

French FCP conforming to the European Directive on UCITS

## Detailed Memorandum

1<sup>st</sup> September 2020

### General Characteristics

- **Form of the Fund**

French mutual fund (FCP)

- **Name**

LUTETIA Activist Leaders

- **Legal form and member state in which the Fund is incorporated**

French mutual fund (FCP) incorporated in France in compliance with Directive 2009/65 CE (referred to as the UCITS Directive).

- **Launch date and anticipated term**

The Fund was approved by Autorité des Marchés Financiers on 17/01/2020 and created on 04/12/2019 for a term of 99 years.

- **Summary of the management offering:**

Class	ISIN Code	Dividend Policy	Currency	Minimum initial subscription	Minimum subsequent subscription	Initial Net Asset Value	Type of investors
A USD	FR0013467487	Accumulation	USD	None	None	USD 100	All investors
A EUR	FR0013467495	Accumulation	EUR (Hedged)	None	None	EUR 100	
A CHF	FR0013467503	Accumulation	CHF (Hedged)	None	None	CHF 100	
I USD	FR0013467511	Accumulation	USD	USD 500 000	None	USD 100	All investors, especially institutional investors
I EUR	FR0013467529	Accumulation	EUR (Hedged)	EUR 500 000	None	EUR 100	
I CHF	FR0013467537	Accumulation	CHF (Hedged)	CHF 500 000	None	CHF 100	
S USD	FR0013467552	Accumulation	USD	USD 10 000	None	USD 100	All investors
S EUR	FR0013467545	Accumulation	EUR (Hedged)	EUR 10 000	None	EUR 100	
S CHF	FR0013467578	Accumulation	CHF (Hedged)	CHF 10 000	None	CHF 100	

- **Place or location where the latest annual report and interim documents can be obtained**

The fund's prospectus and latest annual and interim reports and documents will be sent to subscribers, on request to:

LUTETIA CAPITAL

7 place Vendôme, 75001 Paris – FRANCE

Any additional explanations relating to this fund can be obtained from the Management Company, whose contact details are shown above.

# Directory

- **Management company**

LUTETIA CAPITAL SAS, 7 place Vendôme 75001 Paris – FRANCE, approved on 15/10/2009 under number GP09000017

- **Custodian and entity responsible for centralizing subscription and redemption orders on behalf of the Management Company**

CACEIS Bank, 1-3 place Valhubert 75013 Paris – FRANCE, approved by Autorité de Contrôle Prudentiel et de Résolution

The Custodian fulfils the normal duties and obligations in respect of the safekeeping and monitoring of deposits of cash, transferable securities and other assets, and controls the regularity of the decisions taken by the Management Company.

The Custodian is also acting as Transfer Agent on behalf of the Management Company.

Delegation

The description of delegated depositary functions, the list of delegates and under-delegates appointed by CACEIS Bank and information related to conflict of interest likely to result from these delegations are available on CACEIS website: [www.caceis.com](http://www.caceis.com).

Updated information is available to investors upon request.

The Custodian is independent from the Management Company.

- **Fund administration and accounting**

CACEIS Fund Administration, 1-3 place Valhubert 75013 Paris – FRANCE

- **Statutory auditor**

Deloitte & Associés, represented by Mr. Olivier Gallienne, 6 Place de la Pyramide 92908 Paris La Défense Cedex – FRANCE

- **Promoter**

LUTETIA CAPITAL SAS, 7 place Vendôme 75001 Paris – France

## General Information

### 1 General Characteristics

- **Characteristics of the units**

- ISIN codes

Parts	ISIN
A USD	FR0013467487
A EUR	FR0013467495
A CHF	FR0013467503
I USD	FR0013467511
I EUR	FR0013467529
I CHF	FR0013467537
S USD	FR0013467552
S EUR	FR0013467545
S CHF	FR0013467578

- Nature of the rights attached to the units  
Each unit holder shall have a right of joint ownership to the Fund's assets, pro rata to the number of units held.
- Liabilities management  
CACEIS Bank is responsible for liabilities management. Euroclear France is responsible for the administration of the units.
- Voting rights  
Given that the Fund is a co-ownership of securities, no voting rights are attached to the units held. Decisions relating to the Fund are taken by the Management Company in the interests of the unitholders.
- Form of units  
Units are in bearer form.
- Decimalization of units  
Each unit may be divided into ten thousandths.

- **Financial year-end**

- Date of the accounting year  
Last trading day of the year at both Euronext Paris and New York Stock Exchange which is not a legal public holiday in France.
- Closing date of 1<sup>st</sup> accounting year  
31 December 2020.

- **Taxation**

The FCP is eligible for life insurance contracts.

Depending on the investor's tax situation, any capital gains and income associated with holding Fund units may be subject to taxation. Subscribers may contact the Fund's promoter for more information on this subject.

## 2 Specific Provisions

- **Investment objective**

The objective of the Fund is to achieve capital growth over the recommended investment period (5 years) through active management in the US equity markets mainly, and in particular in companies targeted by activist funds, by providing a net performance higher than the S&P MidCap 400 Net Return index.

This investment objective is provided for information purposes. The actual performance of the Fund over a given year and the volatility may vary significantly from this objective.

- **Benchmark**

The benchmark is the S&P MidCap 400, which includes 400 medium-sized American companies. Its purpose is to measure the development of this specific segment of the market. It is calculated in US dollars on closing prices, net dividends reinvested.

The indicator is simply used to compare the performance of the Fund. It does not constrain its management policy.

The administrator of the benchmark, S&P Dow Jones Indices LLC, is registered with the Register of Directors and Reference Indices maintained by ESMA.

Additional information on the benchmark is accessible via the website of the S&P Dow Jones Indices administrator: [us.spindices.com](http://us.spindices.com).

In accordance with Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016, the management company has a procedure for monitoring the benchmarks used describing the measures to be implemented in the event of substantial changes to an index or the cessation of supply of this index.

- **Investment strategy – General procedure**

The Fund actively manages the selection of stocks listed on a universe of mainly US stocks. These securities will be selected according to the strategy described below.

Through a dynamic strategy, the Fund is exposed to a basket of predominantly US equities in which activist funds, identified as being the best performers by the management company, have a stake. The aim is to take advantage of the strong potential growth in equities following the announcement of an equity stake by these activist funds. Indeed, a company is the target of activist investors when its management is not efficient or when its level of profitability is not optimal. Thus, the minority shareholder can use their decision-making power to influence the governance of the company and make it more profitable. This is generally perceived by the market as a positive signal of short and long term outperformance.

The management of the FCP is based on:

- the identification of recognized and efficient activist funds,
- the selection of the opportunities considered by the management company to be the best among the eligible investments publicly announced by these funds,
- building a diversified portfolio,
- monitoring positions until the next rebalancing.

Lutetia Capital uses a quantitative and systematic model to offer selection and allocation of securities according to this strategy. The model consists of three steps. The first consists in identifying the best performing activist funds from the recalculation of their performance based on their identified positions thanks to regulatory disclosure. The proposed positions are then determined according to several quantitative criteria specific to each value (size, price, etc.) and to the aggregated position of activist funds. The allocation of investments is then determined based on recent performance, staggering the investments according to the liquidity observed on the market. In parallel with these new positions, the management company identifies the securities to be removed from the portfolio over the same period. Beyond the use of the model, the management company nevertheless remains the sole final decision maker of the investments.

- **Exposure**

The FCP undertakes to comply with the following ranges of exposure to net assets:

- from 60% to 100% on the international equity markets coming from OECD member countries, of all capitalizations,

including at least 80% in the US equity market, from 0 to 20% in the European markets and from 0 to 10% in emerging markets,

- up to 100% on foreign exchange risk

- **Categories of assets**

The following assets are used:

- **Equities**

The equity holdings, which may represent up to 100% of the assets of the Fund, are comprised of shares from all size listed exclusively in OECD countries. The allocation is discretionary.

- **Funds**

The Fund may hold units or shares in UCITS under French and / or foreign law or AIFs under French law or established in other EU member states, up to 10% of its assets.

- **Money market instruments and debt securities**

As part of the Fund's cash management, in addition to investments in money market funds, the Fund may invest up to 40% in OECD corporate or government bonds and negotiable debt securities with a minimum "investment grade" rating. Lutetia Capital does not exclusively or mechanically use the ratings provided by credit rating agencies and uses its own credit risk analysis to assess the quality of the assets it invests in its portfolios.

- **Forward financial instruments**

To achieve the management objective, the Fund may invest in listed futures and options on equities or equity indices for hedging or exposure purpose, up to 100% of net assets.

- **Total Return Swaps**

For hedging or exposure purpose, the Fund may invest in Total Return Swaps to get the performance of a basket of shares without having to hold the securities and thus avoid possible financial or tax impacts, which would not be profitable for unitholders. The TRS will only relate to baskets of stocks from the OECD markets, but not necessarily already held directly in the portfolio.

TRS will be used to help the Fund achieve its investment strategy of taking positions in companies targeted by activist funds, and to cover or diversify the modes of exposure. The TRS can also be used for cash management, in case investment opportunities would be missing.

These financial instruments being necessarily OTC, and presenting a liquidity risk, the counterparties will be credit institutions in the European Union, rated at least BBB, and selected according to specific criteria listed in internal procedures and evaluated annually.

The underlying of the TRS will be decided solely by the manager. No TRS may provide for a discretionary determination of the underlying basket of shares by the counterparty. Beyond the content of the underlying basket of shares, the counterparty will have no decision-making power over the allocation of the Fund's assets.

The TRS may represent up to 100% of the Fund's net assets, the expected proportion being 50%, but the manager may consider that it is not in the interests of the holders to conclude any.

- **Temporary purchase and sale of securities**

For the purpose of efficient portfolio management and without departing from its investment objectives, the Fund may conclude temporary acquisitions or sales of securities. The proportion expected for this type of transactions is 50% of the Fund's net assets, but may vary from 0 to 100% depending on market opportunities. More specifically, these operations will consist of reverse repurchase transactions delivered and will be carried out in the context of cash management and / or optimization of the Fund's income. The Fund ensures that it is able to recall any securities or cash that have been lent. The counterparties will be selected from EU credit institutions and rated at least BBB, according to the criteria listed in the internal procedures and evaluated annually. The remuneration for temporary purchases or sales of securities benefits the Fund exclusively. Additional information is available in the "Fees and commissions" section.

- **Currency swaps and currency forwards**

Currency hedges will be carried out via currency swaps and currency forwards. 0% - 100% of the Fund's assets may be invested in these instruments.

- **Other financial instruments**

The fund may use CFD ("Contract For Difference"), Equity Swaps or tailor-made DPS in order to take a long or short exposure. These products are simple financial forwards having equity as underlying. They especially allow to obtain a synthetic exposure corresponding to sell a stock and borrow it simultaneously into the same contract.

In terms of performance, these products are similar to the underlying but may face a liquidity problem. This is the reason why the counterparts will be chosen following a strict process.

- **Cash borrowing**

Cash borrowings may not exceed 10% of the net assets and are used, on a temporary basis, to provide liquidity to unitholders wishing to redeem their units without penalizing the overall management of the assets.

- **Financial guarantees**

Counterparties of OTC transactions are credit institutions selected by the management company and domiciled in OECD countries. These counterparties do not have any power of decision in the management of the underlying of the financial

derivatives instruments.

As pledge from these transactions, securities or cash can be delivered.

In case the Fund receives a cash deposit from these transactions, it can be:

- invested in deposit at OECD credit institutions,
- invested in high quality sovereign bonds,
- invested in short-term money-market funds.

• **Risk profile**

The Fund will be invested primarily in financial instruments selected by the Management Company. These instruments will be affected by market trends and fluctuations.

The value of the Fund's unit is likely to fluctuate depending on different factors such as the risks specific to companies in the portfolio or more general risks that may affect the value of the portfolio securities (changes in interest rates, macro-economic data, legal and tax legislation etc.).

The main risks inherent in the Fund are:

- **Risk of capital loss**

Investors should be aware that the Fund does not offer any guarantee or protection and that they may not get back their original investment.

- **Equity risk**

Equity risk corresponds to the risk of a downturn in the equity markets. Since the Fund is hedged against movements in the equity markets, this risk is limited to the risk of changes in the prices of securities held in the portfolio, less the changes in the corresponding equity market.

In addition, despite a strict investment policy based on the market capitalization of shares (refer to the "Investment strategy" paragraph above), the Fund may invest in shares of mid-cap companies (over EUR 50 million or US dollars). Given that the volume traded in terms of these shares may be limited, market movements are more marked and more rapid than on large-cap stocks. The Fund's net asset value may therefore be affected by these more marked market movements (both upward and downward).

- **Risk associated with discretionary management**

The discretionary management style applied to the Fund is based on anticipating market movements and allocating assets, carried out by the manager, and on the quality of stock picking. There is a risk that the manager may not select the best performing stocks and that the asset allocation among the various markets is not optimal.

- **Risk associated with the use of financial derivatives**

On derivatives instruments, a small variation of the underlying price may lead to a significant gain or loss relative to the generally low initial deposit. The use of leverage may increase potential gains but may also raise risks of losses and of a drop of the net assets of the fund.

- **Currency risk**

Currency risk is the risk of a fall in the investment currencies versus the accounting currency (USD). The fluctuation in currencies may have a positive or negative effect on the value of these instruments.

- **Interest rate risk**

Interest rate risk corresponds to the risk associated with an increase in bond market interest rates, which causes a fall in the prices of bonds and as a result a decline in the Fund's net asset value.

- **Credit risk**

Credit risk represents the risk of a downgrade of the issuer and the risk that the issuer cannot meet its repayment commitments, which will result in a fall in the price of the security and therefore a decline in the Fund's net asset value.

- **Counterparty risk**

This risk measures the losses incurred by the Fund under its contractual commitments with a defaulting counterparty. The use by the Fund of over-the-counter forward financial instruments and/or repurchase agreements exposes the net asset value to a fall in the event of default by a counterparty.

- **Liquidity risk**

The markets on which the Funds is exposed may occasionally be affected by a temporary lack of liquidity. These market disturbances may impact the price conditions under which the Fund may be required to liquidate, initiate or modify positions.

• **Guarantee or protection**

None

• **Target investors**

All investors

• **Typical investor profile**

All investors - May be used in conjunction with a unit-linked life insurance policy taken out with an insurance company.

The Fund is aimed at all subscribers, individuals and institutional. In particular, this Fund is intended for subscribers wishing to invest in a fund with an equity strategy, and more specifically based on a mergers and acquisitions theme, while being uncorrelated to the equity markets through the use of hedging.

The amount that it is reasonable to invest in this Fund depends on each investor's individual situation. To determine this, investors should take into account their personal assets, current needs and those over a three year horizon. Investors are also strongly advised to diversify their investments so that they are not exposed solely to the risk of this Fund.

S units are exclusively available for employees, shareholders, members of the Advisory Committee and Supervisory Board of Lutetia Capital and any bank authorized by the Management Committee to issue a structured product on this unit.

- **Recommended investment period**

The recommended investment period is 3 years.

- **Allocation of income**

The Fund's income is capitalized in full.

- **Characteristics of the units**

Class	ISIN Code	Dividend policy	Currency	Minimum initial subscription	Minimum subsequent subscription	Initial Net Asset Value	Type of investors
A USD	FR0013467487	Accumulation	USD	None	None	USD 100	All investors
A EUR	FR0013467495	Accumulation	EUR (Hedged)	None	None	EUR 100	
A CHF	FR0013467503	Accumulation	CHF (Hedged)	None	None	CHF 100	
I USD	FR0013467511	Accumulation	USD	USD 500 000	None	USD 100	All investors, especially institutional investors
I EUR	FR0013467529	Accumulation	EUR (Hedged)	EUR 500 000	None	EUR 100	
I CHF	FR0013467537	Accumulation	CHF (Hedged)	CHF 500 000	None	CHF 100	
S USD	FR0013467552	Accumulation	USD	USD 10 000	None	USD 100	All investors
S EUR	FR0013467545	Accumulation	EUR (Hedged)	EUR 10 000	None	EUR 100	
S CHF	FR0013467578	Accumulation	CHF (Hedged)	CHF 10 000	None	CHF 100	

Units are divided into 10,000ths of a unit. The accounting currency is expressed in US Dollars (USD).

- **Subscription and redemption conditions**

Subscription and redemption requests are collected on each valuation day (D) by 12.00pm and are executed on the basis of the next net asset value calculated on the following day (D+1) based on the closing prices at D. Settlement takes place on D+2.

Subscriptions may be for an amount, a full number of units or fractions of a unit, with each unit being divided into ten thousandths. Redemptions may be for a full number of units or fractions of a unit, with each unit being divided into ten thousandths.

Subscription and redemption requests are collected by CACEIS Bank, whose address is:

CACEIS Bank  
1-3 place Valhubert 75013 Paris – FRANCE

D	D	D (reference date for the NAV)	D + 1 open day	D + 1 open day	D + 2 open days	D + 2 open days
Collection of subscriptions before 12.00pm	Collection of redemptions before 12.00pm	Execution of orders	Calculation of NAV	Publication of NAV	Settlement of subscriptions	Settlement of redemptions

The Investors are reminded that the requests transmitted to promoters, other than the institutions mentioned above, must take into account the fact that the centralization deadline of requests applies to so-called marketers vis-a-vis CACEIS Bank. As a result, these distributors may apply their own cut-off time earlier than the one mentioned above, in order to take into account

the time required to transmit requests to CACEIS Bank.

- **Frequency of net asset value calculation**

Daily. The net asset value is not calculated the day where the NYSE and/or Euronext Paris markets are closed and/or it is a public holiday in France.

- **Place for publication or communication of net asset value**

The Fund's net asset value is available on request from the Management Company and on its website [www.lutetiacapital.com](http://www.lutetiacapital.com).

- **Charges and fees**

- **Subscription and redemption fees**

Subscription fees will be payable in addition to the subscription price paid by the investor. Redemption fees will be deducted from the redemption price. Fees retained by the Fund are used to cover costs incurred by the Fund to invest or divest the assets invested in it. Fees not retained by the Fund will be paid to the Management Company, the Promoter etc.

Fees charges to the investor, payable upon subscriptions or redemptions	Basis	Fee structure
Subscription fee not retained by the Fund	Net asset value x number of units	I shares: 1% maximum A & S shares: none
Subscription fee retained by the Fund	Net asset value x number of units	None
Redemption fee not retained by the Fund	Net asset value x number of units	S shares: 5% maximum A & I shares: none
Redemption fee retained by the Fund	Net asset value x number of units	None

- **Operating and management costs**

These costs include all fees invoiced directly to the Fund, with the exception of transaction fees. Transaction fees include intermediation charges (brokerage, stock market taxes, etc.) and activity charges, where applicable, that may be charged by the Custodian and the Management Company.

Cost invoiced to the Fund	Basis	Rate / scale
Financial management fees	Net assets	A shares : 1.50% maximum I shares : 0.90% maximum S shares : 1.25% maximum
External administrative fees	Net assets	0.10% maximum
Indirect fees	Net assets	Not significant
Performance fee	None	None
Transaction fees paid to the management company	None	None

- **Temporary purchase and sale of securities**

The management company does not collect any remuneration from temporary purchases and sales of securities. Costs from these transactions are borne by the fund. Counterparties are selected especially based on their fees, in compliance with internal guidelines.

- **Choice of intermediaries**

Intermediaries will be selected objectively by the Management Company on the basis of prices (brokerage fees) and the quality of services (execution, middle office, compliance etc.). The Management Company is prohibited from placing orders with a single intermediary.

## Sales-related information

- **Subscriptions and redemptions**

Subscription and redemption requests for the Fund's units should be addressed to CACEIS Bank:

CACEIS Bank  
1-3 place Valhubert 75013 Paris – FRANCE

- **Fund documentation**

The documents relating to the Fund, information on ESG positioning, and the net asset value can be consulted and downloaded from the following website: [www.lutetiacapital.com](http://www.lutetiacapital.com). They can also be obtained by contacting the Management Company directly, which can also respond to requests for information:

LUTETIA CAPITAL  
7 place Vendôme, 75001 Paris

- **Information available from the French Financial Markets Authority (Autorité des Marchés Financiers)**

The AMF's website ([www.amf-france.org](http://www.amf-france.org)) provides additional information about the list of regulatory documents and all rules governing investor protection.

## Investment rules

The restrictions applicable to the Fund are those stipulated in Article R.214-1 and seq. of the French Monetary and Financial Code (Code Monétaire et Financier), and particularly Article R.214-25. If despite endeavoring to comply with these investment rules a limit is unfortunately exceeded by Lutetia Capital, Lutetia Capital's priority will be to promptly rectify the situation while considering the interests of the unitholders.

## Global exposure

The method used to calculate the global exposure of the FCP is the commitment approach.

## Asset valuation and accounting rules

- **Asset valuation rules**

- **Exchange-traded securities**

Exchange-traded securities are valued on the closing price of the day.

- **Debt securities and money market instruments:**

French bonds and equivalent securities are valued on the basis of the day's closing prices.

Negotiable debt securities with a maturity of more than three months are valued at their market price. Negotiable debt securities with a residual maturity of less than three months are valued up to their maturity on the basis of the last known yield. If they are acquired less than three months before maturity, interest and the premium / discount are accounted for on a linear basis.

- **Shares and units of other UCITS or investment funds**

Shares and units of other UCITS or investment funds are valued on the basis of the last known net asset value.

- **Temporary purchase and sale of securities**

Securities transferred under repurchase agreements or lent securities are recorded in the purchase portfolio and valued at market price. The payables on securities transferred under repurchase agreements, like the payables on lent securities, are recorded as securities sold at the value determined in the contract, plus any accrued interest. Interest received or paid on settlement is recorded as interest on receivables or payables.

- **Forward financial instruments and derivatives**

Futures contracts are valued on the settlement price of the day. Options contracts are valued on the closing price of the day.

Financial instruments for which no price has been observed on the valuation day or whose price has been corrected are valued at their probable trading value, under the responsibility of the Management Company.

- **Accounting methods**

Accounting method used to record income from fixed-income deposits and financial instruments: "coupon received" method.  
Method for recording acquisition and sales costs for financial instruments: net of fees.



# Remuneration

This policy promotes sound and effective risk management consistent with management guidelines and constraints of UCITS managed by LUTETIA CAPITAL. It aims to ensure the interests of unitholders while meeting the long-term objectives of the management company.

The fixed part of the employees' remuneration will reflect the responsibilities and obligations associated with their position as well as their competence and experience. The distribution of variable remuneration is inherently discretionary but favors behaviors aiming at the development of the management company in the long term, based on both quantitative and qualitative criteria.

The variable remuneration is subject to an adequate payment mechanism. Half of the variable component of compensation is deferred over a three-year period, and is indexed to the performance of the UCIs for which the persons concerned are responsible. Variable remuneration may be reduced or cancelled if its amount is not consistent with the financial health of LUTETIA CAPITAL or with the performances of the person concerned.

Details of the remuneration policy are available on [www.lutetiacapital.com](http://www.lutetiacapital.com). A copy of the policy is available from the management company upon request.

# French Mutual Fund Regulations

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## TITLE 1 – Assets and units

### Article 1 - Co-ownership units

The co-owners' rights are expressed in units, each unit corresponding to the same portion of the Fund's assets. Each unitholder has a co-ownership right over the Fund's assets proportional to the number of units held.

The duration of the fund is 99 years from its launch date, except in the cases of early dissolution or extension provided for in these Fund Regulations.

The units shall be divided into ten thousandths, referred to as fractions of units.

The provisions of the Regulations governing the issue and redemption of units apply to fractions of units, whose value shall always be proportional to the value of the unit they represent. All the other provisions of the Regulations relating to the units apply to fractions of units, without it being necessary to specify this, unless otherwise provided for.

Lastly, the Management Company may decide to split the units by creating new units, which are awarded to the unitholders in exchange for the old units.

### Article 2 - Minimum total assets

The units may not be redeemed if the Fund's assets amount to less than the amount stipulated in the regulations. In this case, unless the assets increase above this amount within a period of 30 days, the Management Company will take the necessary measures to carry out the merger or dissolution of the Fund.

### Article 3 - Issue and redemption of units

Units will be issued at any time as and when requested by investors, on the basis of their net asset value increased, if applicable, by a subscription fee. Redemptions and subscriptions shall be carried out under the conditions and in accordance with the terms defined in the Detailed Memorandum. Units of the Fund may be admitted for listing according to current regulations.

Subscriptions must be fully paid up on the net asset value calculation day. They may be paid for in cash and/or securities. The Management Company is entitled to reject the securities proposed, and for this purpose has seven days from their deposit to inform the subscriber of its decision. In the event that the securities are accepted, they will be valued according to the rules set forth in Article 4, and the subscription will be undertaken based on the first net asset value following acceptance of the securities in question.

Redemptions are carried out in cash only, unless the Fund is liquidated and the unitholders have agreed to be repaid in securities. In such cases the Custodian will have a maximum of five days following the valuation of the unit to repay the unitholders. Under Article L. 214-8-7 of the French Monetary and Financial Code, redemption by the Fund of its units, as well as the issuance of new units, may be temporarily suspended by the Management Company if exceptional circumstances require this and if this is in the interests of the unitholders, particularly if the redemption requires the prior realization of assets in the Fund. The suspension period for the redemption and issue of new units may be extended, but must not exceed 30 days.

Units may not be redeemed when the Fund's net assets are below the minimum set by the Fund regulations.

The UCITS may cease issuing units pursuant to the third paragraph of Article L. 214-8-7 of the French 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 reached or the expiry of a specified subscription period. The triggering of this tool will require the information by any means of the existing unitholders relating to 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 specify the terms upon which existing holders may continue to subscribe for the duration of such partial closure. Unitholders are also informed by any means of the decision of the UCITS or the management company to either terminate the total or partial closure of subscriptions (when passing under the triggering threshold), or to pursue with it (in the event of a change of threshold or modification of 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.

Except in the event of succession or inter vivos distribution, the assignment or the transfer of the units between unitholders or from a unitholder to a third party is treated as a redemption followed by a subscription; in the case of a third party, the amount of the assignment or the transfer must, if applicable, be supplemented by the beneficiary to reach at least the minimum subscription amount required by the Prospectus.

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

The net asset value of the units is calculated on the basis of the valuation rules set out in the Detailed Memorandum of the Full Prospectus. Contributions in kind are only accepted in the form of shares, securities and contracts eligible as assets of the Fund. They are valued in accordance with the valuation rules applicable to the calculation of the net asset value.

## **TITLE 2 – Management of the fund**

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

The Fund is managed by the Management Company pursuant to the guidelines set out for the Fund.

The Management Company acts in all circumstances on behalf of the unitholders, and it alone may exercise the voting rights attached to the securities included in the Fund.

### **Article 5 bis - Operating rules**

The instruments and deposits eligible to comprise the Fund's assets and the investment rules are described in the Detailed Memorandum of the Full Prospectus.

### **Article 6 - Custodian**

The Custodian fulfils the normal duties and obligations in respect of the safekeeping and monitoring of deposits of cash, transferable securities and other assets, and controls the regularity of the decisions taken by the Management Company.

The Custodian is also acting as Transfer Agent on behalf of the Management Company.

#### Delegation

The description of delegated depository functions, the list of delegates and under-delegates appointed by CACEIS Bank and information related to conflict of interest likely to result from these delegations are available on CACEIS website: [www.caceis.com](http://www.caceis.com).

Updated information is available to investors upon request.

The Custodian is independent from the Management Company.

### **Article 7 - Auditor**

A statutory auditor is appointed by the Management Company for six financial years, upon the approval of the Financial Markets Authority. It performs checks and controls as set out by law, and, whenever necessary, certifies the accuracy and consistency of the accounts and accounting information contained in the management report. The Auditor's appointment may be renewed. It shall inform the Financial Markets Authority and the Fund's Management Company of any irregularities or inaccuracies it has found during its audit. Assets are valued, and exchange rates in conversion, merger or spin-off transactions are carried out under the supervision of the Auditor. It assesses any contribution in kind and prepares a report relating to its valuation and remuneration under its responsibility.

The statutory auditor certifies the accuracy of the statement of assets and other items prior to publication. The fees of the statutory auditor are determined by agreement between the auditor and the Management Company, on the basis of a work schedule setting out the checks that are considered necessary. In the event of the liquidation of the Fund, the auditor shall assess the total amount of assets and prepare a report on the terms of the liquidation. It certifies the situations that are used as a basis for distributing interim dividends. The statutory auditor's fees are included in the management fees.

### **Article 8 - Accounts and management report**

Upon closure of each financial year, the Management Company draws up the summary documents and a report on the management of the Fund during the past financial year. The inventory is certified by the Custodian, and all the documents herein above are checked by the auditor.

The Management Company makes these documents available to unitholders within four months following the end of the financial year and informs them of the amount of income to which they are entitled. These documents are mailed at the express request of unitholders, or made available to them at the offices of the Management Company.

## **TITLE 3 – Allocation of distributable income**

## **Article 9 - Capitalization and distribution of net profit**

Net profit for the financial year is equal to the amount of the interest, arrears, dividends, bonuses and awards, attendance fees and all other income relating to the securities constituting the Fund's portfolio, plus the income from any monies available at that time and minus the amount of management fees and borrowing costs. The distributable amounts are equal to the net profit, plus retained earnings, plus or minus the balance of the equalization account for income relating to the financial year that has been completed.

For each unit category, the allocation of distributable income are defined in the prospectus.

## **TITLE 4 – Merger - Spin-off - Dissolution - Liquidation**

### **Article 10 - Merger - Spin-off**

The Management Company may either contribute all or part of the assets in the Fund to another UCITS that it manages, or split up the Fund into two or more other mutual funds, which it will manage. These merger and spin-off transactions may only be carried out one month after unitholders have been so advised. They give rise to the issuance of a new certification setting out the number of units held by each subscriber.

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

If the Fund's assets remain less than the amount fixed in Article 2 above for 30 days, the Management Company will inform the Financial Markets Authority and will proceed with the dissolution of the Fund, except in the event of a merger with another mutual fund. The Management Company may dissolve the Fund early. It will inform the unitholders of its decision to dissolve the Fund and requests for subscription or redemption will no longer be accepted from that date.

The Management Company will also proceed with the dissolution of the Fund in the event of a request to redeem all units, or in the event the Custodian ceases its functions, if no other custodian has been appointed, or at the expiry of the life of the Fund, if it has not been extended. The Management Company shall inform the Financial Markets Authority by post of the date of dissolution and the dissolution procedure selected. It shall then send the auditor's report to the AMF. Renewal of a Fund may be decided on by the Management Company in agreement with the Custodian. Such extension must be decided at least three months before the Fund expires and notified to the unitholders and the Financial Markets Authority.

### **Article 12 - Liquidation**

In the event of dissolution, the Management Company shall be responsible for the liquidation operations. It shall, to this effect, have the fullest powers to realize the assets, pay any creditors and distribute the available balance among the unit holders in cash or in securities.

The Auditor and the Custodian shall continue to perform their work until the end of the liquidation operations.

## **TITLE 5 – DISPUTES**

### **Article 13 - Jurisdiction - Address for service**

All fund-related disputes that may arise during the life of the Fund, or during the liquidation of the Fund, either between the unitholders or between the unitholders and the Management Company or the Custodian, shall be submitted to the courts with jurisdiction.