authorised by the AMF (Autorité des Marchés Financiers) under number GP 91004 (agrément général) on 17 January 1991.

LA FINANCIERE DE L'ECHIQUIER  
53, avenue d'Iéna  
75,116 Paris

► **Custodian and depositary:**

BNP PARIBAS SECURITIES SERVICES  
S.C.A. Registered office: 3, rue d'Antin, 75002 Paris  
Postal address: Grands Moulins de Pantin, 9 rue du Débarcadère, 93500 Pantin, France

BNP PARIBAS SECURITIES SERVICES (BP2S) is a credit institution authorised by the ACPR (Autorité de contrôle prudentiel et de résolution). It also keeps the issuer accounts (register of unitholders) and is the centralising agent (following delegation) for the Fund.

► **Statutory auditor:**

MAZARS  
Represented by Gilles Dunand Roux  
Exaltis  
61, rue Henri Regnault  
92075 Paris La Défense Cedex

► **Distributor:**

LA FINANCIERE DE L'ECHIQUIER  
53, avenue d'Iéna  
75,116 PARIS

France This list of distributors is not exhaustive, mainly as the UCITS is listed on Euroclear. As a result, some distributors may not be mandated by or known to the management company.

► **Delegates:**

↳ The administrative and accounting management has been delegated to:  
SOCIETE GENERALE SECURITIES SERVICES NET ASSET VALUE  
A *société anonyme* (limited company) under French law  
Immeuble Colline Sud -10, passage de l'Arche  
92034 Paris La Défense Cedex

► **Advisers:** None.

► **Centralising agent for subscription and redemption orders by delegation of the Management Company:**

BNP Paribas Securities Services is responsible for receiving subscription and redemption orders.

## **II. Operating and management procedures:**

### **II-1 General features**

► **Features of units or shares:**

- **ISIN Code for the Echiquier QME share class :** FR0012815876
- **ISIN Code for the Echiquier QME I share class :** FR0013133618

**Nature of rights attached to the unit class:** each unitholder has a co-ownership right to fund assets in proportion to the number of units owned.

**Registrar:** the register of unitholders is managed by the custodian, BNP PARIBAS Securities Services. The administration of units is carried out by Euroclear France.

**Voting rights:** as the Fund is a jointly-owned pool of transferable securities, no voting rights are attached to the units held. Decisions on the Fund are taken by the management company in the unitholders' interests.

**Type of units:** bearer units.

**Sub-division of units:** Subscriptions and redemptions are carried out in thousandths of units.

► **Year-end:**

The last trading day of the Paris stock market in December each year. The first financial year-end is the last stock market trading day in December 2016.

### ► Tax regime:

This prospectus does not purport to set out the tax implications for investors of subscribing, redeeming, holding or selling the Fund's units. These tax implications will vary depending on the laws and practices in force in the unitholder's country of residence, domicile or incorporation, and on the unitholder's individual circumstances.

Depending on your tax status, country of residence or the jurisdiction from which you invest in this Fund, any capital gains and income resulting from the holding of units of the Fund may be subject to tax. We advise you to consult a tax adviser in relation to the potential consequences of purchasing, holding, selling or redeeming units of the Fund according to the laws of your country of tax residence, ordinary residence or domicile.

Neither the management company nor the distributors shall accept any responsibility whatsoever for the tax consequences that may arise for investors following a decision to purchase, hold, sell or redeem units of the Fund.

The Fund offers one accumulation unit. Unitholders are advised to consult their tax adviser on the regulations in force in their country of residence for their particular situation (individuals, legal entities subject to corporate income tax, etc. ). The rules applying to French resident unitholders are set by the French General Tax Code.

In general, Fund unitholders are advised to consult their usual financial adviser or customer relationship manager to clarify the tax rules applicable in their particular circumstances.

Under the United States FATCA regulations (Foreign Account Tax Compliance Act), unitholders may be required to provide the Fund, the management company or their agent with information on their personal identity and place of residence (domicile and tax residence) for the purpose of identifying "US persons", as defined by FATCA. This information may be sent to the United States tax authorities via the French tax authorities. The failure by unitholders to fulfil this obligation may result in the deduction of a 30% withholding tax on US source income. Notwithstanding the efforts of the management company in relation to FATCA, unitholders are asked to ensure that the financial intermediary they have used to invest in the Fund has "Participating FFI" status. For more information, unitholders should contact a tax adviser.

## II-2 Specific features

### ► Classification:

Diversified.

### ► Investment objective:

The fund's investment objective is to achieve the highest possible performance over a three-year period, relatively uncorrelated with developments in the financial markets, with an average annual volatility of under 10%.

The manager cannot undertake any performance obligations. The stated objectives are based on the materialisation of the management company's market assumptions and in no way represent a guarantee as regards the fund's performance or returns.

### ► Benchmark:

In view of the fund's investment objective, no relevant benchmark exists. The index stated below is therefore not representative of fund's risk profile, but has been selected as an ex-post performance indicator.

The fund's performance may be compared with the capitalised EONIA. The EONIA (European Over Night Index Average), which is used solely for illustrative purposes, is calculated by the European Central Bank and represents the benchmark overnight rate on the interbank market in the Eurozone.

### ► Investment strategy:

#### 1. Strategies used

The fund uses an investment methodology that systematically applies trading strategies designed to achieve gains both in uptrends and downtrends. This method consists of taking positions based on buy and sell signals generated by a quantitative model built around an analysis of historical prices and econometric information.

The fund's investment methodology includes over 30 proprietary quantitative models that make it possible to implement two sets of complementary strategies:

- "momentum" strategies, designed to model as part of a quantitative approach the medium/long-term movements triggered by buy and sell market imbalances. This methodology accounts for around 70% of the portfolio.
- "satellite" strategies, in which algorithms account for around 30% of the portfolio allocation and which draw on sources of performance other than momentum.

In order to diversify risk / reward opportunities, the fund will invest in four asset classes (equities, short-term fixed income, sovereign bonds, currencies), using over 60 underlying instruments, with no geographic restrictions.

Investment decisions are taken using a computerised system and orders executed using a computerised execution management system (Bloomberg EMSX). Should this system be temporarily down, managers can execute orders by telephone. Exposure to market trends will be primarily achieved using forward financial instruments, and in particular futures.

The fund may also occasionally use index tracker funds or ETFs to gain exposure to equities or indices, currencies, credit, medium- and long-term fixed income products or money market instruments.

The fund may invest its cash holdings in various money market instruments as well as in treasury bonds.

**The manager will thus primarily use forward financial instruments on equities or indices, currencies, medium- and long-term fixed income products or money market instruments.**

**Other financial instruments are used in order to meet objectives relating to liquidity management or risk diversification.**

## **2. Assets used (excluding derivatives)**

### A/Equities:

The ECHIQUIER QME fund may invest between 0% and 100% in equities. This involves equities issued by European and US large caps belonging to the leading indices (STOXX 600, S&P 500). The fund may, on an ancillary basis, have recourse to small and mid-cap equities.

### B/Debt securities and money market instruments:

The ECHIQUIER QME fund may invest up to 100% in negotiable debt securities, bonds and money market instruments.

- The fund does not intend to take credit risks.
- It may invest in Euro-denominated "Investment Grade" public debt securities.
- The average duration of the bond portfolio will be under 1 year.
- The largest holdings will be Treasury Bonds issued by European states that the management company feels are the least likely to default.

## **3. Investment in the securities of other undertakings for collective investment**

The fund may not invest over 10% of its assets in securities of other French and/or European UCITS, and in general purpose investment funds, chiefly exchange traded funds (ETFs). These may be UCIs in any AMF category. The Fund may invest in UCIs of the management company or an associate company.

## **4. Derivatives**

In order to achieve its investment objective, the fund has systematic recourse to forward financial instruments traded on regulated, organised or over-the-counter markets, in France or abroad. These forward financial instruments may pertain to any asset class including equity markets or equity indices, currencies, medium- and long-term fixed income products or money market, volatility and credit instruments. In other words, the risks to which the manager wants exposure are:

- Equities: yes;
- Fixed income: yes;
- Forex: yes;
- Credit: yes;
- Volatility: yes.

These contracts are used to hedge or expose the portfolio.

"Futures" will be the only form of forward financial instruments used by the manager. These will consist of futures listed on organised markets with as their underlying: (equity) financial instruments, currencies, interest rates, yields, financial indices (including volatility).

Financial instruments are entered into with intermediaries selected by the management company that have no say on the composition or management of the Fund's portfolio.

The system of allocating positions across the various markets is based on the principle of diversifying the risk identified on each forward financial instrument in which the fund invests. The overall risk is estimated on the basis of the portfolio's "Value at Risk" (VaR). This method is detailed in section IV. Investment rules. Liquidity risk is measured for each forward financial instrument and then aggregated at portfolio level.

5. **Securities with embedded derivatives:** None

6. **Deposits:** None

7. **Cash borrowings**

The Fund may borrow cash. Although the Fund may be in a debtor position temporarily as a result of its payment flows (investments and disposals in progress, subscription/redemption transactions, etc.) up to a limit of 10% of its assets, this does not form part of the investment objective.

8. **Repurchase agreements and reverse repurchase agreements:** None

### ► Risk profile:

*Your money will be principally invested in financial instruments selected by the management company. These instruments will be exposed to market trends and fluctuations.*

Risk of capital loss: Yes

Capital loss occurs when a unit is sold for less than its purchase price. Unitholders are warned that they may not get back all the capital they initially invested. The Fund offers no capital guarantee or protection.

Equity risk: Yes

ECHIQUIER QME is exposed to the equity markets. These markets can be very volatile and trigger losses in the fund's net asset value.

On markets trading in small and mid caps, the volume of stock market listed securities is low and, as a result, market downturns are more pronounced and more rapid than those trading in large caps. The Fund's net asset value may therefore decline rapidly and significantly.

Currency risk: Yes

This is the risk of a fall in the investment currencies with respect to the euro, the portfolio's reference currency. Should any of these currencies weaken against the euro, the Fund's net asset value may decline. The fund will be exposed to global FX markets. These markets can be very volatile and trigger losses in the fund's net asset value.

Interest rate risk: Yes

ECHIQUIER QME is exposed to interest rate risk through its investments in fixed income products. These markets can be very volatile and trigger losses in the fund's net asset value.

Credit risk: Yes

The fund is exposed to money market instruments or bonds. These markets can be very volatile and trigger losses in the fund's net asset value. Credit risk is the risk of a private issuer's credit rating being downgraded or of its defaulting.

Risks associated with the investment strategy:

1) Volatility risk: the net asset value may be highly volatile as a result of the make-up of its portfolio and its exposure to market volatility and/or the investment techniques used.

2) Risk associated with the use of derivatives: the Fund may use forward financial instruments. The change in the underlying security of a derivative may therefore be accentuated and have a more significant impact on the net asset value.

3) Risks associated with investment strategies: absolute return investment strategies are techniques consisting of profiting from price differentials identified (or anticipated) between markets and/or sectors and/or securities and/or currencies and/or instruments. In the event of unfavourable changes to these positions (for example, short positions rise and/or long positions fall), the UCI's net asset value may decline.

4) Counterparty risk: in the event of the default of a counterparty used by the Fund, the counterparty would no longer be able to honour the commitments undertaken with the Fund in relation to assets, securities or cash; such events could have a negative impact on the Fund's net asset value.

### ► Eligible investors and typical investor profile:

**Investors concerned:**

- **Echiquier QME share class** : All investors with an initial subscription of at least EUR 100;
- **Echiquier QME I share class** : for institutional investors only and for which the initial subscription amount is higher or equal to EUR 3,000,000.

### Typical investor profile:

This fund is for investors with a minimum investment horizon of three years, who are looking to diversify their investments, using a range of investment techniques across all global markets, and who are looking for some decorrelation with market indices and volatility below equity markets.

The appropriate amount to invest in ECHIQUIER QME depends on the personal situation of the unitholder. In deciding how much to invest, unitholders should take into account their personal and any business assets, their cash requirements at the time and in three years, and their willingness to accept risks or conversely to favour cautious investment. We also strongly advise investors to diversify their investments so that they are not wholly exposed to the Fund's risks.

**Recommended investment term:** more than three years.

### ► Procedures for calculating and allocating revenue:

All revenue is capitalised, including coupons.

### ► Characteristics of the units (currency, sub-divisions, etc.):

The units Echiquier QME and Echiquier QME I are denominated in euro and sub-divided into fractions.

### ► Subscription and redemption procedures:

Subscriptions and redemptions are carried out in thousandths of units.

The initial value of Echiquier QME units is EUR 1,000.

The nominal value of Echiquier QME I units is Eur 1,000.

The minimum initial subscription for ECHIQUIER QME units is EUR 10,000. Subsequent subscriptions may be made in thousandths of units.

The minimum initial subscription for ECHIQUIER QME I units is EUR 3,000,000, with the exception of the management company, which may acquire a single unit. Subsequent subscriptions may be made in thousandths of units.

Subscription and redemption applications are centralised each trading day before 12 noon with the custodian:

BNP PARIBAS SECURITIES SA  
Les Grands Moulins de Pantin  
9, Rue du Débarcadère  
93500 Pantin

and are executed on the basis of the next net asset value calculated on the closing price on the day that the applications are cleared. Subscription and redemption applications received after 12 noon are executed on the basis of the net asset value following that mentioned above.

In some countries the subscription can be realised according conditions other than a single subscription and at once.

For Italy, the details of the subscription conditions are mentioned on the subscription form.

The net asset value is calculated on a daily basis, except for days when the Paris stock market is closed.

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 issue of new units, may be suspended by the management company temporarily in exceptional circumstances, when this is deemed necessary in the interests of the unitholders.

The net asset value may be obtained from the management company on request by calling +331 47 23 90 90 or on the management company's website ([www.lfde.com](http://www.lfde.com)).

### ► Fees and charges:

Fees paid by the investor on subscription or redemption	Basis	Rate	
Subscription fee not retained by the Fund	NAV × number of units	Echiquier QME	1,00% maximum
		Echiquier QME I	None
Subscription fee retained by the Fund	None	None	
Redemption fee not retained by the Fund	NAV x number of units	None	
Redemption fee retained by the fund	None	None	

Fees charged to the Fund		Basis	Rate	
1	Management fees	Net asset value	Echiquier QME	1.50 % including tax maximum
	Management fees external to the management company (statutory auditor, custodian, dividend payments, lawyers)		Echiquier QME I	1,00 % including tax maximum
2	Maximum indirect fees (fees and management costs)	Net asset value	1 % including tax maximum	
3	Transaction fees received by the management company	Payable on each transaction	None	
4	Performance fee	Net asset value	Echiquier QME	15% of the outperformance of the higher of 2% and the Capitalised EONIA
			Echiquier QME I	

#### Procedure for calculating the outperformance fee:

- Variable management fees will be deducted on behalf of the management company as follows:
- 15% including tax of the outperformance of the higher of 2% and the capitalised EONIA.
- The provision for variable management fees is adjusted whenever the net asset value is calculated, on the basis of 15% including tax of the Fund's outperformance of the higher of 2% or the capitalised EONIA index. Should the UCITS underperform the benchmark, this provision is readjusted by means of provision reversals. Provision reversals cannot exceed the amount of provisions previously accumulated.
- The outperformance will be calculated for the first time from the date of creation of the unit on the basis of a benchmark net asset value calculated on that date.
- The variable management fees are deducted annually by the management company, on the last trading day in December each year. The performance fee is only deducted when the year-end net asset value exceeds the highest historic closing annual net asset value (High Water Mark condition). The first deduction will be at end-December 2016. Accordingly, the first calculation period will run from the date of the fund's creation to the final business day in 2016.
- Should units be redeemed and a provision for variable management fees exist, the portion proportional to the units redeemed is paid to the management company.

### III. Further information

For further information and documents relating to the Fund, please contact the management company directly:

LA FINANCIERE DE L'ECHIQUIER  
53, avenue d'Iéna  
75,116 Paris  
www.lfde.com

The Fund's net asset value may be obtained from the management company on request.

Unitholders may obtain further information from the company's website ([www.lfde.com](http://www.lfde.com)) on the incorporation of environmental, social and governance criteria into La Financière de l'Echiquier's investment policy.

Professional investors subject to prudential requirements (Solvency II) may ask the Management Company for funds' assets portfolios. Communication of such information shall be managed in accordance with regulators provisions. For any further information, please contact the company.

#### Investment restrictions

The units have not been, and will not be, registered under the US Securities Act of 1933 (hereinafter "the 1933 Act") or under any law applicable in a US state, and they cannot be directly or indirectly transferred, offered or sold in the United States of America (including its territories and possessions) or to any US Person, as defined by Regulation S of the 1933 Act adopted by the Securities and Exchange Commission (SEC), unless the units have been registered or an exemption was applied with the consent of the Fund's management company.

The Fund is not, and will not be, registered under the US Investment Company Act of 1940. Any sale or transfer of units in the United States of America or to a US Person may constitute a violation of US law and requires prior written consent from the Fund's management company. Persons wishing to purchase or subscribe for units will have to provide written certification stating that they are not US Persons.

The Fund's management company has the power to impose restrictions on the ownership of units by a US Person, and thus the power to conduct compulsory redemption of the units held, and on the transfer of units to a US Person. This power extends to any person who: (a) appears to be directly or indirectly in violation of the laws and regulations of any country or government authority; or (b) may, in the opinion of the Fund's management company, cause damage to the Fund that it would otherwise not have suffered.

The offering of units has not been authorised or rejected by the SEC, the specialist commission of a US state or any other US regulatory authority. Equally, said authorities have neither accepted nor dismissed the merits of this offering, nor the accuracy or suitability of documents relating to this offering. Any statement to the contrary is against the law.

Unitholders must immediately inform the Fund's management company if they become a US Person. Any unitholder who becomes a US Person will no longer be permitted to acquire new units and may at any time be required to relinquish his/her units to someone who is not a US Person. The management company reserves the right to order the compulsory purchase of any unit directly or indirectly held by a US Person, or any units held by a person in breach of the law or contrary to the interests of the Fund.

## **IV. Investment rules:**

**Regulatory investment ratios applicable to the Fund:** The legal investment rules applicable to the Fund are those that govern UCITS investing less than 10% of their assets in other UCITS, as well as those applicable to the AMF's "DIVERSIFIED UCITS" classification.

The Fund chose the probabilistic method for calculating the overall risk ratio: calculation of an absolute VaR, equivalent to a VaR 95% over 5 business days with a maximum limit of 10%. This means that the estimation of an investor's likely weekly losses should not exceed 10% in 95% of instances. Investors should also be aware that this limit does not represent a guarantee but rather an objective expressed in terms of probabilities.

The indicative level of leverage of the UCITS, calculated as the sum of the nominal amount of the positions on the financial instruments used, is 10. The UCITS may use more leverage.

## **V. Asset valuation and accounting rules:**

### **V-1 – Valuation rules**

#### A – Valuation method

- Financial instruments and securities traded on a regulated market are valued at their market price.

However, the instruments listed below are valued using the following methods:

- European bonds and equities are valued at their closing price, and foreign securities are valued at their last known price.
- Negotiable debt securities and similar instruments that are not traded in large volumes are valued by applying an actuarial method using the rate for issues of equivalent securities, plus or minus, if required, a differential reflecting the issuer's specific characteristics.  
However, negotiable debt securities with low sensitivity and a residual maturity of three months or less may be valued on a straight-line basis.
- Negotiable debt securities with a residual life of less than three months are valued at their market rate at time of purchase. Any discount or premium is amortised on a straight-line basis over the life of the instrument.
- Negotiable debt securities with a residual life of more than three months are valued at their market price.
- UCI units or shares are valued at the last known net asset value.
- Securities subject to repurchase agreements are valued according to the rules applicable under the terms of the original contract.

- Financial instruments that are not traded on a regulated market are valued at the responsibility of the management company at their likely trading value.
- Warrants or subscription certificates distributed free of charge with private placements or capital increases will be valued as of their listing on a regulated market or the formation of an OTC market.
- Contracts:
  - Futures are valued at their settlement price and options are valued based on the underlying.
  - The market value for futures is the price in euro multiplied by the number of contracts.
  - The market value for options is equal to the conversion value of the underlying.
  - Interest rate swaps are valued at market value based on the terms of the contract.
  - Off-balance sheet transactions are valued at their market value.
- Financial instruments whose price has not been established on the valuation date or whose price was corrected are valued at their probable market value as determined by the board of directors of the management company. The auditors are provided with these valuations and the basis therefor in the course of their audit.

#### B - Practical details

- Equities and bonds are valued using prices extracted from the Finalim and Bloomberg databases, depending on where they are listed. The research options are supplemented by data from Telekurs (FinXS) and Reuters (Securities 3000):
  - Asia-Oceania: extraction at midday for a listing at the closing price for that day

- North America: extraction at 9am for a listing at the closing price for the previous day  
extraction at 4.45pm for a listing at the opening price for that day
  - Europe (except France): extraction at 7.30pm for a listing at the closing price for that day  
extraction at 2.30pm for a listing at the opening price for that day
  - France: extraction at 9am for a listing at the closing price for the previous day  
extraction at midday and 4pm for a listing at the opening price for that day
  - Contributors: extraction at 5.40pm for a listing at the closing price for that day  
extraction at 2pm for a listing based on price availability
- Positions on futures markets on each NAV calculation day are valued at the settlement price for that day.  
Positions on options markets on each NAV calculation day are valued using the principles applied to their underlying.
- Asia-Oceania: extraction at midday
  - North America: extraction D+1 at 9am
  - Europe (except France): extraction at 7.30pm
  - France: extraction at 6pm

## V-2 – Accounting method

- The accounting method used for recording income from financial instruments is the "coupons received" method.
- The accounting method for recording transaction fees excludes expenses.

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### ADDITIONAL INFORMATION FOR INVESTORS IN GERMANY

#### **Right to market shares in Germany**

LA FINANCIERE DE L'ECHIQUIER (the "Company") has notified its intention to market shares in the Federal Republic of Germany and since completion of the notification process it has the right to market shares.

#### **Paying and Information Agent in Germany**

The function of paying and information agent in the Federal Republic of Germany is carried out by:

BNP Paribas Securities Services S.C.A.  
Europaallee 12,  
60327 Frankfurt am Main

(the "Paying and Information Agent").

Redemption applications may be sent to the Paying and Information Agent for onward transmission to the Company. Shareholders residing in Germany may request that they receive payments (redemption proceeds, distributions, if any, and any other payments) from the Company through the Paying and Information Agent.

Copies of the sales prospectus (including the rules of the fund), the key investor information document (KIID) as well as the audited annual account and, if subsequently published, the unaudited half-yearly account may be obtained free of charge in paper form at the registered office of the Paying and Information Agent.

Furthermore, the subscription and redemption prices are available free of charge at the Paying and Information Agent.

#### **Publications**

In Germany, the subscription and redemption prices will be published on <http://www.lfde.com/de/>. Shareholder notifications, if any, will be published in the Federal Gazette ("Bundesanzeiger").

In the cases enumerated in Sec. 298 (2) KAGB shareholders additionally will be notified by means of a durable medium in terms of Sec. 167 KAGB.



LA FINANCIERE DE L'ECHIQUIER

# FUND RULES FOR ECHIQUIER QME

## SECTION 1 - ASSET BASE AND UNITS

### Article 1 - Co-ownership units

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

The term of the Fund is 99 years from its inception date, unless it is dissolved early or extended as provided for in these regulations.

Unit classes:

The characteristics of the various unit classes and their access conditions are specified in the fund's prospectus. The various share classes may:

- Benefit from different methods of income distribution; (distribution or capitalisation)
  - Be denominated in different currencies;
  - Have different management fees;
  - Have different subscription and redemption fees;
  - Have a different nominal value;
  - Include systematic total or partial risk hedging, as set out in the prospectus. Said hedging is provided by means of financial instruments, thus minimising the impact of hedging transactions on other unit classes in the fund;
- Be restricted to one or more sales networks.

The Fund's units may be merged or split.

The Board of Directors of the management company may decide to divide the units into tenths, hundredths, thousandths or tens of thousandths, which are referred to as "fractional units".

The provisions of the rules governing the issue and redemption of units apply to the fractional units whose value is always proportional to that of the unit they represent. All other provisions of the rules relating to the units automatically apply to the fractional units, unless stated otherwise.

Lastly, the Board of Directors of the management company may, entirely at its own discretion, divide the units by creating new units which are allocated to unitholders in exchange for their existing units.

### Article 2 - Minimum net asset value

Units may not be redeemed if the assets of the Fund (or one of its sub-funds) fall below EUR 300,000; if the assets remain below this amount for 30 days, the management company will take all the necessary steps to carry out the liquidation of the Fund concerned, or one of the operations mentioned in article 411-16 of the AMF general regulations (transfer of the Fund).

### Article 3 - Issue and redemption of units

Units are issued at any time at the request of unitholders based on the net asset value, plus subscription fees if applicable.

Redemptions and subscriptions are carried out in accordance with the terms and conditions stipulated in the prospectus.

The units in the Fund may be listed on the stock market in accordance with current regulations.

Subscriptions must be paid for in full on the net asset value calculation date. Units may be paid for in cash and/or through a contribution of financial instruments. The management company has the right to refuse the securities offered, and in this regard, has seven days starting from the day of the deposit of such securities to communicate its decision. If accepted, the securities contributed will be valued according to the rules stipulated in Article 4, and the subscription will be processed on the basis of the first net asset value calculated following acceptance of the securities concerned.

Redemptions will be carried out solely in cash, except in the case of the Fund's liquidation when the unitholders have indicated that they agree to a reimbursement in securities. Payment must be made by the holder of the issuer account within a maximum period of five days following the deadline for valuation of the units.

However, in exceptional circumstances the redemption requires the prior sale of assets held in the Fund, this deadline may be extended by a maximum of 30 days.

Except in the case of an inheritance or inter vivos gift, the sale or transfer of units between unitholders, or between a unitholder and a third party, is deemed to constitute a redemption followed by a subscription. If a third party is involved, the amount of the sale or transfer must, if necessary, be supplemented by the beneficiary to reach the minimum subscription amount required by the prospectus.

Pursuant to Article L. 214-8-7 of the French Monetary and Financial Code, if, under exceptional circumstances it is deemed in the interest of the unitholders, the Fund's redemption of units and its issue of new units may be temporarily suspended by the management company.

If the value of the Fund's net assets falls below the amount stipulated in the regulations, no units can be redeemed.

The Fund may stop issuing units in accordance with paragraph 2 of article L. 214-8-7 of the French Monetary and Financial Code in certain objectively verifiable situations entailing the closure of subscriptions, for example, the maximum number of units or shares has been issued, the maximum amount of assets has been reached or a specific subscription period has expired. These objectively verifiable situations are defined in the Fund's prospectus.

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

The net asset value per unit is calculated in accordance with the valuation rules set out in the prospectus.

## **SECTION 2 - OPERATION OF THE FUND**

#### **Article 5 - Management company**

The management of the Fund is carried out by the management company in accordance with the guidelines specified for the Fund.

The management company must act in the sole interest of the unitholders at all times, and has the exclusive right to exercise the voting rights attached to the securities held in the Fund.

#### **Article 5 bis - Operational rules**

The instruments and deposits that may be included in the Fund's assets, together with the applicable investment rules, are described in the prospectus.

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

The custodian carries out the tasks that are its responsibility under the laws and regulations in force, as well as those that have been contractually assigned to it by the management company. In particular, the custodian must ensure that the portfolio management company's decisions comply with the applicable rules and regulations. It is required to take all protective measures it deems appropriate, as applicable. In the event of a dispute with the management company, the custodian must inform the AMF.

#### **Article 7 - Auditor**

An auditor is appointed for a term of six years by the executive body of the management company, subject to approval by the AMF.

The auditor certifies that the financial statements reflect a true and fair view of the Fund's position.

The term of office of the auditor may be renewed.

It is the responsibility of the auditor to notify the AMF at the earliest opportunity of any fact or decision concerning the Fund that comes to his/her attention in the course of the audit that would:

- 1) constitute a breach of the laws or regulations applicable to the Fund and could have a significant impact on its financial position, performance or assets;
- 2) affect the conditions or continuation of its operation;
- 3) lead to the issuance of reservations or a refusal to certify the financial statements.

The valuations of assets and determination of exchange ratios in any transaction involving a conversion, merger or split must be carried out under the supervision of the auditor.

The auditor is required to evaluate any contribution in kind under its responsibility.

The auditor must verify the composition of the assets and other information prior to publication.

The auditor's fees are to be decided by mutual agreement between the auditor and the Board of Directors or the Management Board of the management company according to the programme of work, specifying the audits deemed necessary.

The auditor is required to verify the financial positions serving as a basis for interim payments.

The auditor's fees are included in the management fees.

#### **Article 8 - Financial statements and management report**

At the end of each financial year, the management company draws up the summary documents and a management report on the Fund for the previous year.

The management company also prepares an inventory of the Fund's assets, which is verified by the custodian, at least every six months. All of the above-mentioned documents are audited by the auditor.

The management company must make these documents available to the unitholders within four months from the end of the financial year, and inform them of the amount of income to which they are entitled: these documents may be sent by post, if expressly requested by the unitholder, or may be consulted at the offices of the management company or the depository.

### **SECTION 3 - ALLOCATION OF DISTRIBUTABLE INCOME**

#### **Article 9 - Procedures for the allocation of distributable income**

Net income for the year is equal to the amount of interest, coupon and dividend payments, premiums and prizes, director's fees and any income relating to the securities making up the Fund's portfolio, plus any income from temporary cash holdings, minus management fees and loan expenses.

The distributable income is equal to the net income for the year plus any retained earnings, plus or minus any accrued income or expenses for the year just ended.

The management company determines the allocation of income.

All distributable income is reinvested except for sums that must be distributed by law.

### **SECTION 4 - MERGER - SPLIT - DISSOLUTION - LIQUIDATION**

#### **Article 10 - Merger - Split**

The management company may either invest all or part of the Fund's assets in another UCITS, or split the Fund into two or more mutual funds.

Any such merger or split operations may only be carried out after a minimum of one month following notification of the proposed operation to the unitholders. Each unitholder will then be sent a new certificate specifying the number of units held.

#### **Article 11 - Dissolution - Extension**

If the Fund's net assets remain below the amount specified in Article 2 above for thirty days, the management company must inform the AMF, and unless the Fund is merged with another UCI, it must dissolve the Fund.

The management company may decide upon the early dissolution of the Fund. In this event, it must inform unitholders of its decision and, as from that date, requests for subscription or redemption will no longer be accepted.

The management company will also dissolve the Fund if it receives a request for the redemption of all the Fund's units, if the custodian is no longer in place and no other custodian has been appointed, or upon expiry of the Fund's term, if no extension has been agreed.

The management company must inform the AMF by post of the date on which the Fund is to be dissolved and of the procedure adopted. It must then submit the auditor's report to the AMF.

The management company may decide to extend the term of the Fund in agreement with the custodian. Any decision to extend the term of the Fund must be taken at least three months prior to its expiry date and notified to unitholders and to the AMF.

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

In the event of liquidation, the management company or custodian assumes the role of liquidator, or otherwise, the liquidator is appointed by a legal process on the request of any interested person. To this end, the custodian or the management company will have extensive powers to liquidate the assets, pay any creditors and distribute the available balance among the unitholders in cash or in securities.

The auditor and the custodian will continue to perform their duties until the liquidation process is completed.

## **SECTION 5 - DISPUTES**

### **Article 13 - Competent authority - Election of domicile**

Any disputes relating to the Fund that may arise while the Fund is operational or upon its liquidation, either between the unitholders, or between the unitholders and the management company or the custodian, will be subject to the jurisdiction of the competent courts.